TNO SOCIAL PARTNERS

Transition plan

Dutch Future Pensions Act

Stichting Pensioenfonds TNO

TNO innovation for life

Final, 3 February 2025

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Legal framework

This is TNO's transition plan as referred to in the Dutch Future Pensions Act [in Dutch: *Wet toekomst pensioenen*] (hereinafter: 'Wtp'). This outline is based on the Wtp, the explanatory memorandum, the Decree on Future Pensions [in Dutch: *Besluit toekomst pensioenen*] and the Wtp transition plan fact sheet from De Nederlandsche Bank.

The main relevant passages on the transition plan are:

Pensions Act (Pw):

- Section 150c Pw: milestones in transition period
- Section 150d Pw: transition plan
- Section 150e Pw: calculating transition effects
- Section 150f Pw: agreements on the pension agreement compensation
- Section 150g Pw: right to be heard of association of former members and pension beneficiaries
- Section 150h Pw: transition committee
- Section 150l Pw: standard conversion route
- Section 150n Pw: conversion methods and use of pension fund assets

Dutch Future Pensions Act explanatory memorandum:

- Page 70-71: pension fund milestones
- Page 72-80: transition plan
- Page 81-82: right to be heard
- Page 89-92: compensation
- Page 92-94: balance
- Page 95-97: co-determination
- Page 98-99: transition committee
- Page 322-337: section-by-section explanation of the above-mentioned sections

Pension Act Implementation Decree and Mandatory Occupational Pension Schemes Act (BuPw):

- Section 44 BuPw: transition plan
- Section 44a BuPw: right to be heard

DNB policy statements:

- Dutch Future Pensions Act transition plan fact sheet dated 25 July 2024
- Conversion methods and utilization of pension fund assets upon conversion fact sheet dated 19 February 2024

1 Introduction

On 1 July 2023, the Dutch Future pensions act [Wet toekomst pensioenen, Wtp] came into force. The employer TNO and the TNO Works Council (hereinafter: 'the social partners') have made choices regarding the pension scheme to be adapted in the context of the transition to the new pension scheme. Pursuant to section 150d of the Pensions Act [Pensioenwet, Pw], the social partners lay down these choices in this transition plan and provide an explanation and justification for them. This transition plan also lays down how accrued pension entitlements and rights are handled. In addition, this transition plan contains the justification for why, in the opinion of social partners, there is a balanced transition to the new pension scheme.

Both the social partners and the TNO Pension Fund Foundation (Pf TNO) will play a formal role in the transition process. Over the past period, regular consultations took place between social partners and Pf TNO's board and administrative office, during which results and insights were jointly discussed during the imaging phase.

With this transition plan, the social partners ask Pf TNO to start implementing the new pension scheme as of 1 July 2026 (transition date) and make a request to Pf TNO to convert the accrued pension entitlements and pension benefits.
The social partners ask Pf TNO to make this transition plan, through publication on its website, available to active members, former members and beneficiaries, in accordance with Section 150d(3) Pw.

2 Accountability process

2.1 Outline of the decision-making process

In 2022, the social partners, together with Pf TNO, started preparing for the transition of the pension scheme. A working group consisting of representatives of the works council and representatives on behalf of the employer TNO was formed from the social partners. Together with the board of Pf TNO and guided by the fund's administrative office, this working group explored the impact of the legislative changes to the new pension scheme and how best to shape the new pension scheme within this. Based on these consultations, in June 2023 the social partners made a decision in principle on the form of contract, the solidarity-based contribution scheme, and on the conversion of the existing pension agreements. Further development of the pension scheme resulted in this transition plan by social partners. In the process, exchanges took place between social partners and the Pf TNO board on various topics that are part of this transition plan. The quantitative analyses were made by Pf TNO and the consultants of Pf TNO. Coordination also took place with Pf TNO on, among other things, the ambition of the pension scheme, the transition objectives and various aspects relating to the balance and feasibility of the new scheme as well as the planning of the transition.

Social partners look back on an intensive process in which complex issues were discussed and explored in good interaction. The cooperation among themselves and with Pf TNO has been constructive, with everyone involved both critically and constructively from their own role and responsibility.

This transition plan is the formal record of what social partners have agreed onr:
- the new pension scheme,
- the conversion of the accrued pension rights and entitlements to the new pension scheme, and
- compensation for the consequences of the elimination of the so-called average system and any other adverse effects of the change in the pension scheme.

2.2 Planning and milestones

About two years of analysis and discussions preceded this transition plan. The following table provides the outline of this schedule to offer an idea of the timeline of the decision-making process.

Date	Milestone
2022	Start preparation for pension transition
26 May 2023	Decision in principle by the social partners on the choice of contract (solidarity premium scheme) and conversion
1 July 2023	Dutch Future Pensions Act takes effect
21 October 2024	Outline agreement by social partners
18 November 2024	Proposed decision on the new pension scheme, compensation and conversion by social partners
November-December 2024	Right to be heard
January 2025	Final transition plan
January 2025	Social partners share the transition plan with Pf TNO, and Pf TNO publishes the transition plan on its website
30 June 2025	Deadline for Pf TNO to send the implementation plan and communication plan to De Nederlandsche Bank and the Authority for the Financial Markets respectively
1 July 2026	Planned transition to the amended pension scheme, including conversion of existing pension rights and entitlements and compensation
1 January 2028	Deadline for transition

2.3 Right to be heard

The Pensions Act stipulates that associations of former members or pension beneficiaries representing substantial parts of this group shall be given the opportunity to give their opinion on the transition plan. This is also known as the right to be heard. The TNO pensioners' association, eTNOs (www.etnos.nl), formally applied to social partners in 2023 to exercise the right to be heard. Given that eTNOs represents a substantial proportion of members who are pension beneficiaries, the right to be heard has been granted. In the run-up to the draft Transition Plan, eTNOs have already been included in several knowledge workshops organized by Pf TNO since 2022, and in 2024, through a number of sessions, have been included in key insights from social partners. Prior to the formal part of the hearing process, eTNOs raised concerns about purchasing power retention after the transition to the new scheme, funding of compensation for the elimination of the average system and the lack of compensation for missed indexation. Based on this, purchasing power retention has been formulated slightly differently in the ambition of the pension scheme and Pf TNO has been asked to provide initial insights into the extent to which purchasing power retention is possible. This has been incorporated into the transition plan before us. As for the remaining concerns, the best possible justification has been given of how the relevant choices were arrived at for the sake of a balanced transition.
During the period from mid-November to the end of December 2024, eTNOs exercised its formal right to be heard. The results of these hearings have been taken into account in finalizing this transition plan. A description of the results of the hearing and how these have been taken into account in the transition plan is included in Annex 1.

No associations of other sections are known to social partners and no other sections have come forward to exercise the right to be heard.

2.4 Works Council

The Works Council [Ondernemingsraad, OR] issued the Pensions Committee the task of developing the transition plan. In doing so, employees were included in the process as much as possible. Here, communication was one of the main pillars, using webinars, physical information sessions, interim reports and FAQ to inform the employees. In 2023, workers were surveyed on the priorities for a pension. From this survey and the many contact moments, the Pensions Committee took the interests of active members and, together with the employer, incorporated them in an Outline Agreement. This Outline Agreement describes the decisions taken by the social partners, which are further detailed in this transition plan.
The Works Council submitted the Outline Agreement to all employees for a vote in October 2024. About 20% voted, with 93% in favour of the agreement.

2.5 TNO Pension Fund (Stichting Pensioenfonds TNO)

Based on this transition plan, social partners instruct Pf TNO to implement the new pension scheme, including the request to convert the pension entitlements and rights accrued up to the transition date into the new pension scheme. Pf TNO will assess this assignment for balance and feasibility before accepting the assignment. Assignment acceptance means an amendment to the implementation agreement. The Pf TNO Board will seek advice from the Accountability Body on various aspects (such as conversion and amendment of the Implementation Agreement) prior to decision-making on the implementation of the new pension scheme. The board will then seek approval from the fund's supervisory board.

3 Qualitative Transition Objectives and balancing framework

In 2022, social partners together with Pf TNO have drawn up a number of principles and starting points in the run-up to the new scheme that underpin the shaping of the new scheme and the transition to the new scheme (these starting points are described in Appendix 2). Here, the current scheme was taken as a starting point, since social partners and Pf TNO believe this is basically a good scheme. These principles were then translated into an overall ambition for the new scheme and three qualitative transition objectives.

3.1 Ambition of new scheme and transition targets

Ambition

For the new pension scheme, the overall ambition is to aim for an indexed pension as in the current scheme. This ambition consists of two elements.

- The first element concerns the ambition to achieve a pension benefit at retirement age of 75%, with a minimum probability of 60%, of the average inflation-adjusted pensionable earnings during accrual (at 43 working years). This is also known as the replacement ratio. This ambition corresponds to the ambition in the current scheme of a benefit of 70% of the average inflation-adjusted pensionable earnings over 40 working years.
- The second element is the pursuit of an indexed pension. In other words, the aim is to keep up an average of 2% inflation• per year after the pension benefits have commenced.

Transition targets

In addition to the above-mentioned ambition, social partners, together with Pf TNO, have formulated the following qualitative transition objectives:

1. At the time of transition, active members, former members and pension beneficiaries do not lose out compared to the current scheme: the perspective for active members and former members is at least the same, and the benefit of pension beneficiaries remains at least the same.
   The aim here is to give all active members, former members and pension beneficiaries at least 100% of the Provisional Pension Liability [Voorziening Pensioenverplichting, VPV] at the transition. This is the part of the money the fund has on hand to meet the future entitlement of all members.

2. We aim to provide stable pension benefits. We want to limit reductions in pension benefits. Pension benefits are, however, expected to rise more frequently under the new scheme.

3. There must be no unbalanced differences between member groups during and after transition. Among other things, we will look at how to offset the adverse effects of the elimination of the average system.

• The 2% inflation rate used is equal to the European Central Bank's (ECB) inflation target.

In addition to the aforementioned qualitative transition objectives, a precondition for the new scheme was that the size of the solidarity reserve must not be too large, so that redistributive effects remain limited. Moreover, the social partners consider the explainability of transition decisions to all of the members important.

Depending on the size of the conversion coverage ratio, the transition targets will be easier or more difficult to achieve. This will be discussed in more detail in chapter 5.3.

3.2 Balance framework

Balance, as under the current scheme, means that the set of measures must be in balance for all member groups. In other words, how do all decisions and the distribution of burdens and benefits work out, and does this not create unbalanced differences between member groups? This does not mean that all member groups should gain (or lose) equally as a result of the set of decisions.

For the balanced consideration of interests, social partners and Pf TNO have jointly drawn up an assessment framework. This framework makes a qualitative trade-off between quantitative and qualitative measures. The balance framework considers the following elements:
- Achieving ambition and transition targets.
- The quantitative transition effects.
- The various detailed policy decisions taken in the new solidarity-based premium scheme to achieve the transition targets.
- The balance of the solidarity reserve.
- The additional indexation in 2022 and 2023 based on the surcharge under the governmental decree on indexation and the (intended) surcharge and contribution decision(s) from 2024.

To determine the quantitative transition effects, the legally required measures were used: net benefit calculations and the average (real) expected pension benefit•. This involves comparing the new scheme with the current system.
The average expected pension benefit was calculated in three scenarios: bad-weather scenario (5th percentile), good-weather scenario (95th percentile) and expected scenario (50th percentile).
Although net benefit calculations are slightly more difficult to interpret, social partners and Pf TNO choose to include both measures equally in the equilibrium analysis.

To assess whether the ambition and transition goals are being achieved, they have been translated into specific quantitative targets and measures. When assessing the ambition, the replacement ratio at retirement age and the probability of achieving the ambition are considered for a 25-year-old representative person. This representative person goes through the entire pension scheme. Pf TNO also provided an initial insight into the achievement of purchasing power preservation through the increase that can be realized in a period of 10 years after retirement and for representative people already retired 10 years after the transition to the new scheme.
The assessment of the transition objectives uses the previously mentioned measures net benefit calculations and average expected pension benefits. In doing so, the outcomes should fall within the established bandwidths (see chapter 7.8 and Appendix 6). And specifically for the purpose of achieving a stable pension benefit, the probability of reducing the pension benefit is also considered. The probability of reduction must be lower than 10%.

• The average expected pension benefit refers to the real (inflation-adjusted) pension benefit weighted for mortality.

4 Features of the new pension scheme

4.1 Contract choice under the new pension scheme

Currently, Pf TNO's pension scheme is designed as an average pay scheme with conditional indexation (a so-called benefit agreement). With the advent of the Dutch Future Pensions Act, the pension scheme should be designed as a solidarity or flexible contribution scheme (both a contribution agreement).

In brief, the flexible contribution scheme is characterized by freedom of choice in terms of risk profiles for investments and a choice between variable and fixed benefits.
The solidarity contribution scheme is characterized by a single collective investment policy for all members and a compulsory solidarity reserve through which some risks inherent in pensions are borne collectively.

