Armin

You have already had quite a programme this afternoon. I have been coming here for several years now, and what strikes me is that the weather is always absolutely beautiful — and yet you are sitting here indoors. So you must be very curious about our story. Let us hope we can actually live up to that expectation.

Armin

Ladies first: Giselle Verwoort. Giselle previously worked at SABIC, and now works at USG. She has also delivered parts of these presentations here over the past few years.
In the middle is Math Peeters. Math is a Board member on behalf of pensioners on the Board of SABIC's pension fund. And last but not least, Jacques Slabbers. Jacques is a member of the Accountability Council.
My name is Armin Becker. I work at DPS and provide governance support to the Board, the Accountability Council and the Supervisory Board. I will click on and look at the programme.

Armin

I will click on and look at the programme.
You will all have seen that SABIC is going to sell parts of the company. The question on your minds is: what does that mean for the fund, and therefore for me? We will start by looking at that. Then we will cover facts and figures. After that comes the chapter we call Pension27. As you know, we are all moving to the new pension system: what does that mean for the fund and for you? And how will we move from the old system to the new one?

Armin:

First of all, we would like to start with the sale of parts of SABIC. The question is: does that have any effect? Math, could you say something about that?

Math:

Look, colleagues, at some point it became known to us — already some time ago — that SABIC intended to sell something. So as a Board we were already working on that at an early stage. But at a certain point the names became known and it could actually happen: AEQUITA and Mutares in the Bergen op Zoom area.

From that moment on, we as a Board — and when I say a delegation, I mean the experts from DPS together with a number of Board members — sought contact with SABIC. You should imagine that this contact took place every two weeks. In that way, we tried to put all our interests on the table at an early stage with the potential new buyer.

Math:

It is good to be able to say — and it is also at the top of the slide — that the new buyer intends to place the pensions of the active participants with our fund. I stress: that is the intention. So it is not yet a done deal, but we are working on it.
For SPF it is important that this formal choice is made before the sales contract is signed, so to speak. There are all kinds of legal reasons for that, but it is an important milestone.
It was said earlier that here in the south — and I am referring particularly to this region — people were thinking of 1 October. That would mean that before 1 October the choice will be made by the new, potential owner. Why is that so important for us?
Because suppose that does not happen. For the transition to the WTP we have made all kinds of calculations. We call them balanced-assessment calculations, and they have to be assessed using the current populations as we have them. If our colleagues do not come with us, we will have to look at that again. So that is very important to us.
On the other hand, and perhaps this question may arise: should I be worried about the pension that has been placed with SPF, given that this room is mainly full of pensioners? No, you do not need to be worried. Is that guaranteed for eternity? No, I am not saying that either.
Armin:
We were recently in Bergen op Zoom and there we were asked: could the new owners reach into the pension fund's cash box, Math?
Math:
No, that is not possible, because the money belongs to the participants.
You have a question there.
Audience question:
You say that the critical date is 1 October for whether the employees move over into the new pension fund — or the old pension fund as it continues to exist. If the position on 1 October is that the employees do not come with us, does that have consequences for the transition in 2027?
Math:
Yes. That is what I was trying to say just now in an aside. We would then have to redo a number of calculations, because the population would have changed, in terms of the balanced assessment.
Follow-up question:
But can you still make 1 January 2027?
Math:
We are keeping our finger on the pulse. As I said, I would almost say from week to week; we speak to each other very regularly. If it starts to look as though that will be the situation, we will certainly take action before 1 October.
Armin:

