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## Discussions and concerns in the Netherlands on the topic of pensions

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### Upfront

1. A topic that is hard to grasp
2. A lack of transparency regarding investments
3. Social responsibility
4. Me culture
5. A lack of oversight, 'nepotism'
6. Dealing with complaints and disputes



## Agenda

1. SPF's organizational structure
2. SPF's pension scheme
3. SPF 2017
4. SPF 2018 Q1
5. Closing statements and questions

# 1. SPF's organizational structure: SPF's Board



Leon Jacobs



Jos van Gisbergen



Giselle Verwoort



René Witjes



Dries Nagtegaal



Guido Croonen (Dep. C.)



Arthur Smit



Jo Mastenbroek (C.)



Willem Grin



Marcel Roberts

Employer

Employees and  
Pensioners

External  
members  
of the Board

# 1. SPF's organizational structure: SPF's Accountability Council



Theo van den Elshout



John van Moorsel

Employer



Ben Jonker



Gerard Tummers

Employee



Olaf Tant



Jan Coenen (C.)

Pensioners

## 1. SPF's organizational structure: The Supervisory Council (RvT) from January 1, 2018.



Willeke Ong



Peter de Groot (C.)



Kees Scheepens

- **Monitoring the following:**
  - policy
  - adequate risk control
  - equal weighing of interests
- **reporting findings and giving advice to the Board**
- **co-policymaker due to the right of approval**
- **being accountable to the Accountability Council and the Employer**

## 2. An animation of SPF's pension scheme



[An animation](#) of SPF's pension scheme





## 2. Changes to SPF's pension scheme from January 1, 2018



- The accrual rate of future accrual changed from 1.875% to 1.738%



- The partner's pension remains 70% of 1.875%
- The age curtailment for partner's pensions in the case of a large age disparity (over 10 years) has been terminated

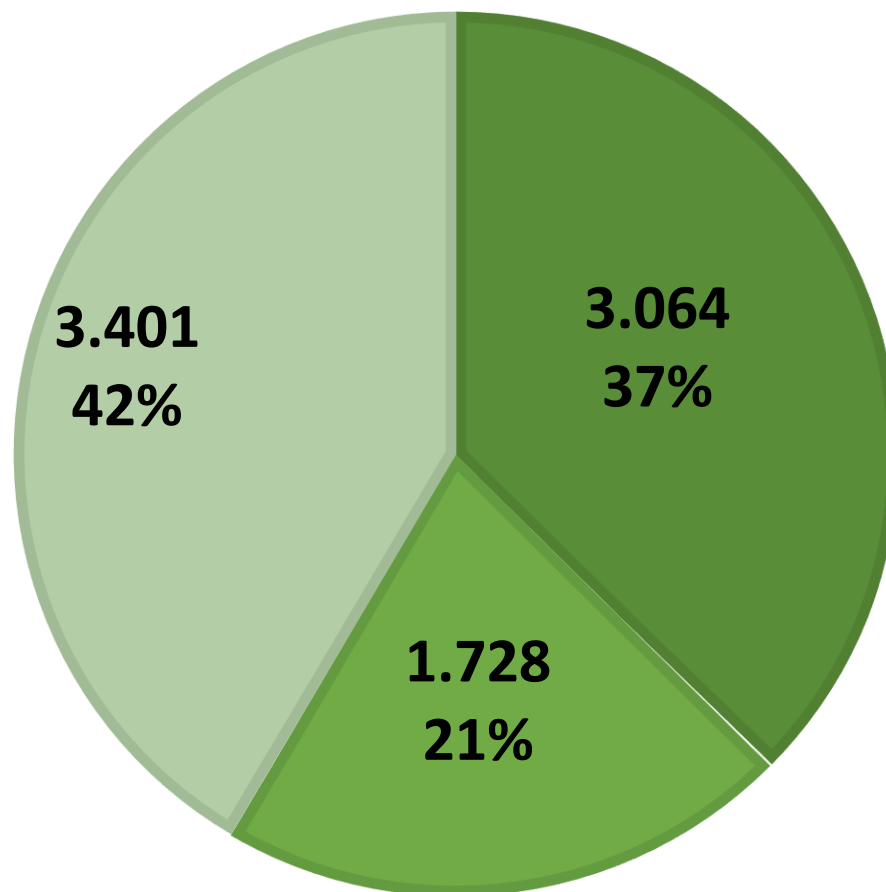


- No state pension shortfalls can occur for temporary partner, supplementary partner, or disability pensions