Considerations of the social partners

By means of a careful process, social partners identified the differences and similarities between the flexible contribution scheme and the solidarity contribution scheme and drew up a qualitative assessment framework. The social partners stress that good pensions can be achieved with both premium schemes.

All things considered, social partners have opted for the solidarity premium scheme. The key arguments here are:

- Better pension by leveraging collectivity: By taking advantage of collectivity (a collective investment policy, having a solidarity reserve and the ability to fill it from the excess returns of all members and beneficiaries), there is a greater prospect of a stable and indexed pension. In addition, holding collective assets provides a better return-risk ratio compared to an investment policy in the flexible contribution scheme in which investments must be made per age cohort.
- Suitable to TNO and Pf TNO: A collective scheme in which members are protected is suitable to the nature and culture of the TNO organization and is in line with Pf TNO's experience and policy.
- Agility: With the choice of the solidarity contribution scheme, the longer-term agility of the fund is still present. Should longer-term circumstances warrant it, it will be possible to switch to a flexible contribution scheme or join another fund. Switching from a flexible to a solidarity-based premium scheme is hardly possible, if at all.

The social partners are aware that the choice also excludes a number of options specifically offered by the flexible contribution scheme. This relates to the following aspects:

- Options: In the flexible contribution scheme, the individual member has (the possibility of) a number of additional choices such as investment choices in the accumulation phase and the choice of a fixed or variable benefit on the retirement date. However, due to the better risk-return ratio in the solidarity premium scheme, a return can be achieved that is comparable to a high-risk profile in the flexible premium scheme, but with a lower underlying risk. In addition, the ability to make these choices entails an extra duty of care for Pf TNO, in that the fund should organize more intensive choice guidance to enable members to make responsible choices. Finally, the experience of Pf TNO, and also more widely across the industry, is that members make very limited use of investment choices.

- Transparency and explainability: In the flexible contribution scheme, the relationship between personal pension capital, premium contributions and returns is somewhat more direct, making the scheme likely to be simpler and easier to explain.

The social partners considered the aforementioned positive aspects of the flexible contribution scheme, but assessed that they did not outweigh the aforementioned advantages of the solidarity-based contribution scheme

4.2 Design of the new pension scheme

Taking into account new legal guidelines, social partners chose to set up a scheme similar to the current one in terms of ambition and working conditions.

The ambition is already described in chapter 3.1. Another important component is the pension contribution. Social partners agreed in 2022 to maintain a contribution rate of at least 20.33% of the wage bill for a minimum of eight years. This will keep the premium at least at the current level in the coming years and keep a good pension achievable.
As of the transition to the new pension scheme, the contribution will no longer be calculated based on the wage bill, but rather based on the pension basis. Because from year to year the franchise, and thus also the difference between the pensionable salary and pension basis, changes, in 2026, approximately three months before the transition on collective level, a determination will be made of what percentage (currently around 26%) of the pensionable salary corresponds to 20.33% of the wage bill.

The following table shows the key features of the new pension scheme.

	Part	**Characteristics of the new scheme**
1.	Nature of the pension scheme	Solidarity premium agreement: premium agreement in which the premium is invested collectively.
2.	Entry age	Every employee of TNO or a voluntarily affiliated company is a member in the TNO pension scheme. The minimum age is 18.
3.	(Target) retirement age	State pension date; members ultimately decide when they want the pension to start.
4.	Pension premium	At least until 2030, the pension contribution will remain at least 20.33% of the wage bill. This currently corresponds to about 26% of pension basis.
5.	Pension ambition	75% of average pension basis for a member retiring after 43 years of service.
6.	Pensionable salary	One traceable definition for pensionable salary for all member companies. The pensionable income consists of 12 times the gross monthly salary, holiday allowance and any other structural salary components, such as a 13th month. •
7.	Deductible	Legal minimum (€17,545, 2024 level).
8.	Pension basis	Pensionable salary -/- deductible, in conformance with the current scheme.
9.	Pre-retirement surviving dependants' pension	Amount of surviving dependants' pension to be insured is 35% of last pensionable salary; Statutory 3-month continuation.
10.	Post-retirement surviving dependants' pension	70% of the retirement pension, in accordance with the current scheme.

• This definition is generic because affiliated employers sometimes include other salary components. At TNO, the flex budget does not fall under the pensionable salary.

	Part	Characteristics of the new scheme
11.	Orphan's pension	The amount of the orphan's pension to be insured is 20% of the last pensionable salary. This is the legal maximum. In addition, the maximum age shifts from 21 to 25. If a member is a pension beneficiary, the orphan's pension is based on the last pension benefit. For full orphans, further elaboration will be made by the social partners.
12.	Work disability pension	A. WIA excess benefit plan will lapse. There will be a replacement plan outside the pension sphere. B. Maintain current non-contributory continuation, aligning with the Occupational Disability Pension Covenant (AO covenant).
13.	Flexibilization of pension	Maintain current flexibility options within the legal frameworks.

4.2.1 Explanation of surviving dependants' pension

Under the new scheme, all forms of surviving dependants' pension (partner's and orphans' pensions) are required to be designed on a risk basis (insurance). In addition, a surviving dependants' pension in the benefit phase, like the retirement pension, will move more with financial economic developments.

Pre-retirement surviving dependants' pension

Partners of active members receive a pension benefit of 35% of the deceased employee's last pensionable salary. Because this is designed on a risk basis, no entitlement is accrued for this.
Under the current scheme, entitlement to surviving dependants' pension does accrue. These entitlements will be retained after the transition to the new pension scheme. A partner of an employee who dies after the transition will receive not only the 35% of the last pensionable salary, but also the portion that had already accrued under the current scheme. Entitlement to surviving dependants' pension (on a risk basis) continues for three months after leaving employment. This period is equal to the statutory minimum. The accrued survivor entitlement always remains when you leave employment.

Appendix 7 includes a sample calculation comparing the current and new arrangements for various representative people.

Post-retirement surviving dependants' pension

For all members with a partner, a surviving dependants' pension of 70% of the retirement pension will be insured from retirement onwards as standard, unless the retiree explicitly indicates that he or she does not want to insure any of the surviving dependants' pension or wishes to insure a lower surviving dependants' pension. This insurance is funded from personal pension assets upon retirement.

Orphan's pension

Children of deceased employees receive an orphan's pension of 20% of the last-earned pensionable salary. A (statutory) fixed final age of 25 applies. Under the current average pay scheme, an orphan's pension is paid until the age of 21. This extension of the benefit period also applies to orphans already receiving an orphan's pension at the time of transition to the new pension scheme. For full orphans, further elaboration will be made by the social partners.
For children of a deceased member receiving a retirement pension, the orphan's pension will be based on 20% of the retirement pension.

4.2.2 Explanation of the Occupational disability pension

An employee who becomes unfit for work due to occupational disability is – just as under the current scheme – eligible for a non-contributory continuation of the pension accrual. The scheme will be broadened as compared to the current scheme by fulfilling the Occupational Disability Pension Covenant (AO Covenant). This means that members whose employment contract is terminated remain entitled to non-contributory continuation if they were already sick during the period of employment.
Under the current scheme, a supplementary occupational disability pension is in place. Employees who become incapacitated due to occupational disability receive a so-called WIA benefit that amounts to a maximum of 70% of the legal maximum daily wage. If an employee has a pensionable salary higher than the maximum daily wage, a maximum of 70% of the salary portion above this limit will be supplemented by the pension fund. This so-called WIA top-up scheme will lapse after the transition because its implementation will no longer be offered by the pension administrator (AZL). However, social partners believe it is important to continue this employment condition and will look outside the pension sphere to have this implemented.
Supplementary WIA top-up benefits that have already commenced are subject to the principle of respectability, i.e. they will continue after the transition to the new pension scheme (possibly also outside the pension sphere).

4.2.3 Explanation of Flexibilization of pension

The current average pay scheme has a number of so-called flexibility options. One important option is the high-low construction in which, during the first five or 10 years respectively, a higher pension benefit is received and then a lower one, or vice versa (first low, then high). This choice will remain in the new pension scheme.
Moreover, current expectations are that, even before the transition to the new pension scheme, a new law will come into force stipulating that members can receive a maximum of 10% of the accrued pension as a lump sum upon retirement.• However, this is subject to a legal provision that it is not permitted to use both a lump sum and the high-low construction.

4.2.4 Death benefit

One part of the current scheme is the so-called death benefit. Upon the death of the pensioner, the pensioner's partner will receive a lump sum equal to twice the last monthly pension. This benefit will be paid tax-free. It is currently unclear whether the pension provider (AZL) will offer the death benefit option in the new pension scheme. Social partners consider it very important to maintain this death benefit and urge Pf TNO to offer this option in the new scheme.

• The Lump Sum Payments (Revision) Act [Wet herziening bedrag ineens], the RVU and Leave Savings Act [Verlofsparen], which is still pending in the Senate and expected to take effect on 1 January 2026.

4.3 Supplementary savings

There are three supplementary savings schemes that are part of the current scheme:
1. Temporary old-age pension (TOP) scheme
2. Extra pension scheme
3. Net pension scheme

Social partners have decided not to continue these three schemes after the transition. A key reason for this is that Goldman Sachs Asset Management (GSAM) will stop offering these schemes as of 1 July 2026 and pension provider AZL will also stop implementing hybrid pension schemes as of the transition date. In addition, the continuation of these schemes, if possible, will involve higher costs and a more extensive duty of care. Social partners ask the Pf TNO to add the saved capitals in the Temporary Old-Age Pension and Extra Pension Scheme to the individual capitals of the new scheme. For the Net Pension scheme, the accrued rights unfortunately cannot be added to the new scheme's capitals and other options are currently being explored.

1. Temporary old-age pension (TOP) scheme

Active and former members who were employed by TNO between 1996 and 2006 accrued so-called TOP capital.
Under the current scheme, the TOP capitals can be used for the following purposes:
1. Supplement to the regular pension benefit;
2. Benefit in the period prior to the regular pension payment;
3. Supplement to salary when working fewer hours.

Because the TOP scheme will end and the TOP capitals will be added to the individual capitals in the new scheme, only option 1 remains. Indirectly, however, option 2 also remains possible by allowing members to choose to start the entire pension earlier. Option 3 will be ended entirely; employees can no longer supplement salary with pension benefits when the number of contract hours are reduced.
For members who already use (or will use) options 2 or 3 before the transition to the new scheme, there will be no impact.

2. Extra pension scheme

In the Extra Pension scheme, employees can voluntarily participate by using the unused tax allowance in the pension contribution of the main scheme. The sole purpose of this scheme is to increase the regular pension benefits. By adding the accrued capitals to the capitals in the new scheme when transitioning to the new scheme, this purpose is maintained.

Currently, voluntary top-up savings through the Extra Pension scheme are already no longer possible for new members. Social partners have asked Pf TNO to set up a new voluntary gross top-up savings scheme in the new scheme. The pension fund has indicated that this is likely to become an option in the new scheme, but this product is not expected to be available before 1 January 2028.

3. Net pension scheme

Under the current scheme, members with a pensionable income higher than the tax-capped pensionable income have the option to accrue pension for that portion in the net pension scheme.
Due to the characteristics of this scheme – it relates to net invested capital that will be paid out as net pension benefits in due course – the accumulated capitals cannot be added to individual capitals in the new scheme. Social partners have asked Pf TNO to investigate how the accrued capital of the current group of members in the net pension scheme can be transferred to an insurer. Pf TNO will, as soon as more is known, inform current members about the possibilities and about the effects that this entails.

4.4 Solidarity policy

Setting the solidarity policy of the new pension scheme is ultimately the responsibility of Pf TNO. Over the past period, social partners and Pf TNO have discussed this regularly. Social partners focus primarily on the goals of the solidarity reserve and the initial filling of the solidarity reserve upon conversion. Moreover, they have provided input into other issues that are part of the solidarity policy.

4.4.1 Goals of the Solidarity Reserve

The solidarity reserve is an important part of the Solidarity Premium Scheme. By means of the solidarity reserve, financial setbacks are absorbed collectively. This offers, among other things, the possibility of achieving more stable pension benefits in line with the transition objectives.

Social partners have chosen the following objectives for deployment of the solidarity reserve:
1. Limiting declines in the nominal benefits;
2. Protecting for micro-longevity risk;
3. Preventing negative equity (legal obligation)..

1. Limiting declines in the nominal benefits

A key feature of the new scheme is that pensions move much faster with financial markets. This applies to both positive and negative developments. The solidarity reserve will be used to significantly reduce the likelihood of pension benefit cuts.

2. Protecting micro-longevity risk

In the pension and insurance world, two risks related to life expectancy are distinguished. The first risk is the so-called micro-longevity risk and implies that, in reality, an individual member grows older than the life expectancy up to that point. The effects of this risk are limited because there are also members who actually do not reach the expected age. As a second objective of the solidarity reserve, the social partners want to protect all members from micro-longevity risk.

