Planning your pension: Get on top of things!

A lot has happened with respect to pensions since the last planner update. Interest rates increased significantly in 2022, which enabled SPF to increase pensions in July 2022 and January 2023. The regulations regarding pension increases were also relaxed and additional increases were awarded. At the same time, the rise in interest rates made early retirement more expensive. As of January 1, 2023, the state pension amounts increased by more than 10% and the State Pension Age (AOW age) increased from 67 years to 67 years and 3 months. The taxes and healthcare contributions that everyone must pay in 2023 also changed.

How will this affect your pension?

Some changes have a beneficial effect and others have a less beneficial effect. Here's an outline of the changes and effects.

Interest

Interest rates were 'low' in recent years. This resulted in the funding level and policy funding level also often being below 110%, which meant that no indexation (increase) of pensions could be implemented.

Interest rate increase in 2022

Interest rates increased significantly by around 2%. This had both beneficial and less beneficial effects.

Beneficial effect

The increase in interest rates had a beneficial effect on our funding level and policy funding level, and in turn on the increase to your pension. We increased your pension in 2022 and in 2023.

Less beneficial effect

The increase in interest rates, however, also increased the costs of early retirement in 2023. We calculate this using rates, the so-called factors, which the Board has to set periodically to ensure you get the pension you should receive. We use these rates to calculate such things as what your pension will be if you retire one year early. As we would then need to pay your pension a year longer, your pension would therefore be around 5% lower in 2022. In 2023, this increased to around 7%. And the earlier you retire, the bigger the effect. The low interest rates in recent years ensured that your pension was cheaper in those years.

AOW payment

The state pension (AOW) increased by more than 10% on January 1, 2023.

Beneficial effect

The increase in state pension is good news for everyone, whether you receive your state pension now or will do so later.

Less beneficial effect

The state pension increase, however, also meant a more than 10% increase in the so-called deductible. The deductible is the amount over which you do not accrue a pension because you will later receive that state pension in addition to your pension. So if your salary over which you accrue pension increased less in euros than the deductible, you will accrue less pension than in 2022. This has a negative impact on the pension you can expect to receive. You may find that your ‘expected pension’ in the planner and on your 2023 UPS is lower than in 2022.

State Pension Age (AOW age)

As well as the increase of the state pension amount, the statutory State Pension Age (AOW age) of 67 years also increased to 67 years and 3 months. This applies to everyone born after January 1, 1961.

Beneficial effect

You accrue your pension at SPF, with pension age 68, until your State Pension Age (AOW age) because your employment with SABIC ends then. The higher State Pension Age (AOW age) means that you therefore accrue pension for longer. This means that the ‘expected pension’ will increase again. If you receive a disability pension or a higher partner’s pension up to State Pension Age (AOW age), we will pay that pension for three months longer.

Check your pension in the pension planner

We can imagine that this is all difficult to take in and that you’re now wondering what this all means for you. That is why it’s important to check your pension regularly in our pension planner. This shows you what effect all these changes will have on your pension. Our pension planner shows your expected pension based on all the new figures from 2023, including the increased state pension.