### 3. SPF in 2017: Member numbers

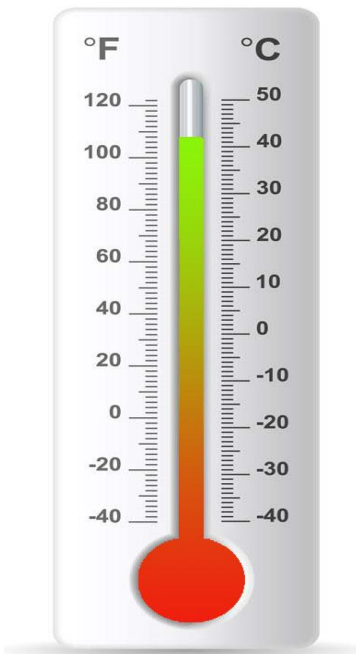
■ Members (active)   ■ Pensioners   ■ Deferred members



### 3. SPF in 2017: Funding level

Does SPF have sufficient capital to pay out all pensions, now and in the future

$$\text{Funding level} = \frac{\text{Assets}}{\text{Liabilities}}$$



#### The impact of interest rates on the liabilities:

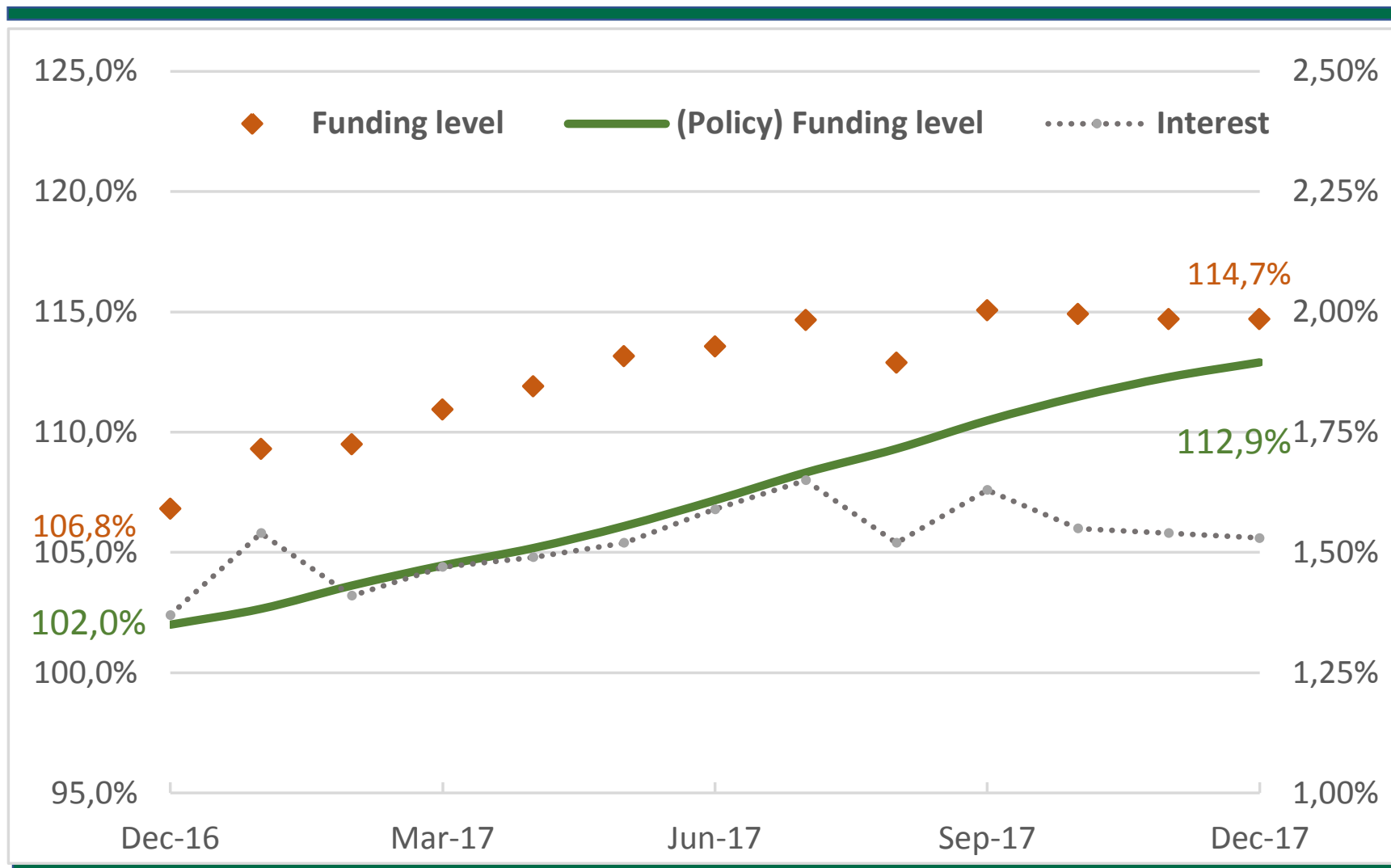
- €905 now with an interest rate of 1.0% = €1,000 over 10 years
- €781 now with an interest rate of 2.5% = €1,000 over 10 years