There was also a question at the back.
Audience question:
Bergen op Zoom is not part of the deal with AEQUITA. What does that mean for the pensioners from Bergen op Zoom in the fund?
Math:
That is a good question. Armin, I would like to respond to that. We have been talking about AEQUITA all the time. That is the party intending to take over the part in Limburg, Germany, England and Genk. A similar intended sale is taking place in Bergen op Zoom. That concerns the factories in Bergen op Zoom, America and Spain. That party is called Mutares.
So the same kind of process is taking place there. We are also in discussions with them. I am speaking here mainly about our colleagues in Limburg, but we are doing exactly the same to make sure those colleagues also have the possibility to move over and remain with SPF. So exactly the same is happening there.
Audience question:
Will the pension fund itself also have a say if it wants to do business with the new partners? That is the first question.
The second question is: suppose the new partner does not agree that employees may join the new pension fund. Would you then get a closed pension fund? And if we have a closed pension fund, could it also be the case that no compensation would have to be given for the group of 40- to 50-year-olds, as it were? In other words, is it good or bad if the new employer does not allow its employees to participate in the new pension fund and pay contributions?
Giselle:
It is good if as many participants as possible remain with the fund. So from our point of view, the most desirable situation is that both the new employer on the Bergen op Zoom side and the new employer on the Limburg side join the fund.
If one of those two parties does not join — and Math has just said this — then we have to redo a great many calculations for De Nederlandsche Bank. That also means that we will not make 1 January 2027, because the lead time for that is on average six months and we would have to submit a new file, which restarts the clock.
As a Board we are studying what alternatives there may be, but whether we then become a closed fund, or ultimately choose alternatives, is not something we will decide now. We will first move to the new system and then answer that strategic question.
So for now we are continuing as we are, but it does have consequences for the transition file in the short term. In the longer term we will have to reconsider, because if there are fewer participants, administering the scheme simply becomes too expensive and that is not in the interests of participants.
Armin:
One conclusion is: if those new parties do not join, that is relatively bad for the participants. It does not affect you as much, at least not in the short term. The Board's aim is therefore to keep them affiliated.

Armin:
We would like to move on to the facts and figures. Math, could you say something about that?
Math:
Yes. On the slide on the screens you can see the development of the policy funding level during 2025, and you can see that it has risen.
Perhaps, because we are all technicians, I should briefly go back to the basics: the policy funding level is the 12-month average of the funding level. So it always lags behind the funding level somewhat.
If you then see that the funding level in 2025 rose by about 13%, then — for the calculators among us — the policy funding level rose by about 4.5%.
We even had someone in the room who had noticed that there was a policy funding level at year-end 2024 that was slightly higher than in January. That was very sharp. I am not sure who asked that question.
That was because when we grant indexation, it is processed retrospectively in the December figures. Because we can only determine that in January, it was then adjusted slightly downwards and everything is fully correct again.
So why is the policy funding level important? Perhaps we can move to the next slide, Armin. Because it forms the basis for the annual discussions that we as a Board have to hold about what indexation we can grant to participants.

Math:
I think most of you recognise the picture shown here. We know it well, because we always show it in the same form. You can see that between 110% and 139.4%, under the FTK rules, the Board may grant indexation.
The funding level at the time you assess this determines which part of the margin between those two figures you may award.
On the right it says that the policy funding level at the end of 2025 was 124.2%. We have a so-called benchmark and, for us as pensioners, that is a price index. It was 3.01%, and the Board ultimately decided to derive the indexation from that.
If you are somewhere in the middle between the boundaries of 110% and 139.4%, that produces 1.57%. Some people may say: but I heard somewhere else that it was possible to award more.
That had to do with a one-off permission granted by the legislature. We as a Board looked at that, but we did not think it was right to use it, because this year the indexation for active members was very low.
If we had done that, we would again have created a large delta of a few percentage points which, in the context of the WTP, where all those balanced assessments must be made, would have had a negative effect. So we chose to remain within the FTK rules and to award all of us that 1.57%.
Armin:
Jacques, does the Accountability Council have anything to say about that indexation?
Jacques:
The formal short answer is no. I can say, however, that as an Accountability Council we have a very open

consultation structure with the Board. We meet much more often than the law requires, and we also discuss virtually all the subjects that the Board has discussed.
We receive that information, and at the end of last year, when the indexation decisions were taken, we explicitly discussed and debated that with each other.
So again: very open and very transparent. I can tell you that this is not common in the pension world.
Armin:
All right, thank you.

Armin:

The new pension: what has happened over the past year, where do we stand now, and what still needs to happen in order to convert the current pension into the new pension on 1 January 2027, which is the intention?
We also want to briefly explain the roles played by the Board, the Accountability Council and the Supervisory Board. I will click on, and Jacques, could you tell us something about the start of the whole process?

Jacques:

Yes, I can. On the slide you can see that on 2 May 2025 the final transition plan was ultimately submitted to the Board by the social partners. But that was preceded by more than two years of preliminary consultation and discussion.
In 2023 the social partners — that is, the employer, in our case SABIC, and representatives of the trade unions — began with the first draft of a transition plan.
They are legally obliged to do that because, in principle, pensioners are not represented at that negotiating table other than through the trade unions. At some point in that process, the legislature determined that a right to be heard had to be arranged for pensioners.
We as pensioners made use of that. I will put on another hat for a moment: on your behalf, Henny Egberink and I took part in that consultation and exercised the right to be heard on behalf of pensioners.
In addition, the trade unions had to submit the transition plan to their members for approval. All of that took place. Then it was the Board's turn.
Armin:
Giselle, that landed on your desk.