3. VPreventing negative equity

Pf TNO has indicated that it wishes to take more risk for the fund's younger members (up to age 40) within the collective investment portfolio by implicitly investing more than 100% in equities. This is in line with the results of the fund's risk appetite survey, and this is expected to enable a higher pension to be realized.
However, in the event of extremely negative developments in the financial markets, this creates a slight risk that the young people's personal pension assets will become negative. Preventing negative assets is a legal obligation, and that is what the solidarity reserve is used for.

Consideration against other possible objectives

One of the principles drawn up by social partners and Pf TNO for the transition to the new scheme (see also appendix 2) is that the solidarity reserve must not be too large. This is to limit redistributive effects and to distribute returns achieved to members as quickly as possible. For these reasons, protecting against the effects of the macro-longevity risk and protecting against inflation shocks were dropped as objectives.
The macro-risk is the second risk related to life expectancy and concerns the risk that the average age of all members increases more than has been taken into account. This will be absorbed at age cohort level. For active members, the risk is expected to be limited/mitigated in the longer term. For beneficiaries, there is implicit protection for macro-longevity risk through the solidarity reserve objective of limiting declines in nominal benefits.
Tracking inflation is a key objective of the social partners. This goal is expected to be achieved through the regular investment policy. Cushioning inflation shocks through the solidarity reserve is only feasible with a large solidarity reserve, and that does not fit with the assumptions.

Skimming the solidarity reserve above the ceiling

Finally, social partners and Pf TNO discussed that they see skimming the solidarity reserve once it exceeds the maximum as a derivative objective of the solidarity reserve. If the solidarity reserve exceeds the maximum, the surplus will be added to the excess return.

4.4.2 Initial filling of the solidarity reserve

Social partners and Pf TNO have agreed that, if the funding ratio is high enough, the solidarity reserve will be filled from fund assets as much as possible during the transition to the new system. In this way, the objectives of the solidarity reserve can be realized effectively right from the start of the new scheme. Then, there is also the prospect of skimming the solidarity reserve from the start of the new scheme instead of having to further replenish the solidarity reserve with part of the excess return. The quantitative insights are that both (young) active members and beneficiaries will benefit.

In the transition to the new scheme, the solidarity reserve will always be filled with a minimum of 2% of the total fund assets. Depending on the coverage ratio upon conversion, this percentage gradually increases to the maximum size of the solidarity reserve of 5% of the total fund assets (see 5.4).

4.4.3 Solidarity reserve policy

Social partners have asked Pf TNO to shape the solidarity reserve in such a way as to prevent the solidarity reserve from running out at any time and to ensure that the income and expenses from the solidarity reserve are balanced for each generation. This led to the following draft solidarity reserve policy:

- Maximum size of solidarity reserve: 5%
- Minimal filling from fund assets upon transition to the new scheme: 2%
- Maximum filling from fund assets upon transition to the new scheme: 5%
- If in any year the size of the solidarity reserve is less than 5% of the total fund assets, the reserve will be supplemented with 7% of the positive excess return of all current and former members and beneficiaries. If there is no positive excess return in the year in question, the solidarity reserve will not be replenished. A deliberate choice was made not to fill the solidarity reserve from the premium, because social partners and Pf TNO do not consider this to be balanced.
- If in any year the size of the solidarity reserve exceeds 5% of total fund assets, the surplus assets will be skimmed off and distributed to all current and former members and beneficiaries. The surplus will be added to the excess return.
- If the solidarity reserve is used in any year, a maximum of 20% of the size of the solidarity reserve at that time will be used. In this way, the reserve will not run out, but could be less effective when the solidarity reserve is filled to a lesser extent.

4.4.4 Effectiveness of the solidarity reserve

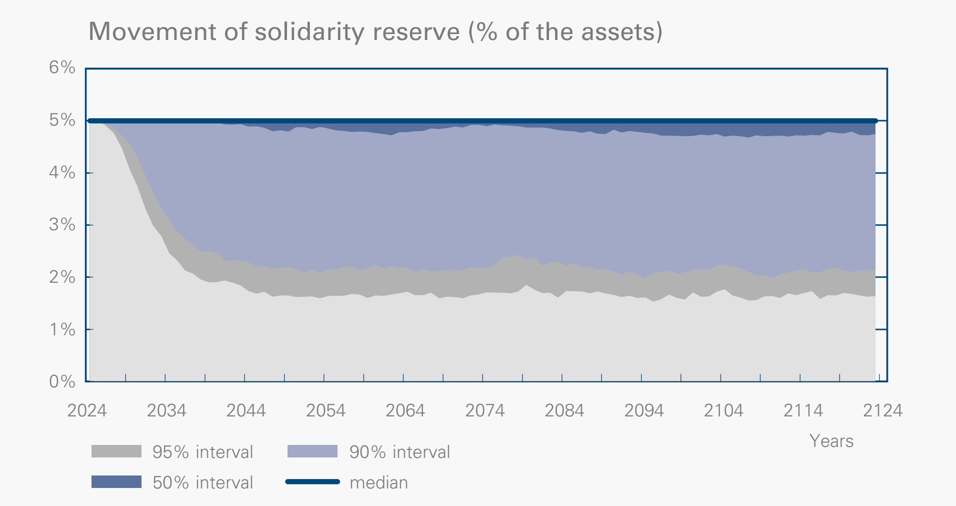
Various calculations were carried out to assess the effectiveness of the solidarity reserve. The following calculations assume the so-called base case. In the base case, the coverage ratio at the time of transition to the new scheme is 120%, all beneficiaries receive the same increase in pension benefits at the time of transition and 1.5% compensation for the elimination of the average system is taken into account (see also Appendix 3).

Movement of the solidarity reserve

In the base case, the solidarity reserve is filled to the maximum of 5% of total assets from the outset. As a result, it will be maximally effective right from the start. Figure 1 shows the movement of the solidarity reserve in accordance with statutory guidelines over a 100-year period. The shades of blue in the graph represent the chances of the solidarity reserve falling below a certain level.

Only probabilities below the maximum filling of 5% are shown because in a situation in which there are more assets, this excess will be added to the excess return (and thus distributed directly to all members).

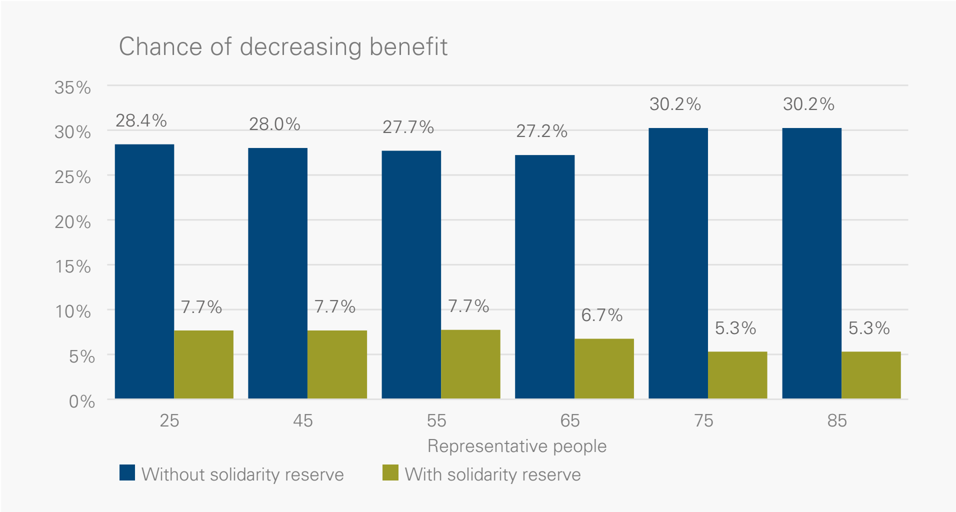
Figure 1. Movement of the solidarity reserve at maximum filling of 5% upon commencement



Chance of benefit decline

The solidarity reserve leads to a significant reduction in the probability of having to reduce benefits during the benefit phase. Figure 2 shows, for the base case, the probability that pension benefits will have to be reduced (as of the retirement age) for various representative people. Without a solidarity reserve, the probability of a cut is over 27%. With the solidarity reserve, this probability is significantly reduced to less than 8% for active representative people and less than 6% for pensionable representative people. This is below the designated maximum of 10%.

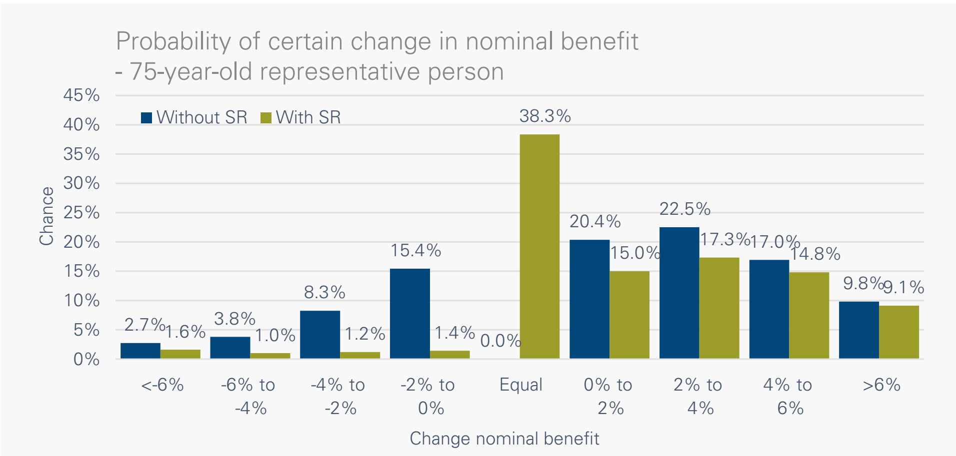
Figure 2. Probability of a reduction in pension benefits (after retirement)



Scope of the decreases

In addition to the probability of the pension benefit being reduced, what matters is the size of the reduction if it occurs. This is mapped out for a 75-year-old representative person (Figure 3). The figure shows the probability of a given increase or decrease in pension benefits with and without a solidarity reserve (SR). In a situation without a solidarity reserve, however, a three-year spread period was applied.

Figure 3. Probability that benefit increases or decreases as of the benefit phase for a 75-year-old member



Effectiveness

The results in the figures above show that the solidarity reserve is effective in the base case. If the solidarity reserve can be immediately filled with 5% of total assets when transitioning to the new scheme, the solidarity reserve will remain at 5% filling in the median. The probability of the solidarity reserve falling below the 2% point is low, ranging between 2.5% and 5%. Reductions are not completely ruled out, but the solidarity reserve significantly reduces the probability of benefit reductions and thus fulfils the second transition objective of pursuing stable pension benefits.

4.4.5 Collective benefit phase and spread of investment returns

In addition to setting the objectives of the solidarity reserve and agreeing on the initial filling of this reserve, social partners also provided input on other topics that are part of the solidarity policy.
For instance, social partners consider it very important for near-retirement members to be adequately protected against negative outcomes in financial markets and that pension levels become more predictable in the years leading up to retirement.
In addition, partly prompted by discussions with the pensioners' association eTNOs, social partners believe it is important that all benefit recipients be treated similarly in the benefit phase with regard to increasing, protecting and possibly reducing benefits.

In coordination with Pf TNO, the choice was therefore made to adopt a collective benefit phase combined with a spread period on investment results.
It is desirable not to allocate positive and negative investment returns all at once, but to spread them over several years. Indeed, this leads to a more stable benefit where the solidarity reserve can also do its job better by reducing the size of the shocks to be absorbed. A spread of five years and three years was considered. A 3-year spread period was eventually chosen because otherwise the positive results would be spread out so much that they would not contribute sufficiently to purchasing power maintenance.
A collective benefit phase means that all of the benefits (including those of the surviving dependants' pension) will be adjusted equally. This does potentially result in a redistributive effect between old and young pensioners in certain situations, but there are numerous advantages that outweigh this for social partners and Pf TNO:

- Solidarity and better explainability of equal treatment to pension beneficiaries;
- The simplicity in communication with one benefit adjustment for all pension beneficiaries;
- The collective benefit phase combined with the use of a spread period on investment returns also protects near-retirement members from shocks in the financial markets.

5 Accrued pension rights and entitlements

5.1 Considerations for converting or not converting

Conversion means that all pension entitlements to which the current financial assessment framework (nFTK) still applies will be converted to the statutory framework of the Wtp. The Wtp states that the default option in pension funds is conversion. When not converting, the current accrued liabilities will remain as per the old rules. Only if conversion leads to disproportionate disadvantage for stakeholders can social partners decide to waive a request for conversion. There may also be special circumstances such as an additional payment obligation by the employer or a repayment obligation that make not converting an option. There are no such circumstances or objections in the view of the social partners, and therefore social partners request Pf TNO to carry out the conversion.

For the purposes of this decision, the social partners looked at the qualitative pros and cons of whether or not to convert, as listed below, to consider the potential effects that converting could have on Pf TNO members.