#### Calculation example with €1,000 in assets:

- 1.0% interest rate => FL is  $1,000/905 = 110\%$
- 2.5% interest rate => FL is  $1,000/781 = 128\%$

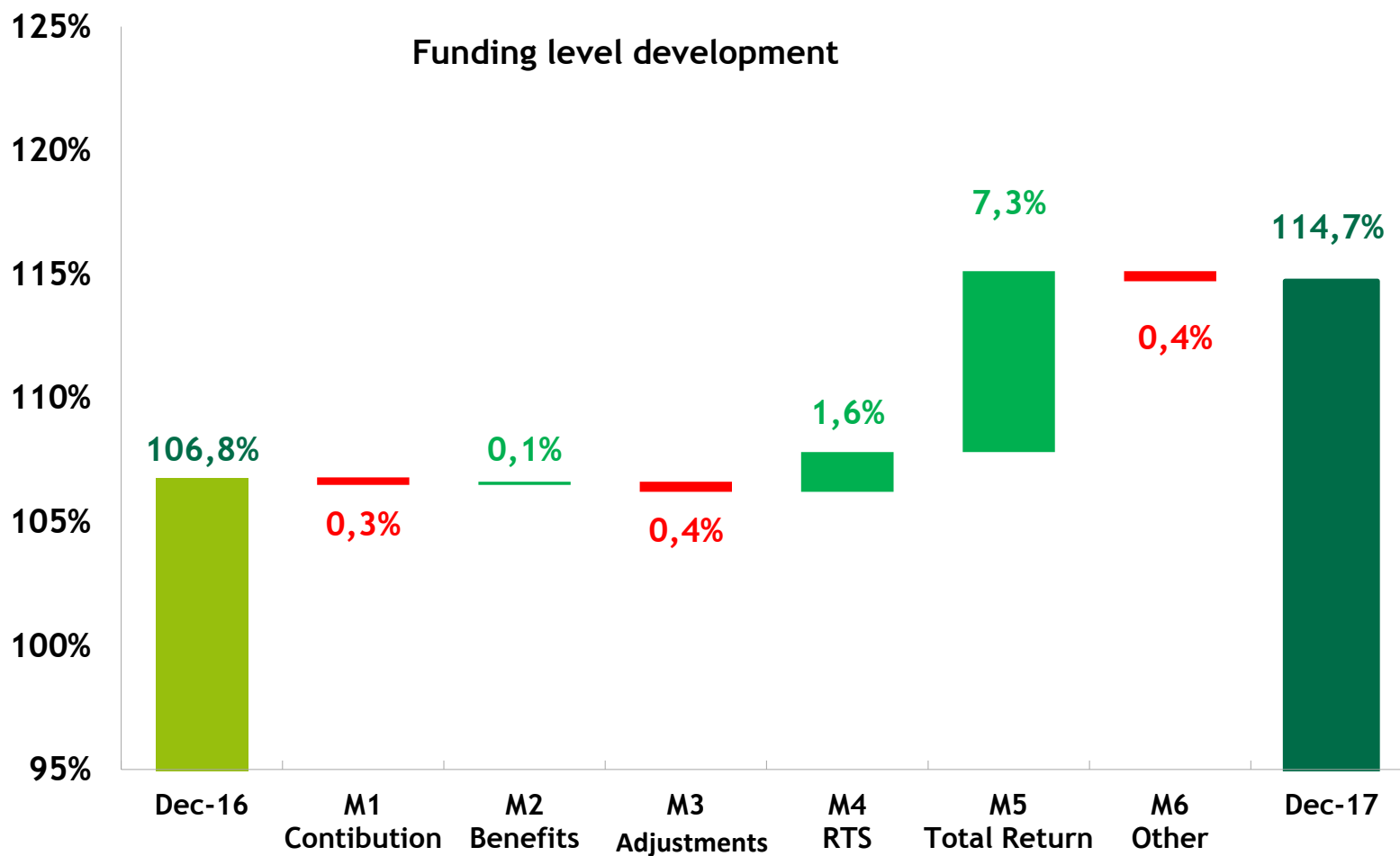
FL is impacted by interest rates: In recent years, the interest rate has dropped significantly from 4% to +/- 1%. This is extremely detrimental to the FL.