Giselle:
Yes, as Jacques rightly said, we received the transition plan prepared by the social partners and, as the Board, we therefore had to assess whether the transition objectives and policy principles were properly reflected in it.
It was also quite an unusual period, because this was the time when it became clear what the rules from De Nederlandsche Bank would be. So although Jacques said the plan was late, De Nederlandsche Bank was not quick either.
So the plan was actually already ready before DNB issued its definitive rules, and we will come back to that shortly.
We also had substantial discussions in the Board about that transition plan and what objectives it had to meet. We have put the three most important ones on this slide.
The first was, of course, that we did not want generations or cohorts to be worse off as a result of the transition.
And we will shortly show that the effects differ for the different age categories.
In addition, we had agreed that we did not want major differences in the extent to which people would be better off.
And in the decision-making we also wanted to take the indexation shortfalls into account. I am deliberately saying it in this way. That means that, as the Board, we did not say that we wanted to fully compensate all indexation shortfalls, but we wanted to include them in balanced decision-making, and that is what we have done.

Armin:

Yes, we now come to adjustments. Adjustments for a balanced transition from old to new. What needed to be adjusted? Math, could you say something about that?
Math:
We saw a number of things coming our way. They are shown on the right, and one was the compensation arrangement that was originally intended for a different age category. We saw that this would actually short-change a number of people, and we are talking about colleagues somewhere between 28 and their mid-50s, something like that. It is not exact to the year, but they were somewhere in that category. Ultimately, as the Board, we therefore had to decide to make a correction to the so-called premium compensation arrangement. It does not apply to us, only to people who are still active members.
Furthermore, in the transition plan from the trade unions, and at the time when the first version of those transition plans was being drafted, you saw in many places that people talked about a 1-year spreading period.
Over time, and I mentioned the changes at DNB earlier, we saw that DNB was actually saying: yes, for us 10 years is the norm and if you want to deviate from that, you must provide very well-founded reasons showing that it would be an unbalanced choice.
In other words, that you would disadvantage other people through that choice, the preferred choice of 10 years, so to speak. Well, we looked at that from every angle, we had all kinds of calculations made, but as the Board we had to conclude that we could not deviate from the 10-year spreading period.
And we will explain in detail in a moment what that actually means, because you read things in the press, and among ourselves we tell all kinds of stories, but I think this afternoon we can inform you about how it really works.
Armin:
It is quite a complicated story. Giselle, could you perhaps explain it visually?

Giselle:
Yes, it is a bit difficult because I am standing behind the slide and blocking someone's view, but over time, as I just said, DNB was rather late, it also became clear that DNB attached great importance to net benefit. Here on the screen, and also on the other screen, you can see the net-benefit picture that we calculated at a funding level of 117.4%. And what exactly is that net-benefit measure?
What net benefit actually does is: we model by age cohort. What do you receive under the new pension scheme? Your contributions and your returns. And we do the same for the old scheme. I should actually have said it the other way round: for the old scheme and the new scheme.
And if, under the new scheme, you receive more on balance compared with the old scheme, you end up above the 0% line. That is the line in the middle on the other screen.
And here I can also already see the problem, because not every age category improves by the same amount. As I said, as the Board we had a number of objectives a few slides back, and one of them was that everyone would be better off.
Well, you can already see here that there is a group, particularly among the younger participants, that is not better off. And another objective was that everyone would be better off to roughly the same extent. So as the Board we would have preferred to see as flat a line as possible above 0%.
And that was also the reason why we started considering: how could we make that line a little flatter than it is here?
What I should also say, and you should forget the technicalities: we made this picture with a funding level of 117.4%. The funding level has since risen considerably, and that makes the peaks even higher and the troughs even lower.
And that is why the picture has become even more unbalanced.