- Possibility of filling the solidarity reserve: Without conversion, there is no initial capital available for the new scheme, which will mean it will take a long time to have sufficient capital to adopt an efficient investment strategy. An entirely new investment portfolio has to be built from the premium, and there is then virtually no room for reserves that can be used in case of setbacks.
- Compensation for the expiry of the average system: Conversion creates room for compensation for members disadvantaged by the expiry of the average system (see also chapter 6)
- Higher starting benefit for pension beneficiaries: Upon conversion, it is expected (provided there is a sufficiently high coverage ratio) that part of the current scheme's available buffer can be distributed to members. For pension beneficiaries, this means the monthly benefit will increase immediately after the new scheme is introduced.
- Transparency and explainability: If the decision is made not to convert, the old fund with all its capital and liabilities will remain in existence under the nFTK scheme. All active members will then face two different schemes (the old and the new), each with a different guiding principle. This negatively affects the transparency and explainability of the expected pension.
- Higher administration costs: If the choice is made not to convert, two parallel pension schemes will have to be maintained, which in turn will result in higher administration costs and therefore higher costs for members.

All things considered, social partners request Pf TNO to sail the accrued pension entitlements and rights into the new pension scheme as of the transition date, by means of a collective value transfer according to Section 150m Pw.

5.2 Request for conversion and conversion date

Social partners ask Pf TNO to use the value of the pension entitlements and rights by means of an internal collective value transfer in accordance with the amended pension agreement (Section 150m Pw) on the conversion date currently scheduled for 1 July 2026.

5.3 Objectives during conversion

In the transition to the new scheme, pension entitlements from the current scheme will be converted to personal assets under the new pension scheme. Different choices and priorities can be made when distributing these assets. From the transition objectives (as described in chapter 4.1), social partners have formulated the following goals for distributing the current collective pension assets:

A. Minimum Required Equity (mandatory). The size is estimated at about 1% of total pension fund assets.
B. Operational reserve (mandatory). When transitioning to the new scheme, the operational reserve will be filled to the minimum required level. This is expected to be around 1% of the total pension fund assets.
C. 100% Provision for Pension Liabilities [Voorziening Pensioenverplichting, VPV].
D. Compensation for the elimination of the average system. This will be financed from the pension fund assets and is equal in size to 1.5% of the total pension fund assets (see also chapter 6)
E. Solidarity reserve. The minimum filling upon transition to the new scheme is 2%, and the maximum filling upon transition to the new scheme is 5% of the total pension fund assets.
F. Increase the personal assets of members at sufficiently high conversion coverage ratio.

The highest priority, after the mandatory filling of the minimum required capital and the operational reserve, will be given to bringing along the 100% VPV and the compensation of the average system. This will ensure that the personal pension assets remain at least the same during the transition (transition objective 1) and help prevent imbalances between member groups (transition objective 3). It is also important that all benefit recipients be adequately protected against bad economic years immediately upon transition to the new scheme. To ensure stable pension benefits (transition objective 2), the solidarity reserve need not be fully filled. With an initial filling of 2% of total assets, the solidarity reserve can function well for several years to stabilize the pension benefits.

If the coverage ratio upon conversion is so high that assets remain after compulsory reserves, compensation for expiry of the average system and full replenishment of the solidarity reserve, the assets will be distributed among the individual capitals of all current and former members and beneficiaries. This will be done using the standard methodology set out in the Wtp and the default spread period of 10 years.

For beneficiaries, the standard methodology with a 10-year spread period results in older pensioners receiving a lower percentage increase than younger pensioners if the coverage ratio is sufficiently high at the time of conversion. There is an option to choose for an equal increase in benefits in payment at the time of transition within the group benefit phase. Social partners and Pf TNO prefer this because they find it simpler and more explainable when all beneficiaries are treated equally and benefits in payment are adjusted equally upon conversion. The effect of this addition on the 10-year default spread period is shown in Chapter 7, among others Figure 9.

5.4 Approach at various conversion coverage ratios

Social partners, together with Pf TNO, have explored various financial and economic scenarios. This led to the agreement that the present transition plan is valid for conversion coverage ratios from 106% to 135%. At these conversion coverage ratios, the transition to the new scheme can be carried out without additional arrangements.

Minimum required conversion coverage ratio

Social partners have agreed that the minimum required conversion coverage ratio is 106%. At a conversion coverage ratio of 106%, the social partners' transition targets can be met: all active members, former members and pension beneficiaries will receive the full provision for pension obligations (100% VPV), 2% of the assets will be used for the minimum required capital and the mandatory operational reserve, 2% of the assets will be used for initial funding of the solidarity reserve and 1.5% of the assets will be available to compensate for the elimination of the average system.

Desired conversion coverage ratio

The desire of social partners and Pf TNO is to immediately fill the solidarity reserve to the maximum of 5% of the total pension fund assets upon the transition to the new scheme. At a coverage ratio of 110%, it is possible to shape this while meeting all other conversion objectives.

Coverage ratio lower than 106% or higher than 135%

At conversion ratios below 106%, it will no longer be possible to meet all of the transition targets. The consideration was then made to abandon the 100% VPV so that a (limited) filling of the solidarity reserve and a (limited) compensation of the elimination of the average system can still be met. This consideration will take into account the possibilities offered by the Wtp to avoid a reduction in benefits in payment (e.g. setting projection returns higher, lower solidarity reserve or other funding compensation of average system).

At a coverage ratio higher than 135%, it is not sufficiently clear how the transition effects will affect the various age groups and whether this is still balanced. Additional agreements may be needed to achieve balance.

Social partners and Pf TNO have not yet made a decision on what happens in both cases. Social partners and Pf TNO agree to consult with each other six months before the intended conversion date regardless of the coverage ratio. The trend in and expectation about the coverage ratio will be discussed, as well as whether there is reason to explore additional analyses and measures already at this time. The social partners and Pf TNO also agree to consult each other if the coverage ratio reaches 110%. The trend in, and expectation of, the coverage ratio will be discussed, as well as what additional analyses and additional measures will be explored immediately.

Overview of various coverage ratios

Conversion coverage ratio	Description
106%•	A. Approx. +1% of assets for Minimum Required Equity Capital B. Approx. +1% of assets for Operational reserve C. 100% Provision for Pension Liabilities (VPV) D. +1.5% of assets to compensate for elimination of the average system E. +2% of ability to fill the solidarity reserve
Between 106% and 110%•	A. Approx. +1% of assets for Minimum Required Equity Capital B. Approx. +1% of assets for Operational reserve C. 100% Provision for Pension Liabilities (VPV) D. +1.5% of assets to compensate for elimination of the average system E. step by step from +2% to +5% of assets to fill solidarity reserve
Between approx. 110% and 135%	A. Approx. +1% of assets for Minimum Required Equity Capital B. Approx. +1% of assets for Operational reserve C. 100% Provision for Pension Liabilities (VPV) D. +1.5% of assets to compensate for elimination of the average system E. +5% of assets to fill solidarity reserve F. Undistributed assets will be distributed among the individual capitals of current and former members and beneficiaries in accordance with the standard methodology and equal treatment of all beneficiaries. At a conversion coverage ratio of 120%, there is more than 9% of the coverage ratio to distribute, and at 135% there is approximately 23% of the coverage ratio.

• The percentages in the description cannot be added up because A, B, D and E are percentages of the entire assets and only C are percentage points.

6 Arrangements made for compensation

6.1 Background on compensation

The current scheme is a benefit scheme. Members pay contributions for a benefit starting at the retirement age. This is currently legally subject to the so-called average system, which means that contributions depend only on the size of the pension to be accrued and not on age. A member aged 30 with a pensionable salary of €50,000 pays the same premium as a member aged 60 with the same pensionable salary. The actual costs are, however, much lower for a younger member than for an older member because the premium paid in can pay off for much longer. The consequence of the mandatory average system is that young people pay too much premium and older people pay too little. If a member stays with a pension fund throughout their career, the disadvantage at a younger age will be offset over time by the advantage at an older age, eliminating the negative effect upon retirement. Under the new pension law, the above-mentioned average system will disappear and every pension scheme will become a premium scheme in which the premium goes to a personal pension capital. For a younger and an older member with the same pensionable salary, the same contribution will still be paid, but a younger member will benefit much more under the new scheme because the contribution can pay off longer for the benefit of their own pension. Members as of a certain age no longer benefit from the average system under the current scheme and have insufficient remaining years of service to compensate for the previous negative effect under the new system.
Pension funds and social partners are required to assess whether there is a disadvantage as a result of the end of the average system and whether compensation is required for this.

6.2 Amount and form of compensation

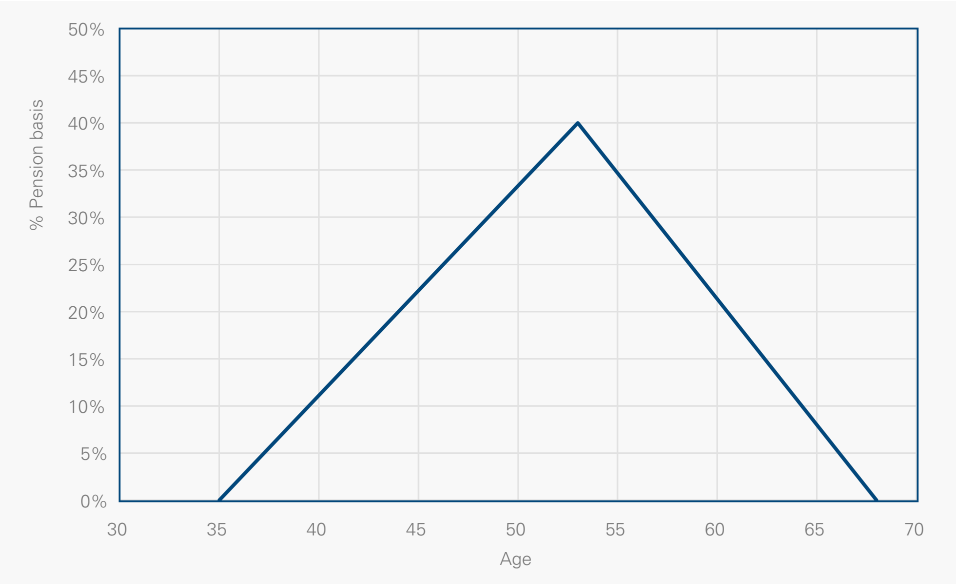
Determining the age cohorts for which compensation is desirable and the extent of compensation is not a straightforward process. This is because two effects are at play simultaneously. The first effect is the disadvantage of dropping the average system in the current scheme and the second is a positive effect because positive investment returns can be realized much faster under the new scheme. This is also known as the 'double transition'. Looking only at the initial effect, a disadvantage already occurs for young people at approximately 30 years of age. However, young people also benefit relatively significantly from the new scheme, because the contribution deposits can pay off at a high level and for a long time until retirement age.
Because it is not possible to unequivocally determine which group must be compensated and to what extent, a number of calculations were also carried out looking at the effects of the double transition. A number of conclusions were able to be drawn from all these calculations:
- The age of maximum disadvantage is 53 at Pf TNO;
- The age cohorts that should be eligible for compensation are those aged between 35 and 68;
- The amount of compensation required is between 0% and 3% of the fund assets.

Calculations show that with 1.5% of fund assets, a significant part of the negative impact of the elimination of the average system can be compensated (see 7.4).
Social partners have opted for the compensation to be funded from the fund assets. The compensation will not be spread out over time but will be granted in one lump sum upon

transition and applies to employees aged between 35 and 68. This increase is age-related. The table in Figure 4. shows the amount of compensation depending on the age on the conversion date. Compensation is expressed as a percentage of the pension basis. An employee aged 53 will receive the maximum compensation of approximately 40% of the pension basis•. The percentages listed may vary at the time of conversion as a result of the coverage ratio and/or interest rates at that time. Therefore, at higher or lower conversion ratios, the percentage will be higher or lower, respectively.

Within the range of possible coverage ratios on the conversion date, the rate of 1.5% of assets applies. This is a deliberate choice because it increases the amount of the compensation as the coverage ratio rises. At a higher coverage ratio, a larger portion of the available buffer at conversion will be used for compensation. At a 110% conversion coverage ratio, 1.65 percentage points of the available buffer will be used for compensation, and at a 135% conversion coverage ratio, 2.03 percentage points will be used for compensation.

Figure 4. Compensation table average system in the base case at 120% and higher/lower coverage ratios.



• The total employer and employee contribution is approximately 26% of the pension basis (pensionable salary minus the deductible). Compensation of 26% of the pension basis means that, at the time of transition, the active member in question receives an additional amount added to personal assets equal to the total premium paid in one year.

6.3 Financing of compensation in average system

The social partners indicate that the future deficit is a consequence of past legislation and should therefore be resolved with reserves built up in the past. For this purpose, the legislator provides the option of funding compensation from the fund assets during conversion. Social partners decided that the average system must be compensated and that this compensation must be provided from the pension assets (the buffer) at the time of conversion. Social partners realize that, with the choice to finance the effects of the elimination of the average system from the pension reserves, there is less reserve upon conversion to fill the solidarity reserve and to distribute among the members. The social partners therefore still explicitly explored options in which the employer would (partly) compensate for the elimination of the average contribution. Following this exploration, social partners opted not to contribute to compensation from the employer.