### 3. SPF in 2017: Policy funding level



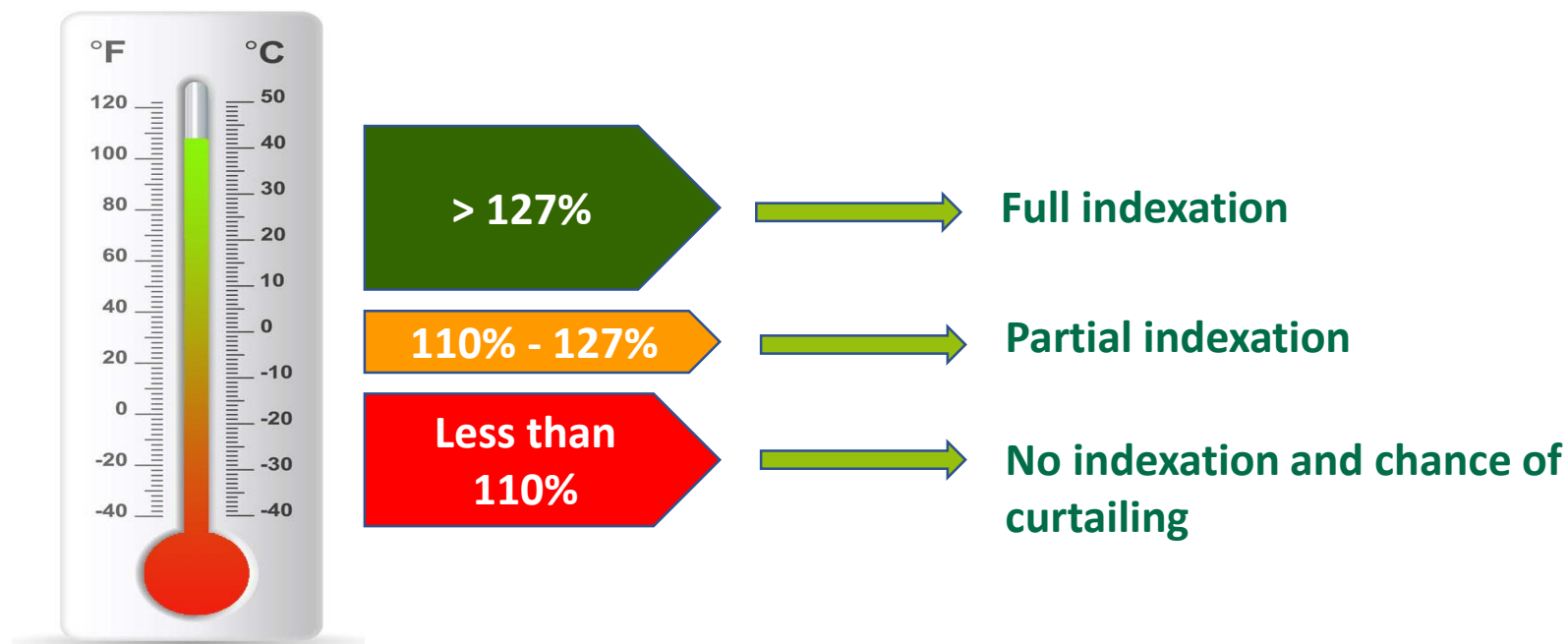
The policy funding level (PFL) is the average funding level of 12 months