Giselle:
That is why we asked the social partners to adjust the transition plan. Math has just said it: on the one hand the premium compensation scale and on the other hand the spreading period.
The spreading period had been set by the social partners at 1 year, with the rationale or main reason that they wanted as much catch-up indexation as possible to be granted. And when we looked more closely at that catch-up indexation, we actually saw that with a 10-year spreading period we did much better justice to the catch-up indexation than with a 1-year spreading period.
And of course you can see — and in this room this is less pleasant to explain — that this moves the line for people who are pensioners slightly downwards. But we can explain this very well, because we can also see that the group with the largest indexation shortfalls is just before them.
The line is still, across all participant populations, the furthest above the zero line, and that is why we considered this more balanced than what was in the original transition plan.
Armin:
Why is it that different age categories receive more or less than others?
Giselle:
This is due, on the one hand, to the advantages of the new system compared with the old system. When we transition, and we will come back to this shortly, the buffers the fund currently has are distributed immediately, and we do this on the basis of everyone's relative share in the fund's assets.
There will be another slide about this later. You will see that people with large assets — generally those close to retirement or already retired — receive a large share of that. If we had stayed in the old system, you would have received much less of it, because, as you know, we cannot fully index every year.
So part of that money also goes to the active population, whereas now it is distributed in one go. The other point is that, as Math has already mentioned, the average premium is being abolished. For a certain group of people, in combination with the new way of investing, this is less favourable than for the rest of the population.
And that also explains why a small group is still below zero. But we could not achieve a completely flat line. This

Armin:

I will click through, and then we come to the timeline. And then I see: 6 January 2026, Jacques, that was your big moment.

Jacques:

The AB has an enhanced right of advice in the transition to the WTP, which means that the AB must advise not only on whether or not to transition, but also on the allocation of assets. We looked at that particularly carefully. To be able to do that properly, independently of the Board, we engaged our own consultant. They supported us in all those meetings in understanding the information, preparing our comments on it and also recording the final decision-making.
What we focused on in particular was, of course, the 1- to 10-year spreading period, because on paper it has quite a few consequences, including for pensioners.
The premium compensation: how is it paid for? There are two ways. You can say: pay it from the premium. Then only active members and the employer contribute. The other option is to pay it from the pension assets, so everyone contributes. Ultimately it was decided to pay it from the pension assets, so pensioners also contribute to that premium compensation.
In addition, an important component, certainly for us as pensioners, is the size of the solidarity reserve. So we paid explicit attention to whether the pot that will soon be created is large enough to absorb what we have agreed it should absorb.
And underlying all of this, of course, and this applies to all of us and to all bodies active in the overall governance of pensions: are we doing this in the best possible balanced way for everyone? Is anyone disproportionately disadvantaged? And Giselle has just said this: we would of course be completely fair and balanced if it could all be done in a straight line, but we are only allowed to turn certain knobs. And when you turn those knobs, you can never get a straight line, but you can get a line that comes as close as possible. And that is the line, the orange line, that Giselle explained.
Armin:
So the Accountability Council looked at the issue of balance. That is what you assessed.

Armin:

And the Supervisory Board, Jacques?
Jacques:
Yes, if you want to explain the difference between the Accountability Council and the Supervisory Board, the Accountability Council focuses more on the substance that led to the decisions taken by the Board. The Supervisory Board focuses much more on the process.
They look, among other things, at whether everyone who needed to have a say on the decision was able to have their say. In other words: did the Accountability Council get the opportunity from the Board to create enough time and depth to prepare proper comments on that decision?
In addition, the pension fund has a number of key function holders. Key function holders are specialists in specific areas who advise the Board and also independently monitor whether there is sufficient depth in their area of responsibility and whether the necessary information is on the table.
And the Supervisory Board also ensures that comments made by those key function holders are responded to adequately and acted on adequately.
Another difference between the AB and the SB is that the AB has a right of advice in that transition. The SB must grant approval, and they ultimately granted that approval in January.
Armin:
So the Supervisory Board found that there had been a careful process.
Jacques:
Yes, by granting their approval they effectively confirmed that.

Armin:

Okay, and then it landed on the Board's plate. Giselle, no, Math is going to help us with that.
Math:
Yes, that is right. We added a photo showing that, ultimately, on 5 February our chair pressed a button to send a very large data file to DNB. But he only did that after we, with the SB's approval and the AB's advice in hand, had checked in the Board meeting on 30 January whether everything was complete, whether we had all the documents and whether nothing was still outstanding.
As mentioned, a week later, after the final information from that meeting had been uploaded into that system — and it is a huge database that you have to submit in a format prescribed by DNB — we sent it on 5 February by pressing that button.
Since then, and also before then, we as the Board, again with the help of a number of people from DPS — and I certainly do not want to forget to mention them all — have had regular contact with DNB to check: have you seen the documents? Are there any questions? And so on.
So you then have a kind of working consultation, because DNB also immediately starts working with a team to review our documents, and since then we have already received questions several times in those discussions.
There are two types of questions: you can receive a formal question in writing, where they effectively say: this is not right and we have this and that question. But so far everything has been in the nature of clarifying questions to which we, as the fund, have to respond, and up to now that has gone well.
We hope that will remain the case, and DNB has indicated that it expects to give us permission in the summer of this year — of course, in 2026 — to be able to transition as of the coming 1 January.