6.4 Transition-effects compensation

Insight was provided into the transition effects of the compensation for elimination of the average system by comparing, on the one hand, the expected average real pension benefit of the new pension scheme including and excluding the application of the compensation scheme with the expected real pension benefit of the current scheme. In addition, the transition effects were clarified by comparing the delta net benefit calculations of the new pension scheme, including the conversion of accrued pension entitlements and rights, including and excluding the application of the compensation scheme. See chapter 7.4.

7 Transition effects

All the choices made by social partners combined with Pf TNO's new policies will jointly determine how the transition will work out for members. In this chapter, we provide insights into the quantitative transition effects. These transition effects were calculated per age cohort per stakeholder group (active members, former members and beneficiaries). When doing this, account was taken of the average member in an age cohort of one year of birth. An individual member's results may differ from the results for the age cohort to which the member belongs.

First, the effects in the base case• are shown, and later chapters discuss the sensitivity to a different conversion coverage ratio and higher or lower interest rates at the time of conversion.

7.1 Ambition

As described in section 3.1, an overall ambition has been expressed consisting of two elements: a pension benefit upon reaching retirement age of 75% of the average pension basis (replacement ratio) and a commitment to an indexed pension that takes into account 2% inflation annually.
As described in section 3.2, the assessment of the ability to realize the first part of the ambition considers the replacement ratio at retirement age and the probability of achieving the ambition for a representative person aged 25.
In the base case, the replacement ratio for a 25-year-old representative person at retirement age is 88.1%. In addition, it follows from the calculations that the probability of achieving the ambition of at least 75% of the replacement ratio is 61%. This probability is higher than the lower limit of 60% set by the social partners and higher than in the current system. Based on these results, it can be concluded that the ambition of 75% replacement ratio is feasible.
In terms of purchasing power retention, Pf TNO has provided an initial insight through the increase that can be realized in a period of 10 years after retirement and for representative people who are already retired 10 years after the transition to the new scheme. These calculations are based on the fund's preliminary new investment policy, including the associated investment assumptions.
The results show that, in the expected scenario, representative people aged 68 and 75 can keep up with exactly 2% inflation per year, and younger representative people can keep up with just over 2%.

• See Appendix 3 Assumptions and estimates in calculations for a summary of the basic principles in the base case.

7.2 Measures to offer insight into transition effects

To determine the transition effects, the legally required measures were used: net benefit calculations and average expected pension benefits.

Net benefit calculations make it possible to directly compare the (current) value of the future pension under the new scheme with the 'value' of the future pension under the current scheme. This includes taking risks into account and understanding redistributive effects.

Average expected pension benefits will be used to analyse the level and value stability of the pension during the benefit phase compared to the current scheme. This is shown in the expected situation (the 50th percentile) and the so-called bad-weather situation (the 5th percentile). Appendix 4 (Transition effects at other coverage ratios) also shows the results for the good-weather scenarios (95th percentile).

The following sections show both measures relative to the current scheme. Here, a positive value means that the outcome in the new scheme is better than the outcome under the current scheme and vice versa.

7.3 Transition effects in the base case

The following calculations were carried out for the base case. In the base case, the coverage ratio at the time of transition to the new scheme is 120%, all beneficiaries receive the same increase in pension benefits at the time of transition and 1.5% compensation for the elimination of the average system is taken into account.

Figure 5 shows the net benefit effects for all beneficiaries and active members. The figure shows that the 'value' of the pension for both beneficiaries and active members in the new scheme is better than under the current scheme. It should be noted that, for a portion of active participants, the delta net benefit outcome would be negative without compensation for the abolition of the average system. The positive outcome for benefit recipients is mainly due to the direct increase in pension benefits upon retirement. Noteworthy is the high result among the youngest members. This is due to specific characteristics of the active members (e.g. likelihood of leaving TNO is relatively high) and the transition to a premium scheme and not due to unintended redistributive effects.

Figure 5. Net benefit effects in the base case

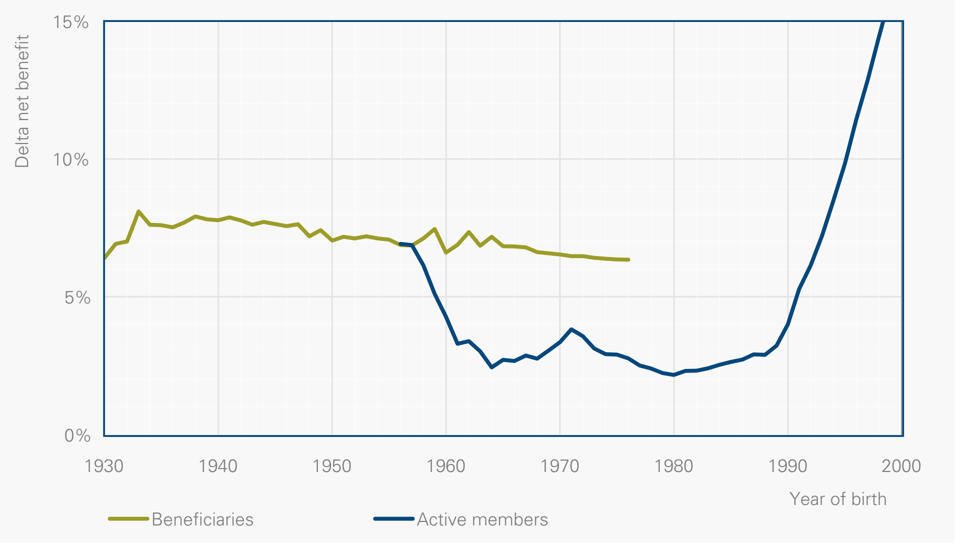
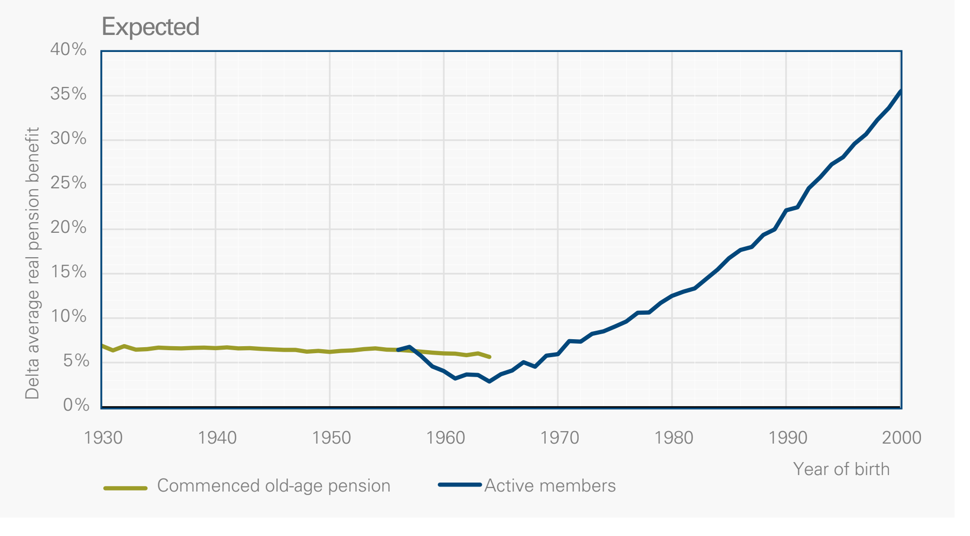


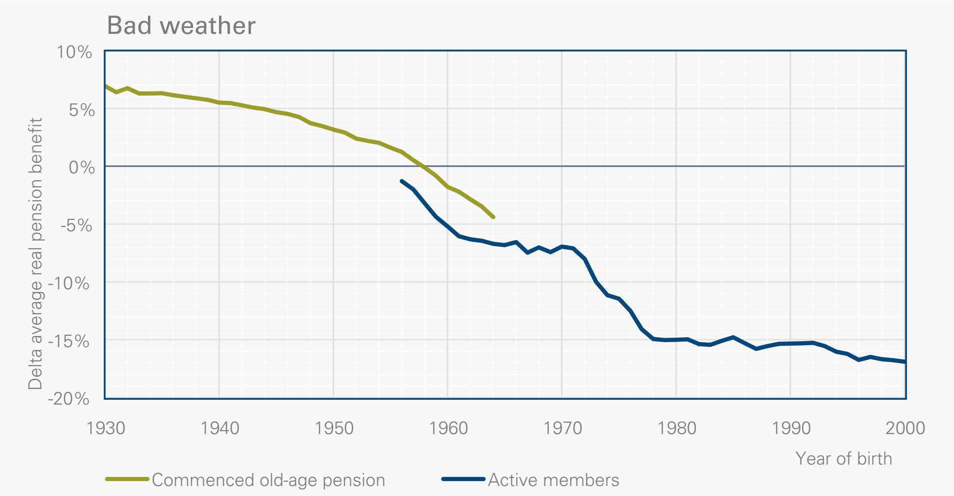
Figure 6 shows that the average expected retirement benefit for active members and pension beneficiaries in the new scheme is more favourable than under the current scheme when looking at the expected scenario (50th percentile or median).• The fact that all participants receive a portion of the buffer when they retire and that the new system does not have to take into account a limit on future-proof indexing contributes to this. Here as well, we see that younger members in particular have a high result due to the higher risk profile of younger members.

Figure 6. Average expected pension benefit in the expected scenario as compared to the current scheme



• The results for the surviving dependants' pension are nearly identical to the results for the pension beneficiaries shown in Figure 6 and Figure 7.

Figure 7. Average expected pension benefit in bad-weather scenario compared to the current scheme



Looking at the same measure in the bad-weather scenario (the 5th percentile) shows that, for young pension beneficiaries and active members, the new scheme leads to lower average expected benefits. For the good-weather scenario, these are precisely the groups with a higher average expected benefit. For most beneficiaries, the new scheme will work out relatively favourably, even if things go poorly with the financial markets for a long time.

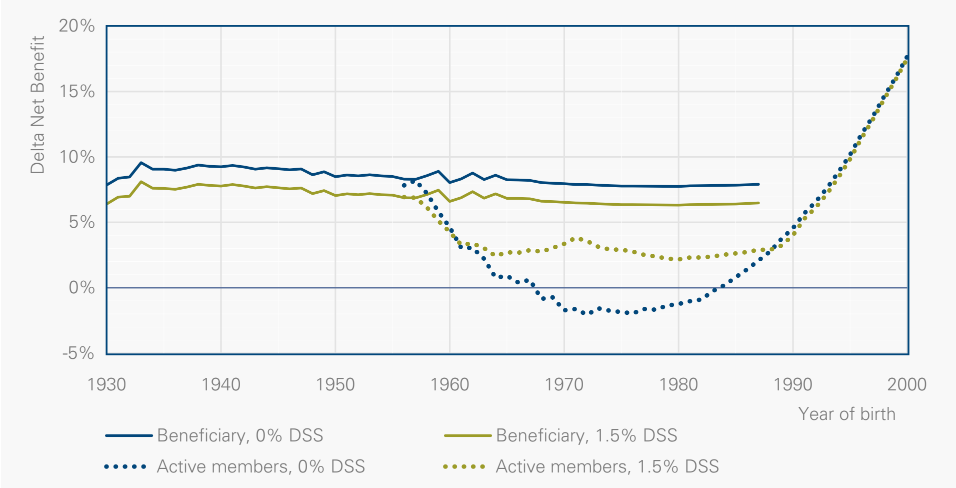
For the former members, the net benefit effects are also largely positive. A slight negative impact of less than 2% arises for former members younger than year of birth 1977 (see Appendix 4). Among other things, this is because the current scheme is relatively advantageous for this group. They are expected to benefit from a high premium coverage ratio under the current system, and by the time they retire, they are expected to have a high buffer. Not continuing to accrue pension at Pf TNO, because on average the likelihood of leaving is high among young people, is the main reason for this negative effect. However, most former members will accrue pension with another pension fund or themselves. The lack of further pension accrual is also reflected in the average expected pension benefits. In the expected scenario, this results in better outcomes compared to the current scheme (and the younger the better), while in the bad-weather scenario the lack of the cushioning effect of new construction results in worse outcomes compared to the current scheme (the younger the worse).

7.4 Impact on compensation of elimination of average system

This section zooms in on the impact of one of the choices forming part of the base case, being the effect of the 1.5% compensation due to the elimination of the average system. For this, the net benefit calculation will be used, so that redistributive effects can be understood. Figure 8 shows this effect for the beneficiaries and active members. The graph shows that, without compensation, birth years between 1967 and 1983 will lose out in the new scheme (in terms of pension value). Due to the compensation, the value of the pension will improve for active members from the 1963 to 1987 birth years, and all active members will be better off in the net benefit calculations under the new scheme than under the current scheme. The compensation will allow 1.5% of assets to be less generically distributed upon conversion. This can be seen in the net benefit outcomes for beneficiaries, which is slightly lower than without compensation. The graph also shows that, even with compensation, the net benefit outcomes for beneficiaries remain higher than for the vast majority of active members.