### 3. SPF in 2017: Development of the funding level



### 3. SPF in 2017: Policy funding level December 31, 2017 112.9%

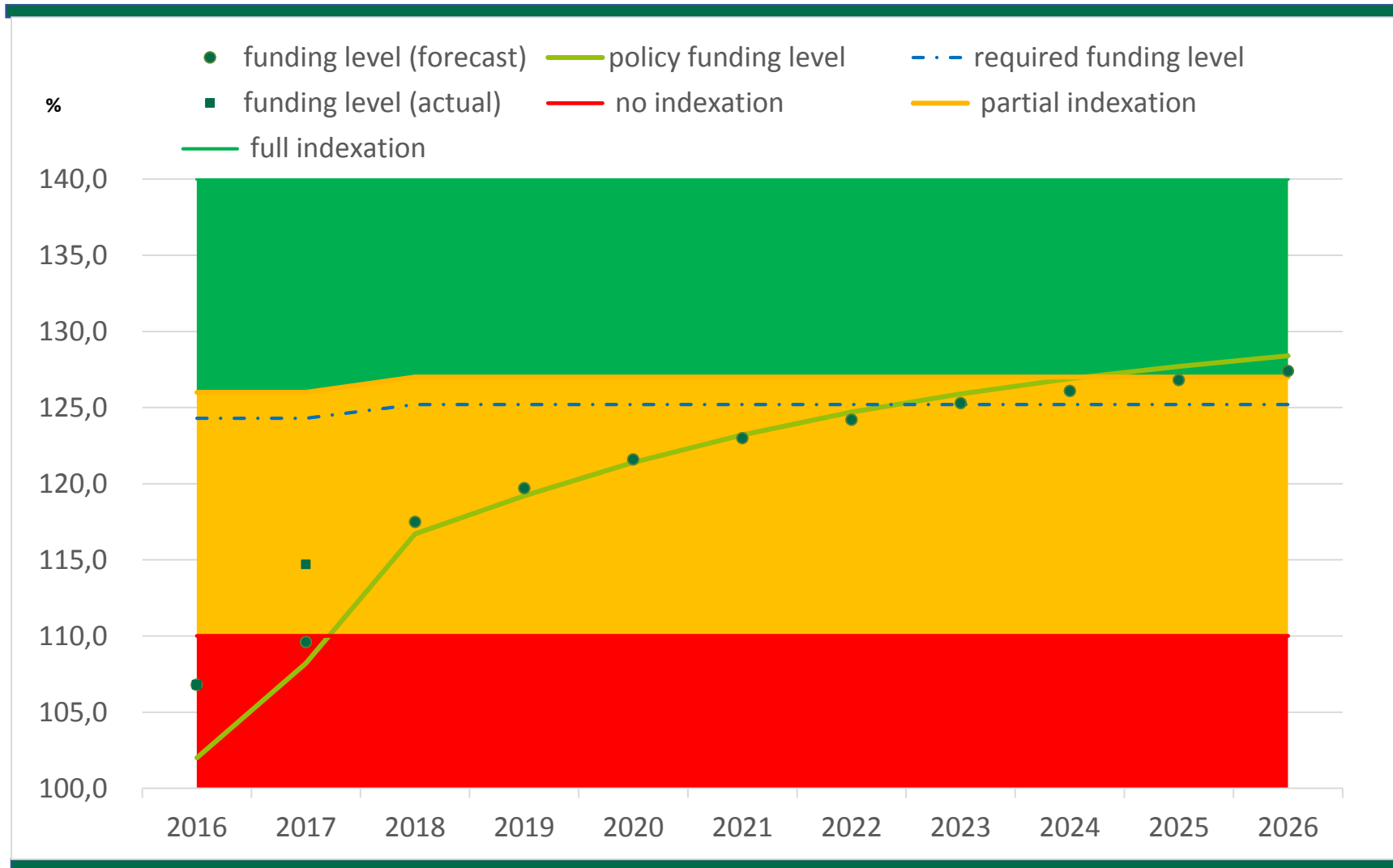
Does SPF have sufficient capital to pay out all pensions, now and in the future



FL is impacted by interest rates. In recent years, the interest rate has dropped significantly from 4% to +/-1,5%. This is extremely detrimental to the FL.