Math:

And after we had done that on 5 February, we communicated about it. Because please note, communication — and I cannot emphasise this enough, everyone — do keep an eye on that site, because it contains information that is kept up to date.
We also did that around 5 February. That way you can follow exactly where we stand. Themes will be added, so make use of them, and we did that then as well.
Armin:
And now, what are we going to do now? What further steps are we still going to take?
Math:
What we are doing is that, ultimately, a new situation will arise. The employer and the trade unions are the parties that instruct us to administer a particular pension scheme, and that has now happened.
And we have accepted it, but of course we now have to shape that scheme in detail and write it down in such a way that it is clear and understandable for everyone. And we are working on that as we speak.
Here too, as Jacques just said, the AB has the right to check whether we are doing that properly in substance. And there are quite a lot of documents, because we are moving to a completely new system.
So it is a new way of accruing pension. It therefore has to be put together properly, and fortunately over the past two years we have already worked through many elements as a kind of set of LEGO bricks. We can now stack those together to arrive at the complete scheme.
But do not forget — and I am pleased, as I said earlier, that you are already somewhat technical — that there is also a major operational change taking place at our administrator, DPS.
They too have to adapt their operations to the new pension agreement and pension scheme to be administered. So think, for example, of a completely new IT system.
Incidentally, that applies to all funds, and it automatically ensures that our pensions and all data are stored in the systems in the right way and that, at the right moment, we are paid again.
I think, Armin, that I have said about enough.
Armin:
Certainly.

Armin:

And then we now move on to the subject of communication. Could you also explain that a little, Math?
Math:
I said it earlier, and I think it is very important that we really do this well together. I know we are not all the kind of people who respond to every alert all day long, but Annemiek, who is sitting over there, leads the communication team and, together with everyone involved, tries in all sorts of engaging ways to draw our attention a little: hey, pay attention, there is news.
It is also important, of course, that we prepare ourselves for 1 January, and that also has to do with our personal situation. Because all of us sitting here hear in broad terms how the transition will work, but ultimately we are all curious. Somewhere in October or November we will hear something at home for the first time, personally, with a broad — I do not want to say best guess, because that sounds a bit… — but a first indication of what our new pension could be after 1 January.
And why is all of that a prerequisite? Because ultimately, as we will also see shortly in a detailed picture, the funding level we have at midnight on 1 January — 00:00, I think — is the determining basis for the calculations with which we will actually allocate the assets.
So if we make a draft calculation in October, it will be based on… we will have to say something about the funding level on which it is based. You saw in Giselle's slides that, for example, all calculations so far have been made using 117.4. We are now working on something around 125%, and we will continue to do so, but we also do not know for certain whether something very unusual will happen in the world in the months from November onwards.
In any case, you will be the first to see that, and after the transition to the WTP, after 1 January, we expect to hear something around March or April about the definitive status of your personal situation.

Armin:

And then next year we will communicate. Giselle?
Giselle:
I hope we will communicate that we are going to transition as of 1 January, which means that the pensions you are receiving, or for deferred members the accrued rights, will be taken into the new pension system.
What I think is important to say here is: when you leave today, the pension pot never runs out. Some people are afraid of that. Jacques said it right at the beginning: a solidarity contribution scheme has been chosen, so there is a solidarity reserve.
I will say a bit more about that shortly, but if you live longer than average — and I hope that for all of you — the pot does not run out, and it is not the case that suddenly you no longer receive a pension, because it will then be topped up.