As in the case for beneficiaries, compensation also results in a slightly lower net benefit for former members. This group is not eligible for compensation, as it is only intended to offset the disadvantages of the new pension accrual. As described in section 7.3, former members are also expected to accrue pension elsewhere and may also receive compensation for the expiry of the average system there.

Figure 8. Impact of compensation of average system



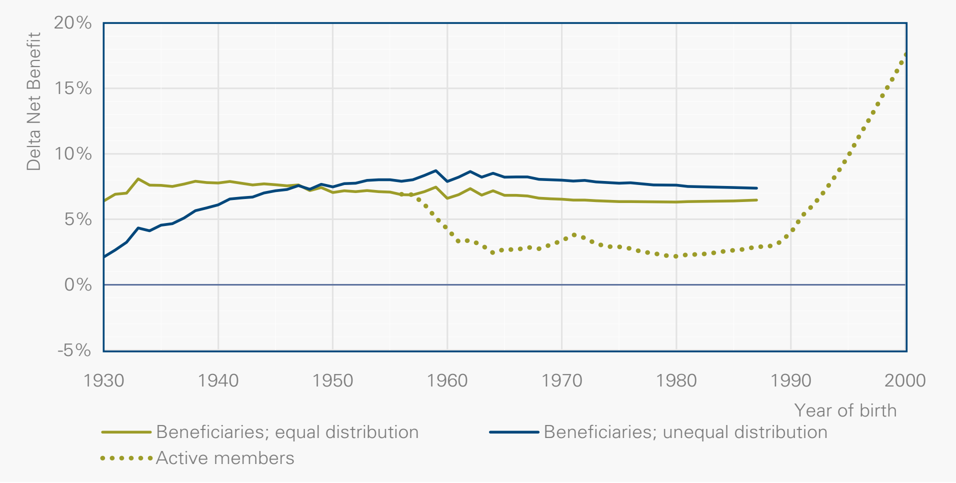
7.5 Impact of equal treatment of beneficiaries

The conversion uses the default spread period of 10 years. The background to a spread period of 10 years is that, under the current scheme, this 10-year period is taken as the basis for a collective value transfer to an insurer, but also when applying pension reductions.
The social partners have chosen not to deviate from the prescribed default unless the results of the entire transition are unbalanced and require correction for beneficiaries. The calculations show that the transition to the new scheme is more positive for beneficiaries compared to most other member groups. As a result, there is in principle no reason to deviate from this default.

As described in 4.4.5, social partners and Pf TNO have opted to treat beneficiaries equally upon conversion by granting all beneficiaries an equal percentage of the available buffer upon conversion. The main reason for this is the choice to apply a collective benefit phase, in that beneficiaries will soon receive the same increases and benefit equally from the solidarity reserve.

Figure 9 shows, by year of birth, the effect of equal treatment in distributing the available buffer for beneficiaries compared to distributing based on the 10-year term. The graph shows that equal treatment results in a roughly equal benefit of the new scheme for all beneficiaries. Older beneficiaries in particular, with equal treatment, have a higher delta net benefit than under the 10-year term, because they are given more of the buffer to take along when they convert.
Equal treatment of beneficiaries does not affect active and former members. The graph shows that, even with an equal distribution of the buffer, the delta net benefit outcome for all benefit recipients is higher than for most active members.

Figure 9. Impact of equal treatment of beneficiaries upon conversion



7.6 Sensitivity analysis of various coverage ratios

The effects shown in the previous sections are all based on the base case in which the coverage ratio is 120% at the time of transition. Calculations were also carried out with higher and lower coverage ratios: 135% and 106% respectively. The results of these calculations are presented in Appendix 4.

Under the current scheme, a high coverage ratio means that there is a high probability of keeping up with inflation for several years, which is positive for real pension benefits. For the new scheme, a high conversion coverage ratio means that a large amount can be distributed to all members immediately. For pension beneficiaries, this means higher benefits at the start, while for other members, it means that their personal assets at the start of the new scheme are higher than with a lower conversion coverage ratio.
The reverse occurs with a low coverage ratio. Under the current scheme, this means that no or little indexation can be granted for an extended period of time. In the new situation, this means that less or no buffer can be distributed at the start of the new scheme.
The average expected pension benefits are higher for all members in the expected scenario even with different coverage ratios when switching to the new scheme. The net benefit effects move within bandwidths acceptable to social partners.

7.7 Sensitivity analysis of various interest rate scenarios

In the base case, the calculations are based on the yield curve• as of 1 January 2024. During the transition to the new scheme, a different yield curve may apply. This sensitivity analysis was carried out by applying an interest rate shock of +1 percentage point and -1 percentage point on the yield curve of the base case. This assumes an equal coverage ratio of 120%. This means that when interest rates are higher, there are fewer total assets, and when interest rates are lower, there are more assets. Interest rates will also affect the distribution of personal capitals at the start of the new scheme: when interest rates are lower, relatively more assets go to younger members, and when interest rates are higher, relatively fewer assets go to young people. Appendix 5 shows the results of the sensitivity analyses.

• The yield curve describes the risk-free interest rate, as published by DNB, to be used for the various calculations. This yield curve shows the different interest rates for different maturities.

In terms of the pension value (net benefit), a rise in the yield curve is less favourable for most members, while a fall in the yield curve is more favourable. The effects move within ranges acceptable to social partners. The average expected pension benefit shows a slightly different picture. For the expected scenario, lower interest rates are less favourable for beneficiaries and higher interest rates are more favourable compared to the current scheme. For some of the active members, the new scheme actually comes out slightly more favourably compared to the current scheme at lower interest rates. In any case, for all yield curves used, in the expected scenario, all members have a higher average expected pension benefit than under the current scheme.

A side note to this sensitivity analysis is that this is mainly about the direction of the effects and not necessarily the actual effects. This is because if interest rates fall, the coverage ratio is likely to fall, leaving less to distribute at the start of the new scheme. When interest rates rise, the reverse happens.•

7.8 Bandwidths of quantitative measures transition effects

In appendix 6, 'Bandwidths for quantitative measures of transition effects', bandwidths for the net benefit outcomes and for the outcomes of the average expected pension benefits in the bad-weather scenario, expected scenario and good-weather scenario are included for each member group and 5-year age cohort. These bandwidths were established in the context of complete decision-making so that reasonably foreseeable circumstances do not require further decision-making.

The bandwidths were arrived at using the following steps:
1. First, a number of main rules were established, partly as a basis for balancing;
2. A translation was then made from the main rules to an initial set of bandwidths;
3. Finally, with the results of the sensitivity analyses, the set of bandwidths was tightened where necessary and finalized.

The main rules used regarding bandwidths are:
- Delta net benefit: the mutual difference in delta net benefit between the largest share of benefit recipients and the largest share of active members should not exceed approximately 5 percentage points at inflation rates between 120% and 106%. At higher coverage ratios, this mutual gap may increase to approximately 10 percentage points at the 135% conversion coverage ratio.
- Delta net benefit: different outcomes are expected to arise for the youngest group of active members, for the oldest group of pension beneficiaries and for some of the former members, due to the specific characteristics of these groups. This will be taken into account when establishing these specific bandwidths.
- Average expected pension benefits: for all members (beneficiaries, active members and former members), at all inflation rates in the expected scenario, the new pension plan should yield a better result in terms of average expected pension benefits than the current pension plan.
- Average expected pension benefits: for beneficiaries and active participants, a bandwidth of up to approximately 15 percentage points is acceptable per 5-year age cohort in both the expected scenario and the bad-weather scenario. A broader bandwidth is accepted for former members.

• A fixed coverage ratio of 120% has been calculated. Pf TNO has hedged 80% of the liabilities' sensitivity to interest rate changes. As a result, a change in interest rates has a more limited effect on the coverage ratio, but the effect is still substantial. With a 1 percentage point increase in interest rates, the coverage ratio rises from 120% to 127%, and with a 1 percentage point decrease, the coverage ratio falls from 120% to 114%..

If the results on the transition date fall within the bandwidths, the transition can take place based on the agreements set out in this transition plan and without further decision-making from the social partners.

If the results do not fall within the bandwidths, a reconsideration by social partners will be necessary to assess whether there is a balanced transition and if coordination with Pf TNO should take place. For social partners, the fact that results fall outside the bandwidths due to changed circumstances does not automatically mean that the transition is not balanced. It does give cause to reassess the balance of the transition at that time. Agreements on monitoring conditions (including coverage ratios) are described in chapter 5.4.

8 Accountability for balance of transition agreements

Social partners went through an extensive and careful process over the past 2 years to agree on the new pension scheme and the transition to this new pension scheme. With all the agreements made by social partners in consultation with Pf TNO, we believe we can achieve a balanced transition for all our members at coverage ratios of 106% to 135%. In doing so, we will comply with the new legislation and do justice to our own ambition and transition objectives as formulated in section 3.1.

A conscious decision was made to keep the transition simple and to arrive at a single, coherent scheme that is as transparent as possible. Social partners request Pf TNO to convert existing pension entitlements• from the current scheme to personal capitals in the new scheme at the transition time. With social partners' choice to convert the existing pension rights and liabilities, part of the collective assets can be used to achieve a more balanced transition. We will highlight some of the considerations in this regard.

Filling the solidarity reserve with at least 2% of assets at the start (and 5% of assets in the base case) will ensure a robust start under the new scheme. Social partners consider this balanced because it significantly limits decreases in nominal benefits during economically bad years. Completing the entire solidarity reserve also has advantages for active and former members because less return is needed to further fill the solidarity reserve and the likelihood of additional earnings from the solidarity reserve is increased.

The elimination of the average system leads to a disadvantage for some of the active members that is not fully offset by the positive effects of the transition. Social partners believe that compensating 1.5% of total assets adequately offsets this disadvantage and results in a balanced transition.

By treating beneficiaries equally upon conversion, social partners believe that a more explainable transition is created, which is also in line with the situation that in the new scheme, all beneficiaries will receive the same annual adjustment to their benefits.

The indexation gap was also considered when designing the new scheme and assessing its balance. All calculations comparing the new scheme with the current scheme include the probability of catch-up indexation in the current scheme. The results of this comparison in terms of net benefit indicate that the new scheme works out better for pension beneficiaries than the current scheme and also that, on average, this positive effect is greater than for the group of active members.
In addition, in 2022 and 2023, in anticipation of the transition to the new scheme, Pf TNO made a conscious decision to make maximum use of the governmental indexation decree. As a result, pensions have been indexed by over 9% (2.19% and 7.00% respectively) more than would have been possible under the rules of the current scheme and the overall indexation gap is currently limited. For a balanced transition, there is no reason to further offset the indexation gap.

Social partners, as described in this transition plan, have looked at many comparisons between the current and the new scheme. In this process, social partners looked at the prescribed scenarios that simulate future situations in various conditions. Social partners have

• The only exception is net pensions, for which this is not legally possible. As indicated in section 4.3, a suitable solution is still being sought for this.

also paid close attention to whether the effects of the new scheme and the transition are also balanced between various distinguishable groups. The results show that for almost all members, the transition to the new scheme is favourable in the base case.
The agreements described in this transition plan with regard to the new pension scheme and the conversion will achieve the ambition and transition objectives formulated in section 3.1.

Ambition/transition objective	**Achieved**
Ambition to achieve a pension benefit at retirement age of 75% of the average inflation-adjusted pension base during accrual (at 43 working years).	✓
Pursuing an indexed pension. In other words, the aim is to keep up an average of 2% inflation per year after the pension benefits have commenced.	✓
At the time of transition, active members, former members and pension beneficiaries do not lose out compared to the current scheme: the perspective for active members and former members is at least the same, and the benefit of pension beneficiaries remains at least the same.	✓
We aim to provide stable pension benefits. We want to limit reductions in pension benefits. Pension benefits are, however, expected to rise more frequently under the new scheme.	✓
There must be no unbalanced differences between member groups during and after transition.	✓

9 Communication

After final adoption by social partners, the transition plan will be published on the fund's website. The pension fund will provide communication to members according to the communication plan.

10 Voluntarily affiliated employers

The decisions of the social partners as described in this transition plan also have an impact on the accrued pension entitlements and rights of the members of voluntarily affiliated employers. Pursuant to the Implementation Agreement, voluntarily affiliated employers are subject to Pf TNO's Articles of Association, regulations and other applicable schemes as they read at the start of such voluntary affiliation and are amended thereafter.• In addition, all amendments to the pension agreement or the pension regulations or the regulations for extra pension, net pension and temporary old-age pension for the voluntarily affiliated employer and its employees will automatically take effect on the date specified in the TNO pension agreement or Pf TNO regulations.•• This applies in particular to the request from social partners to Pf TNO for collective value transfer of accrued pension entitlements and pension rights to the amended pension scheme referred to in the Wtp.