22-5-2018

### 3. SPF in 2017: Indexation according to the recovery plan on January 1, 2018



### 3. SPF in 2017: Indexation

#### Unallocated indexation from 2008 onwards

- Active members: 19.56%
- Pensioners: 10.75%
- Deferred members: 10.75%



#### Unallocated indexation from 2014 onwards (Former PF SABIC IP)

- Active members: 8.57%
- Pensioners: 4.95%
- Deferred members: 4.95%





### 3. SPF in 2017: Missed indexation of Active Members: loss of purchasing power

Price increases since 2008

13.26%

Wage increases at SABIC since 2008

22.24%

#### SPF Active Members

Indexation since 2008

2.68%

Purchasing power loss: -/- 10.58%

Accrual loss: -/- 19.56%

#### Active Members of SPF, former SIP

Indexation since 2008

11.61%

Purchasing power loss: -/- 1.65%

Accrual loss: -/- 10.63%

Please note that the former SIP was a different scheme until 2014

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### 3. SPF in 2017: Missed indexation of remaining Members: loss of purchasing power

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Price increases since 2008

13.26%

Purchasing power loss pension:

Pensioners and deferred members of SPF

Indexation since 2008

2.28%

-/- 10.98%

Pensioners and deferred members of SPF, previously SIP

Indexation since 2008

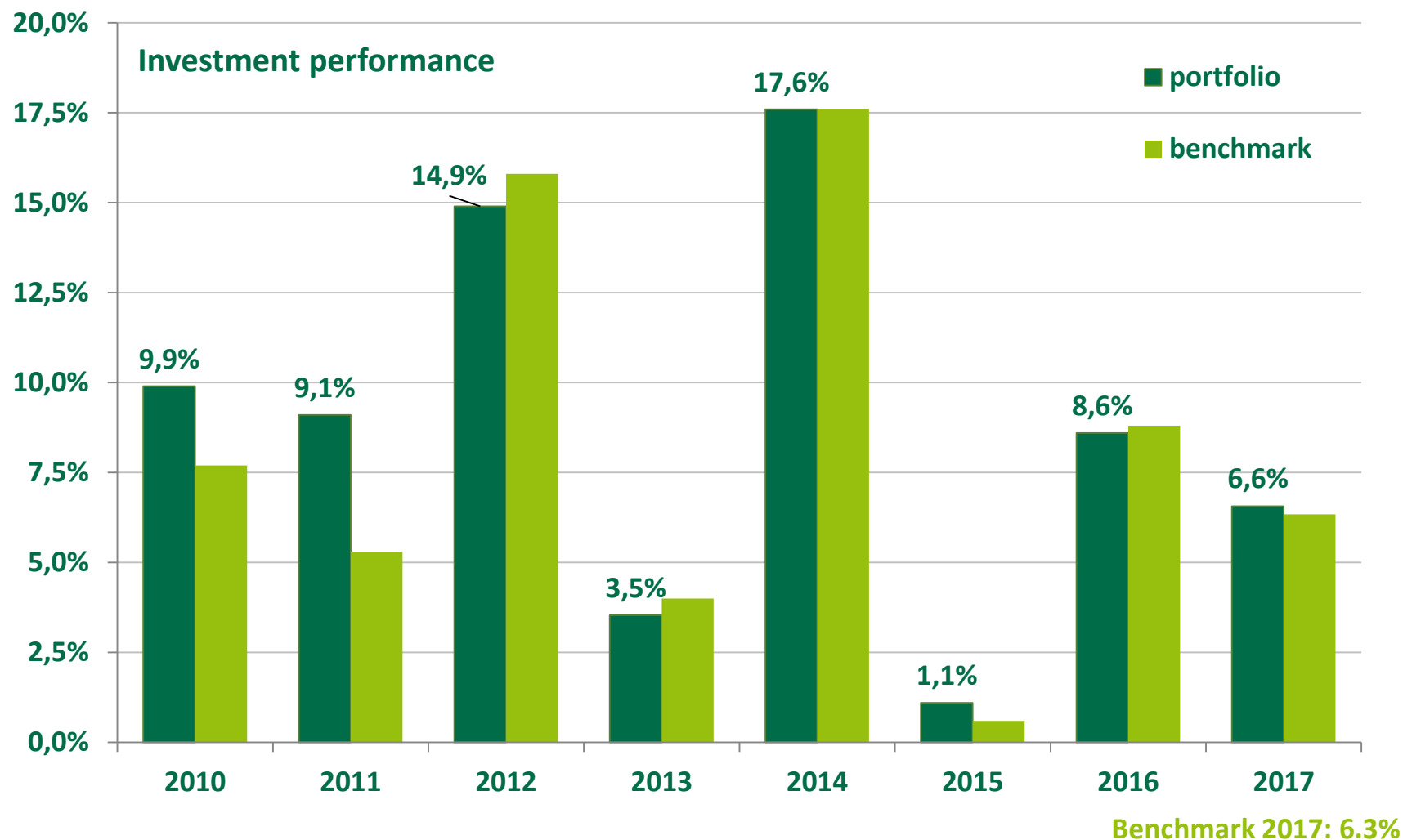
9.39%

-/- 3.87%

Please note that the former SIP was a different scheme until 2015

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### 3. SPF in 2017: Investment return