Giselle:
Agreements have been made on how we will transition, and the social partners have indicated that in principle we will transition if the funding level is between 107.5% and 140%. Then we will transition on 1 January, assuming of course that DNB approves everything we have written in the transition plan.
What does that allocation include? First, of course, we must ensure that the fund's statutory required reserves are filled, and for that we need 2 x 1%.
After that, all our participants, including you sitting here, must in any case receive the pot needed to obtain a 100% pension at the moment of transition.
It has also been agreed with the social partners that 3.5% of the funding level may be used for abolishing the so-called average premium, in other words the premium compensation, and finally 2% for the solidarity reserve.
And why 2%? That 2% is roughly what we need to make the transition responsibly over the next 10 years and not have to make cuts immediately. If I add up all those percentages, I arrive at 107.5%, which is the minimum funding level for transition.
If we have a funding level — and we currently do — that is higher than 107.5%, then another 4% goes to the solidarity reserve. That also ensures that over the much longer term we have a genuinely well-filled reserve.
Armin:
So that means more certainty for this group.
Giselle:
That certainly means more certainty for this group. It is sometimes said that the new pension system is less certain, and in itself that is true, but there are good mechanisms in the solidarity contribution scheme or in the

solidarity system to ensure that we do not immediately have to make cuts.
I will also come shortly with a worked example, so then we can show exactly how it will work under the new system.
Then you are essentially in the light-green area. If you then have a funding level of 111.5%, everything we have above that funding level will be distributed, and we call that the so-called transition bonus. We do that in proportion to the capital you have in the fund.

Giselle:
And then facts and figures about the funding level: from 119% to 131.3% at year-end. You can see that we had a small dip up to and including March. Fortunately, I can report that today we are now at 131.1%, so that is a very good result.
That is a very good result, but the dip is of course due to the energy crisis in the Middle East. And that is why I also said earlier: as the Board, we cannot predict what the funding level will be at year-end, and therefore we also cannot predict what the transition bonus will be.
And Jacques has already explained this as well: in October, if everything goes according to plan, we will send provisional calculations of what it means for all of you. We will do that on the basis of the best knowledge we have, but ultimately we cannot predict where we will end up on 31 December.
Of course, we are very pleased with the funding level we have at the moment. And in the Board we have discussed extensively how we can reduce the risk for our participants as much as possible, to ensure that the funding level does not fall too much.
We have done that in two ways: on the one hand, we have further increased the interest-rate hedge compared with what we used to have.
And perhaps for those who come here more often: in the past we always said, yes, the funding level and the policy funding level depend strongly on how interest rates develop. We have now hedged interest rates up to 70%, and we

have also reduced the number of investments, the percentage invested in equities.
Some people may then ask: but why do you not hedge it completely? The simple answer is: it is too expensive. And by doing so we would also not be acting properly for the participants, so we are leaving some risk open.
Armin:
Okay, hopefully we can maintain this funding level until the end of the year. At the end of the year we will allocate the assets, and the question is: how are we going to do that?
Giselle:
Yes, we are going to do that by means of, as has already been discussed, a 10-year spreading period. And a 10-year spreading period does not mean that we are going to pay it out over 10 years.
We will pay it out in one go on 1 January 2027. So I think that is important. SPF calculates how large your pot needs to be and, depending on your age, how large your transition bonus is.
So what does that 10-year spreading period mean? It means that we look at what would happen if we were to spread it over 10 years. Unfortunately, looking statistically at this population, we then have to conclude that a number of people will no longer be here, because the chance of older people passing away is of course real. We take that statistical probability into account and translate it into the transition bonus. But it is therefore not the case, as some people think, that with a 10-year spreading period you have to wait another 10 years before you are fully entitled to your transition bonus.
That is not the case. We have a calculation method by which we award the full transition bonus on 1 January. That will mean that, if we have the same high funding level as now, there will be a substantial transition bonus.

Armin:

Okay. And soon we will allocate that. And when will pensioners know how high their new pension will be? Math, do you have the final answer?
Math:
Yes, I have lifted a corner of the veil. And if you perhaps want a check: I said that in the autumn you can expect the first indication, and that somewhere in March or April — do not pin us down entirely — those systems still need to be checked. Ultimately, let us say for example that it is April, we will then receive a letter stating this and, of course, it will then be paid retroactively, including January, February and March if it is in April.
So we need to be patient for a little while; that is also to do with the care taken in the processes. But the most important thing, I would say — not as a Board member but also as a participant in the pot — is that we may have a good funding level on 31 December this year.