The proposed new pension scheme will therefore also apply to currently voluntarily affiliated employers with effect from the planned transition date on 1 July 2026. In line with this, the accrued pension agreements and entitlements of the members of the relevant employers will be transferred to the new pension scheme on the transition date.

In the event that a voluntarily affiliated employer no longer wishes to participate in Pf TNO's (new) pension scheme, the voluntarily affiliated employer must inform Pf TNO of this no later than three months before the transition to the new scheme. From the transition date, scheduled for 1 July 2026, there will then be no new pension accrual for active members of the relevant voluntarily affiliated employer. The risk coverages under the (new) pension scheme will also cease as of this date. This is without prejudice to the fact that, pursuant to the administration regulations, the pension entitlements and pension rights already accrued by the members of the relevant voluntarily affiliated employer will be transferred to the new pension scheme as of the transition date.

• Consideration 7 and section 1, paragraph 8 of the implementation agreement.

•• Section 1, paragraph 8 of the implementation agreement.

Appendices

Appendix 1 Right to be heard

Findings resulting from the Right to be heard

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eTNOs

Vereniging van ex-TNO'ers

Reactie eTNOs op concept Transitieplan Pensioenfonds TNO

Datum : 2 januari 2025
Ref. : 25 etnos 001

Samenvatting

Dit document betreft de reactie van eTNOs, de vereniging van gepensioneerde TNO-medewerkers, op het concept Transitieplan (TP) van het Pensioenfonds TNO. Deze reactie is opgesteld in het kader van het Hoorrecht, waarbij eTNOs kritisch kijkt naar de behartiging van belangen van pensioengerechtigden. Het TP vormt een cruciaal onderdeel van de transitie naar het nieuwe pensioenstelsel. eTNOs is tevreden over het feit dat zij in het hele traject geïnformeerd is en, voor zover haar bekend, merendeels over dezelfde gegevens heeft kunnen beschikken als de sociale partners en het pensioenfonds. eTNOs betreurt het echter dat haar inbreng tot nu toe genegeerd is bij de keuzes van sociale partners die tot het TP hebben geleid.

A. eTNOs beoordeelt het TP aan de hand van drie hoofdvragen:

1. *Zijn de belangen van pensioengerechtigden adequaat behandeld?*

Beperkte betrokkenheid: eTNOs heeft diverse pogingen gedaan om betrokken te raken bij het vormgeven van het TP, maar deze zijn genegeerd. Sociale Partners (SP's) hebben de inspraak van pensioengerechtigden beperkt tot een laat stadium, waarin het plan al in concept gereed was.

Ongelijke focus: Het TP richt zich met name op de belangen van actieve deelnemers en van de werkgever TNO. Belangen van pensioengerechtigden worden aantoonbaar minder meegenomen.

Teleurstellend resultaat: De inspanningen van eTNOs om kritische punten te adresseren hebben geen concrete invloed gehad op het concept TP.

2. *Biedt het plan voldoende garanties voor een koopkrachtig pensioen?*

eTNOs wijst erop dat pensioengerechtigden sterk afhankelijk zijn van hun pensioen voor het behoud van hun levensstandaard. Het behoud van koopkracht is een fundamentele belofte van de transitie, maar het TP biedt hiervoor onvoldoende garanties:

Inflatiecorrectie: Het TP stelt dat het streven is om gemiddeld 2% inflatie per jaar bij te houden. Berekeningen tonen echter aan dat pensioengerechtigden in periodes van hoge inflatie een aanzienlijk koopkrachtverlies kunnen lijden. In een praktijkscenario zoals de inflatieschokken van 2021-2022 zou het koopkrachtverlies in het nieuwe stelsel (20%) dubbel zo hoog zijn als in het huidige stelsel (9,2%).

Onzekerheden: Het nieuwe stelsel biedt onvoldoende mechanismen om inflatieschokken te dempen. Pensioengerechtigden dragen daarbij alle risico's, terwijl actieve deelnemers inflatieverliezen deels kunnen opvangen met arbeidsvermogen.

3. *Zijn de transitie-effecten inzichtelijk en evenwichtig?*

De SP's nemen een aantal transitiebesluiten die pensioengerechtigden significant benadelen:

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Compensatie doorsneesystematiek: Dit wordt gefinancierd uit het pensioenvermogen, wat betekent dat pensioengerechtigden bijdragen aan de oplossing van een probleem waar zij geen betrokkenheid bij hebben.

Geen compensatie voor indexatieachterstand: Oudere pensioengerechtigden hebben een indexatieachterstand van circa 10%, die verder oploopt. Het TP biedt geen plan om dit verlies te compenseren.

Spreiding van buffer over 10 jaar: Dit leidt tot een onevenredige verdeling van middelen ten nadele van de pensioengerechtigden.

B. eTNOs benadrukt dat de transitie-effecten onvoldoende inzichtelijk zijn:

Herverdelingseffecten: Er ontbreekt een kwantitatieve analyse hoe de buffer en andere middelen herverdeeld worden tussen leeftijdscohorten en geledingen.

Netto-profijtberekeningen: Deze wijzen volgens SP's op een voordeel voor pensioengerechtigden, maar eTNOs kent deze berekeningen niet en kan de uitkomsten ervan niet vertalen naar daadwerkelijke koopkrachtverbetering.

C. eTNOs wijst op een fundamenteel gebrek aan evenwichtigheid in het TP:

Disproportionele voordelen: Jongere actieve deelnemers profiteren disproportioneel meer van het nieuwe stelsel dan pensioengerechtigden. Voor actieve deelnemers jonger dan 50 jaar is de verwachte pensioenverbetering 2-5 keer groter dan voor pensioengerechtigden.

Ongelijke bandbreedtes: SP's hanteren verschillende bandbreedtes voor verschillende groepen, wat leidt tot ongelijkheid. Bijvoorbeeld, een 40-jarige actieve deelnemer mag een verbetering van 13%-22% verwachten, terwijl een 80-jarige gepensioneerde slechts 3,5%-12,5% mag verwachten.

Oneerlijke lastendeling: Het pensioenvermogen van pensioengerechtigden wordt ingezet om toekomstige aanspraken van actieve deelnemers te verhogen, zonder dat dit proportioneel terugvloeit naar pensioengerechtigden.

D. eTNOs oordeelt negatief over het TP en formuleert de volgende kernpunten van kritiek:

- De drie hoofdvragen van eTNOs blijken met nee beantwoord te moeten worden.
- De lasten van de transitie worden onevenredig neergelegd bij pensioengerechtigden, terwijl actieve deelnemers de meeste voordelen genieten.
- De gemaakte keuzes zijn vaak kwalitatief van aard en missen kwantitatieve onderbouwing.
- Alternatieven en hun mogelijke effecten worden onvoldoende of niet behandeld en berekend.

E. eTNOs doet een dringend beroep op SP's om het TP te herzien:

1. **Betere waarborg koopkracht**: Stel mechanismen in om inflatieschokken te dempen, bijvoorbeeld door ruimer gebruik te maken van de solidariteitsreserve.
2. **Compensatie koopkrachtverlies**: Neem maatregelen om voor indexatieachterstanden te compenseren.

3. **Herziening verdeling buffer**: Zorg voor een eerlijker verdeling van de buffer, zodat pensioengerechtigden een rechtvaardig aandeel ontvangen.
4. **Inzichtelijkheid en onderbouwing**: Maak de herverdelingseffecten kwantitatief inzichtelijk en zorg voor een transparante onderbouwing van alle transitiebesluiten.

Het TP in zijn huidige vorm legt onevenredig veel lasten bij pensioengerechtigden en biedt onvoldoende waarborgen voor koopkrachtbehoud. De keuzes van SP's missen evenwicht en transparantie, terwijl pensioengerechtigden onterecht worden buitengesloten van cruciale besluitvorming. eTNOs benadrukt dat een herziening van het TP noodzakelijk is om recht te doen aan de belangen van **alle** deelnemers.

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Reactie eTNOs op concept - Transitieplan Pensioenfonds TNO

Datum : 2 januari 2025
Ref. : 25 etnos 001

1. Inleiding

Dit document is de reactie van de vereniging van gepensioneerden eTNOs op het concept Transitieplan van de Sociale Partners van TNO in het kader van het Hoorrecht. Het document is opgesteld door de werkgroep pensioenen van eTNOs. Bij de totstandkoming is dankbaar gebruikgemaakt van een bredere ledenparticipatie in de vorm van een klankbordgroep. Bovendien is advies ingewonnen bij experts van de Koepel Gepensioneerden.
Bij het vaststellen van onze reactie hebben wij ons laten leiden door drie hoofdvragen:

- Zijn de belangen van pensioengerechtigden adequaat behandeld en behartigd in het concept transitieplan (TP);
- Wordt de hoofddoelstelling van de transitie, het realiseren van een koopkrachtig pensioen, met de in het plan beschreven aanpak gewaarborgd, in het bijzonder voor de pensioengerechtigden;
- Zijn de transitie-effecten en de wijze waarop wordt omgegaan met opgebouwde pensioenaanspraken en pensioenrechten inzichtelijk gemaakt en evenwichtig:
  - Is duidelijk gemaakt wat het effect van de transitie is op de pensioenuitkeringen, direct na de transitie en tot 20 jaar na de transitie?
  - Is duidelijk gemaakt voor welke doelen, en in welke mate, de buffer bij de transitie wordt aangewend en welke herverdelingseffecten tussen de deelnemers hierbij optreden? Is er sprake van een evenwichtige, eerlijke en uitlegbare verdeling van de buffer?

In hoofdstuk 2 vatten wij ons oordeel over het concept TP samen. De drie hoofdvragen worden achtereenvolgens besproken in de hoofdstukken 3, 4 en 5.
NB: als er verder in dit document wordt gesproken over:

- "het fonds", dan wordt bedoeld Stichting Pensioenfonds TNO
- "SP's", dan wordt bedoeld de sociale partners binnen TNO: de OR en de werkgever TNO
- "eTNOs", dan wordt verwezen naar de vereniging van gepensioneerde TNO-werknemers
- "TP" is de afkorting voor het concept Transitieplan van de Sociale Partners van TNO
- "SR" is de afkorting voor de solidariteitsreserve
- "SPR" en "FPR" staan voor de Solidaire en Flexibele Premie Regeling

2. Oordeel eTNOs over het concept Transitieplan

Na de slapers vormen de gepensioneerden de grootste groep deelnemers aan ons pensioenfonds. Naar financiële inbreng in het fonds vormen de gepensioneerden de grootste groep. Het fonds heeft ons regelmatig op de hoogte gehouden van de vorderingen bij de ontwikkeling van het TP. Door hierop meerdere malen schriftelijk te reageren (zie hoofdstuk 3) heeft eTNOs gepoogd met sociale partners in gesprek te komen over de door u te maken keuzes. Helaas heeft u onze inbreng voorafgaand aan het gereedkomen van uw concept TP genegeerd en heeft u ervoor gekozen het hoorrecht te beperken tot de fase na gereedkomen van het concept TP.
Tot onze spijt kunnen wij niet anders dan negatief oordelen over meerdere keuzes die u maakt in het concept TP dat u op 18 november 2024 hebt vastgesteld in een voorgenomen besluit. Samengevat legt u een groot deel van de rekening (lasten) voor de transitie bij de gepensioneerden en deelt u het vooruitzicht op een beter pensioen (lusten) toe aan de actieve deelnemers. Daarbij baseert u zich vooral op kwalitatieve veronderstellingen, zijn uw keuzes onvoldoende kwantitatief onderbouwd (in het bijzonder ontbreekt veelal een onderbouwde afweging tussen alternatieven, zoals tussen SPR en FPR) en wordt geen kwantitatief inzicht gegeven in de herverdelingseffecten tussen leeftijdscohorten die uw keuzes teweegbrengen. In kwalitatieve zin blijken uw keuzes voornamelijk een beroep te doen op het kapitaal bijeen gespaard door gepensioneerden (op z'n minst voor een belangrijk deel). Dat kapitaal wordt vervolgens ingezet ter verbetering van de pensioenaanspraken van actieve deelnemers. Uw argument hiervoor lijkt te zijn: Ondanks geleden koopkrachtverlies beschikken gepensioneerden over een goed pensioen met stabiele vooruitzichten in het nieuwe stelsel, terwijl de actieve deelnemers aan grote onzekerheden blootstaan. Wat u niet meeweegt, is dat gepensioneerden in het nieuwe stelsel een risico lopen op een groter koopkrachtverlies dan in het huidig stelsel (we geven hiervan een voorbeeld) en dat zij dit, in tegenstelling tot actieve deelnemers, niet kunnen opvangen met arbeidsvermogen. De transitie is het laatste moment waarop u de persoonlijke buffers van gepensioneerden kunt versterken uit het (voor een belangrijk deel) door henzelf gespaarde collectieve kapitaal. Wat betreft de risico's voor actieve deelnemers; die zijn het gevolg van de stelselwijziging en door het fonds te maken keuzes op grond van de risicobereidheid van deze deelnemers.