### 3. SPF in 2017: The investment mix: how and why



The risk profile is the balance between the risk and returns



The risk preparedness study 2013/2014



Sufficient capital to be able to pay out pensions



Sufficient returns to grant indexation

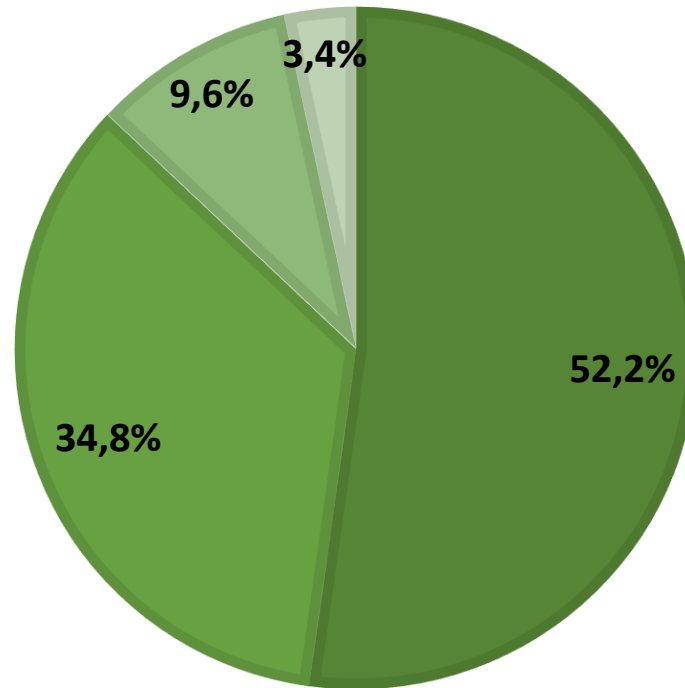
### 3. SPF in 2017: The investment mix

■ Fixed income

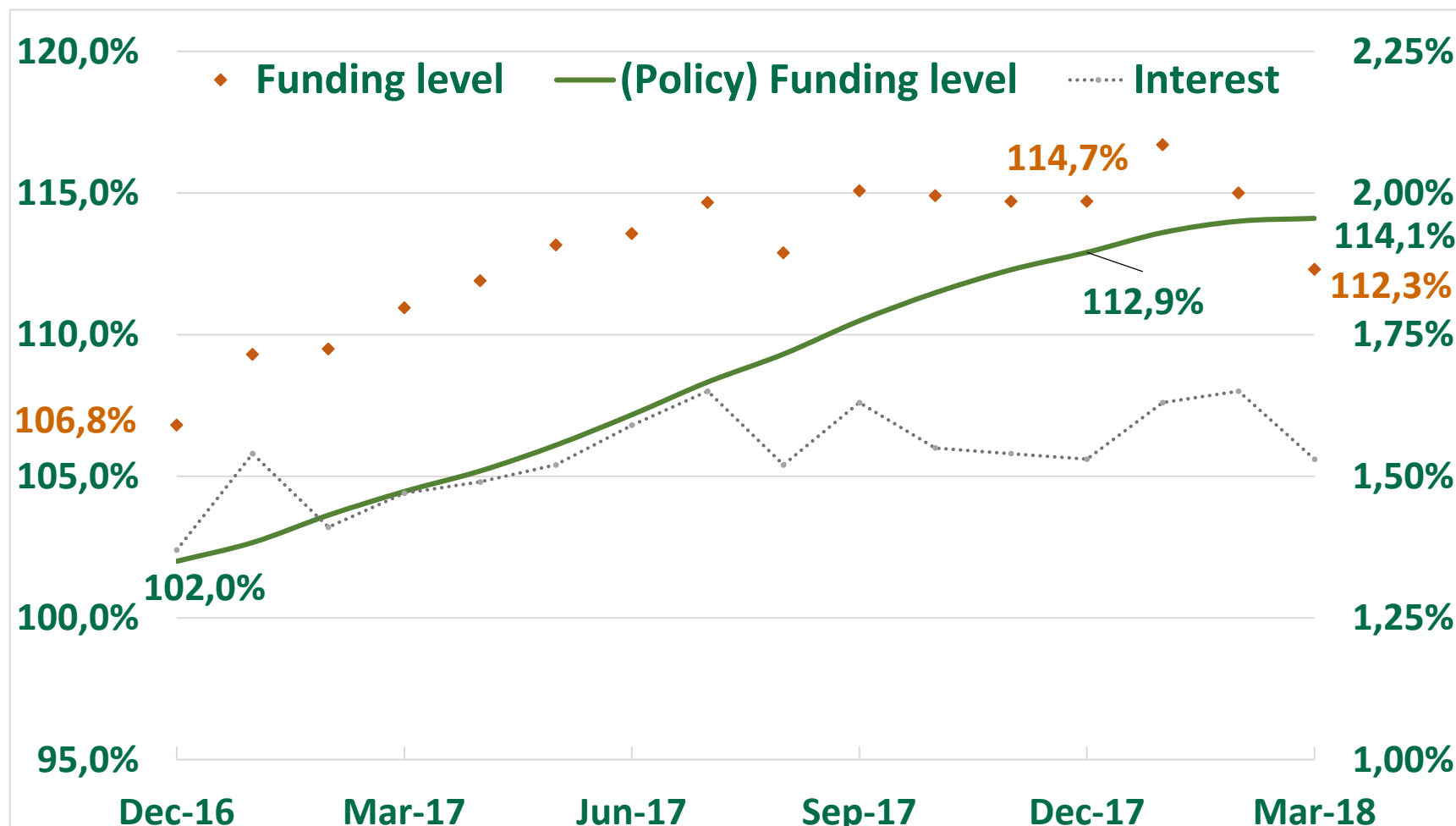
■ Equity (Shares)

■ Real estate

■ Alternatives and other



### 3. SPF 2018 Q1: Policy funding level



The policy funding level (PFL) is the average funding level of 12 months

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## 4. SPF 2018 Q1 Developments

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- **Governance (organization)**
- **Research by the Netherlands Authority for the Financial Markets (AFM) on communication**
- **General Data Protection Regulation (GDPR)**
- **New pension contract + new outsourcing agreement**
- **The 2018 elections**



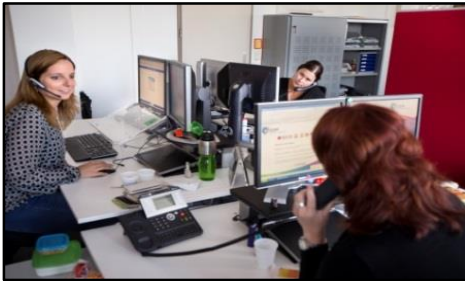
## 5. Closing remarks

- With a PFL of 112.9%, the fund is in the 'orange' zone.
- The recovery plan indicates that we can recover within the timeframe set out by the Dutch Central Bank.
- The chance of curtailments has dropped significantly, but there is still a chance of curtailment if market conditions worsen.
- If interest rates keep increasing, the Board expects that partial or full indexation will be possible in the next few years.
- The Board trusts that SPF's policy in the long term will have a positive outcome for the Members.



## 5. Closing remarks: personal questions and communications

Pension Desk



Newsletter



Digital mail



For all your pension questions:  
**SPF Pension Desk**

telephone: 045 5788100

email:  
info.PensioenfondSABIC@dsm.com

spf

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