Armin:

And soon everyone will have a pot from which the pension is paid. How well will that pension maintain purchasing power?
Giselle:
Yes, of course we aim to achieve a pension that maintains purchasing power as well as possible for all our participants. We do that in various ways.
And you will also see that over the years it is sometimes a bit more and sometimes a bit less, because we no longer look at price indexation and we will no longer grant indexation. So that changes in the new system.
But as I just said, in the solidarity scheme we share certain risks. And what do we do as a fund? We have an investment policy that will become age-dependent, because for people with a pension in payment you want less risk than for a participant aged 25 or 35. So in that we look for a balance between return and risk.
And that risk appetite is something we also test regularly; we last did that in 2023 and will do it again soon. It is particularly important that as many of you as possible respond, so that we get as good a picture as possible.
In addition, if there are shocks, we will spread them over three years. I will come back to that in a moment, but it means that if we achieve a good result, we spread that over three years. The same applies to a poorer result.
I have a worked example of that in a moment. And in addition we also have a solidarity reserve. So if the shock leads to a negative adjustment, we can in principle first make that up from the solidarity reserve.

Giselle:

I believe the worked example is coming now. And I should say up front: we have chosen quite an extreme worked example to explain the principle. Basically, it is not very representative for this group, because as I said just now, we are not going to invest in such a risky way for the group of pensioners, but it is more to help you understand how it works. In the example, in 2027 we achieve a return of six per cent*. That does not mean you get 6% added at the end of the year, because we will spread it over a period of three years. So in the first year you receive 2% and we put 4% on the slate, as we so nicely call it. Then in the second year we achieve a return of 5%. We still had 4% from last year on the slate. 5% from this year, that is 9% together, and again we spread it over three years. So this year we pay out 3%. There was 9% in total, 3% paid out, so we again put 6% on the slate.

In 2029 we have a really bad year for whatever economic reason, because of course we always invest sensibly in itself. So then we have -9%. From the previous year we still have plus 6%; that is a return of -3%, and we also spread that -3% over three years. So then you would get -1%, and that is where the solidarity reserve comes into view to make up that -1% to ensure that pensions do not have to be cut.

That is how spreading over three years works.

Armin:

A numerical example. And suppose there is once a minus for the group of pensioners, then we look to the solidarity reserve to draw resources from it to reduce the pain.

Giselle:

Yes, exactly. And it is important to say as well: we will soon start with the new system and you can see that from the worked example. If we now have three good years ahead after transition, that will not immediately be fully reflected in the crediting, because we first actually have to complete those three years before we have filled the three-year pot. So the increase in pensions, if we have three years of positive return, is somewhat lower at the beginning because we first have to fill those three years.

I think that is important to say for this group, because we are of course starting in the new system and that is the consequence of spreading over three years.

- Armin:

Okay, thank you very much, all three of you. We have taken the time to explain how carefully we have approached this whole process. And why have we done that? We only have one chance to allocate the money. We can do that once, and after that we are in the new system. There is no way back. So that is very important and that is why we have taken some time for it, and we wanted to take you through it: at what point will you receive information, and how the allocation of that return will work later.

But that does not alter the fact that I can imagine you have questions.

And here are our experts. Who may I give the floor to?

Audience question:
I read on one of the slides that the indexation shortfall will be taken into account on transition. It is not yet clear to me how that will happen. Could you give some insight into that at a high level? And in particular how account is taken of differences in indexation shortfall, because for example there is a difference of 6 per cent between the Bergen op Zoom participants and the Limburg participants.
Giselle:
We do not have a slide here to show that explicitly. But you may trust that, as a Board, we have certainly looked at those lines and at how the indexation shortfalls are distributed across the different age cohorts. What you then see is that the indexation shortfall — and I think I touched on this briefly earlier, although it may not have landed completely clearly — is mainly among the group of older active members. So that bump is actually a little earlier than where you see this line rising here.
In this chart you can see that, broadly speaking, the older you are, the more you benefit from allocating the buffers that the fund has at the time of transition. This chart shows how much better off you are in the new system compared with if you had remained in the old system.
And precisely by doing it in this way — I will stand on this side for a moment — you can see that the orange line is above the green line in certain sections. Those sections are closer to the groups with the indexation shortfalls. You cannot see that directly here, because those are all very technical charts. But underlying this are charts in which we, as a Board, looked at whether the green line or the orange line covered the indexation shortfalls better. You may trust that we have done that carefully.
DNB also looks at that, because it examines how we, as a Board, have tested it. And the orange line is closer to the indexation shortfalls than the green one.
Jacques:
And perhaps to add to that for us as pensioners: we of course looked at this explicitly, and the pension fund did indeed prepare charts showing age and missed indexation.
What is quite surprising in that, probably also for this group, is that we all think: the older you are, the larger your

Second question. I would like the slide where you showed the indexation or the reserve build-up, I think around slide 20, could that be?
Yes, no, the next one. Armin, two back. This one. That one. Yes.
My question is: you build it up neatly: 100% on transition, then 3.5%, 2% solidarity reserve, 107.5%, and another 4% extra solidarity reserve. I have a theoretical funding level of 111.5%. How much do you pay out?
Sorry, how much do we pay out at 111.5%?
Yes.
At 111.5% we pay out 100% to the participant, because at 111.5% I put 2% into the statutory reserve, so I cannot pay that out.
No.
The participant receives 100%. For active members there is 3.5% premium compensation, but for the moment I am assuming that everyone here is a pensioner. That does not go to the pensioners.
Then another 2% and 4% go to the solidarity reserve. So at 111.5%, the pensioner simply receives 100% of what is in the pot. And that pensioner does benefit from the solidarity reserve if, as I just said, he or she lives a long time or if there are negative returns.
Good, and then the funding level rises to 130%. What good news do you have then?
Then the good news is that the difference between 130% and 111.5%, in other words 18.5% for the quick calculators, will then be paid out as the transition bonus.
And that is in proportion to the capital you have in the pension fund.
Yes, clear. Yes, fine.
Just one more point about the bonus. By that time I will be 82.5, and you create a pot for me and put a certain amount into that pot for me. I assume you estimate how old I would become on average. Suppose that is 85 or 86; then there would be another four years for me in the pot.
The bonus you calculate then — is that 20% of those four years that are still in that pot if the funding level is 131%?
No, that is not how it works.
We look at the actuarial mortality tables, to put it very precisely. With those, we look at the probability that an 82-year-old has died by that average age, and we then adjust the transition bonus accordingly.
But exactly what that percentage is, I do not know those tables by heart. I would really need to look them up, but it depends on the age you have. We look at the mortality table and at the probability that you are still alive at 86, and depending on that you receive a percentage of that transition bonus.
Yes, I had a question about the widow’s pension. What does the pension pot mean, and what are the arrangements for the widow? Is that also taken into account in the calculations?

Basically not very much changes, so it is treated the same in the new system compared with the old system.
We have one final question.
After transition. Because it is of course important what the new employer will eventually put into the pension pot. What is the effect of that for pensioners? Suppose the 23 per cent that SABIC currently pays — which in itself is not low, so you might expect the new employer perhaps to do a bit less — what would the consequences be for pensioners? And the same applies to the premium that active members have to pay.
That is something the trade unions negotiate. They will always want to keep that as low as possible. So I would like to know those two things: what is the effect for the pensioner group?
The effect of that for you as a pensioner is limited. By the way, SABIC currently pays 25.5 per cent. We are now trying to agree with the new parties that they will implement the current pension scheme until 1 December, if the sale takes place before 1 January, and that they will also commit for a period of three years after 1 January 2027, still at the same premium level of 25.5 per cent.
Should we then close our eyes? We will not do that. You can imagine that petrochemicals are having a difficult time at the moment. At some point employers may also ask whether something can be done about the premium.
There can then be two mechanisms: either that 25.5 per cent falls, or the split between participants and the employer changes.
I would like to close now, because I think we are all ready for drinks. I hope we have answered your questions. And if not, for individual questions you can always contact the DPS helpdesk. They will be happy to answer your questions.
And I would say: take Math's advice seriously. Above all, keep an eye on the newsletters and the website, because they contain very up-to-date information.
Would you like to say a few closing words?
I would particularly like to thank you for the explanation you have given on this rather complicated subject. I hope it was understandable for most people and that they at least got an impression of what lies ahead and what your contribution has been. I think I can, also on behalf of the people here, thank you once again for the clear explanation.
And I indeed hope that the situation is such that, on 1 January, we are at least still hanging around that 130.
Yes, good. That leaves me to formally close this part and invite you for drinks and a hot meal. After that, have a safe journey home.

Follow-up question:
Second question. I would like the slide where you showed the indexation or the reserve build-up, I think around slide 20, could that be?
My question is: you build it up neatly: 100% on transition, then 3.5%, 2% solidarity reserve, 107.5%, and another 4% extra solidarity reserve. I have a theoretical funding level of 111.5%. How much do you pay out?
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Audience question:
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