Namens de gepensioneerde deelnemers verzoeken wij u dringend onze bezwaren, verzoeken en opmerkingen in deze fase alsnog in overweging te nemen, uw keuzes hierop aan te passen en de wijzigingen op te nemen in het definitieve transitieplan. Wij voelen bij dit dringende verzoek een zware verantwoordelijkheid en plicht, aangezien het individueel bezwaarrecht van de deelnemers wettelijk buiten werking is gesteld en deelnemers uw keuzes alleen bij de rechter kunnen aanvechten.

3. Zijn belangen van pensioengerechtigden behandeld en behartigd in het concept TP?

De fase voorafgaande aan het TP heeft ongeveer 2 jaar geduurd en is intensief geweest. Het fonds (directie en bestuur) heeft voor het overgrote deel de koers bepaald van de uitkomsten van deze fase: Advies 1, Advies 2 en het (concept) Transitieplan. In de eindfase zijn vooral SP's en fonds betrokken geweest bij de formulering van en besluitvorming over het plan; de pensioengerechtigde deelnemers aan het fonds, georganiseerd en vertegenwoordigd door eTNOs, zijn feitelijk niet bij die besluitvorming betrokken, alhoewel de geleding gepensioneerden een substantieel deel van de fondsdeelnemers vormt en bovendien een groot deel van het fondsvermogen heeft ingebracht.
In deze fase is een aantal informatiebijeenkomsten georganiseerd waarbij eTNOs is uitgenodigd. In deze bijeenkomsten is de voortgang gerapporteerd, zoals de Adviezen 1 en 2 en andere tussenresultaten. eTNOs heeft in reactie op de gepresenteerde informatie diverse malen aandachtspunten, zorgpunten, afwijkende en aanvullende gezichtspunten schriftelijk bij SP's en fonds onder de aandacht gebracht (zie Bijlage I), in de hoop gehoord te worden.
Helaas was dit voor SP's en fonds geen aanleiding om eTNOs meer te betrekken bij de vormgeving van het TP. De uitspraak van de werkgever in zijn reactie van 25 oktober jl. op onze meest recente inbreng bevestigt dit ook met de opmerking: "Het is o.i. echter op dit moment nog wat vroeg om hier al op in te gaan. Vanaf medio november – op welk moment het Transitieplan hoogstwaarschijnlijk definitief zal zijn - start de hoorrecht procedure en alsdan zullen we jullie vragen zo goed mogelijk adresseren." Het is teleurstellend dat nagenoeg niets van onze inbreng is terug te vinden in het TP. SP's en fonds hebben ook niet beargumenteerd waarom zij onze inbreng hebben genegeerd.
We zien de (niet)betrokkenheid van partijen terug in het resultaat: het transitieplan lijkt vooral de belangen van de actieve deelnemers en van de werkgever te behartigen. De belangen van de pensioengerechtigden krijgen aantoonbaar minder aandacht en zijn in de besluitvorming onvoldoende en niet verifieerbaar meegenomen.

4. Biedt het plan zicht op een koopkrachtig pensioen?

De meeste pensioengerechtigde ex-TNO medewerkers zijn voor het behoud van hun levensstandaard afhankelijk van het TNO pensioen. Het behoud van koopkracht is hiervoor de belangrijkste voorwaarde en tevens de belangrijkste belofte bij de transitie naar het nieuwe pensioenstelsel. Voor gepensioneerden is het van belang dat verhoging van de uitkering gelijk opgaat met de inflatie, zoals ook in het huidige stelsel de ambitie van het fonds is. In het huidige stelsel is de ambitie helaas niet volledig gerealiseerd, zodat uitkeringsgerechtigden bij de transitie een indexatieachterstand hebben van naar verwachting ruim 10%.
Het TP geeft voor het nieuwe stelsel aan, dat het streven is om, nadat de pensioenuitkering is ingegaan, gemiddeld 2% inflatie per jaar bij te houden. Eerste berekeningen laten zien dat maatmensen van 68 jaar en 75 jaar precies de 2% inflatie per jaar kunnen bijhouden en dat jongere maatmensen iets meer dan 2% kunnen bijhouden. Er wordt echter ook gesteld dat het opvangen van inflatieschokken niet aansluit bij de uitgangspunten van SP's.
Er is een groot verschil tussen het bijhouden van de inflatie en het gemiddeld bijhouden van de inflatie. In het laatste geval kunnen er periodes zijn waarin het verlies aan koopkracht aanzienlijk is. Om dit te onderzoeken hebben wij de ontwikkeling van de uitkering onder het nieuwe stelsel berekend voor de jaren 2021 – 2024, op basis van gegevens uit het Jaarverslag PF TNO 2023. In 2021 en 2022 was er sprake van een hoge inflatie en een sterk negatief resultaat op de beleggingen. Het gevolg in het huidige stelsel was een koopkrachtverlies van 9,2% in twee jaar. (Dankzij een Algemene Maatregel van Bestuur en de hoge buffer van het fonds kon dit verlies geheel worden gecompenseerd.) Voor het nieuwe stelsel, de SPR met 5% solidariteitsreserve (SR), berekenen wij een tweemaal zo groot verlies aan koopkracht: ca. 20%! Dit is bovendien een tweemaal groter verlies aan koopkracht in enkele jaren, dan de indexatie-achterstand in het huidige stelsel opgelopen in 15 jaar. Wij concluderen op basis van dit praktijkscenario, dat de keuzes van SP's onvoldoende waarborgen bieden voor koopkrachtbehoud bij pensioengerechtigden.
Wij verwachten dat SP's oog hebben voor de afhankelijkheid van pensioengerechtigden van een koopkrachtig pensioen en keuzes maken die het fonds de mogelijkheid bieden om te sturen op het bijhouden van inflatie, ook in een scenario zoals in 2021 – 2022 is voorgekomen. Ook verwachten wij dat SP's daarbij een beargumenteerde ondergrens aangeven voor een te accepteren verlies aan koopkracht.

5. Zijn de transitie-effecten inzichtelijk en evenwichtig?

In het concept TP geven SP's aan welke transitiebesluiten zij evenwichtig vinden:

- Compensatie van de doorsneesystematiek financieren uit het pensioenvermogen;
- Geen compensatie bieden voor de ca. 10% indexatie-achterstand;
- Bij de verdeling van de buffer het aandeel voor pensioengerechtigden rekenkundig spreiden over 10 jaar, met als gevolg dat er een hoger percentage naar de aanspraken van actieven gaat en een lager percentage naar de gepensioneerden;
    - De leeftijdsafhankelijke verdeling van dit lagere percentage tussen gepensioneerden, die het gevolg is van de spreiding over 10 jaar, te compenseren door herverdeling van kapitaal van jonge gepensioneerden naar oude gepensioneerden.

Vooraf aan het formele deel van het hoorrecht-traject heeft eTNOs zorgen geuit over deze punten. Aangezien het concept TP deze zorgen niet wegneemt en zelfs niet benoemt, worden ze hierbij herhaald:
De opheffing van de doorsneesystematiek leidt voor actieve deelnemers van 45 – 68 jaar tot een minder voordelig verwacht pensioen. Volgens SP's is het toekomstig tekort van deze deelnemers een gevolg van wetgeving uit het verleden en dient het om die reden te worden opgelost met reserves opgebouwd in het verleden. Dit argument is voor ons onnavolgbaar. Volgens een handreiking van het ministerie van SZW is het aan de werkgever TNO om hier compensatie voor te bieden. Hiervoor zijn door de overheid belastingfaciliteiten ingericht. TNO is hiertoe echter niet bereid, ook niet voor een deel, en heeft het fonds verzocht enige tientallen miljoenen voor dit doel te bestemmen. Dit gaat ten koste van de (toekomstige) uitkeringen van alle andere deelnemers. Het fondsbestuur is bereid bij iedere invaardekkingsgraad tussen 106% - 135%, ca. 1,5% van het fondsvermogen te gebruiken om TNO te helpen aan haar compensatieverplichting te voldoen.
[Wij missen een bandbreedte voor het doel van de compensatie. Deze lijkt nu vrij willekeurig (rechtlijnig) te worden toegekend aan actieve deelnemers van 35 tot 67 jaar, ongeacht het effect van de dubbele transitie bij hoge invaardekkingsgraad.]
Hierbij merken wij op dat gepensioneerden geen enkele betrokkenheid hebben bij het probleem van de doorsneesystematiek, maar wel moeten bijdragen aan de oplossing. SP's besluiten eenzijdig dat het fondsvermogen, bedoeld voor bescherming tegen verlies aan koopkracht van huidige en toekomstige pensioengerechtigden, wordt aangewend voor het opbouwen van nieuwe aanspraken voor een deel van de actieve deelnemers.
NB: dit is voor ons niet alleen onnavolgbaar, maar ook volstrekt onacceptabel.
De indexatieachterstand is thans 9%. In 2024 en mogelijk ook in 2025 en 2026 zal deze achterstand verder oplopen. Vooral de deelnemers van 70 jaar en ouder verliezen hierdoor koopkracht. In het huidige plan, dat geldt voor invaardekkingsgraden tussen 106 – 135%, is TNO niet bereid het fonds te vragen compensatie te bieden voor dit verlies aan koopkracht van haar ex-medewerkers.
Ook dit is voor ons onnavolgbaar en onacceptabel.
De spreidingstermijn van 10 jaar is destijds ingevoerd om gepensioneerden in het huidige stelsel te beschermen tegen (grote) kortingen ineens op hun uitkering (bij te lage dekkingsgraad). Dit instrument is nooit bedoeld geweest om gepensioneerden een kleiner aandeel en actieven een groter aandeel toe te wijzen bij het uitdelen van de buffer bij de transitie naar het nieuwe pensioenstelsel. Dat u hiervoor kiest is voor ons eveneens onnavolgbaar en onacceptabel. In transitieplannen bij andere pensioenfondsen wordt afgezien van de spreidingstermijn, waarbij de verantwoordelijke sociale partners bijvoorbeeld de volgende argumenten gegeven:

- *Iedereen heeft min of meer in gelijke mate bijgedragen aan de huidige dekkingsgraad zodat een ongelijke verdeling daarvan lastig is uit te leggen;*
- *Als gekozen zou zijn voor de 10 jaar, dan was vervolgens waarschijnlijk door het bestuur een gelijke verhoging voor de gepensioneerden gekozen. Dat leidt vervolgens weer tot nieuwe herverdelingsvraagstukken. Hiermee ligt een spreidingsperiode van 1 jaar meer voor de hand dan van 10 jaar.*

5.1 Inzichtelijkheid

De transitie-effecten en de wijze waarop wordt omgegaan met opgebouwde pensioenaanspraken en pensioenrechten moeten op twee manieren inzichtelijk worden gemaakt. Via berekening van het netto-profijt, waarbij SP's terecht opmerken dat de betekenis hiervan lastig te interpreteren is, en via berekening van de verwachte pensioenuitkering in drie scenario's.
Ondanks de moeilijkheden met de interpretatie concluderen SP's dat de netto-profijt berekeningen uitwijzen dat de nieuwe regeling voor pensioengerechtigden beter uitpakt dan de huidige regeling en tevens dat dit positieve effect gemiddeld genomen groter is dan voor de groep actieve deelnemers. Wij kunnen de resultaten van deze berekeningen echter op geen enkele wijze vertalen naar de koopkracht van de toekomstige uitkeringen van pensioengerechtigden.

De berekeningen van verwachte pensioenuitkeringen geven meer houvast. Ook hierbij merken wij op dat een gemiddeld verwachte reële pensioenuitkering minder inzicht geeft dan het weergeven van de verwachte reële pensioenuitkeringen direct na transitie, na 10 jaar en na 20 jaar.
Voor de hierboven genoemde transitiebesluiten van SP's, compensatie doorsneesystematiek, geen compensatie geleden koopkrachtverlies en spreiding van de invaarbuffer over 10 jaar, is in het geheel niet inzichtelijk gemaakt wat de herverdelingseffecten hiervan zijn tussen geledingen en leeftijdscohorten. Hierdoor is het onmogelijk de onevenwichtigheid kwantitatief te bepalen. Wij verwachten van SP's dat deze effecten voor elk besluit afzonderlijk, en voor het totaal van de besluiten, worden berekend en de resultaten worden toegevoegd aan, en toegelicht in, het concept TP.

5.2 Evenwichtigheid

SP's worden geacht bandbreedtes aan te geven waarbinnen sprake kan zijn van een evenwichtige transitie. Bandbreedtes zijn een uiting van de mate waarin verschillende uitkomsten voor verschillende doelstellingen acceptabel worden geacht. Voor een evenwichtig pensioenstelsel (alle deelnemers hebben ongeveer gelijke rechten en verwachtingen) moet een vooraf gestelde bandbreedte voor bijvoorbeeld de verwachte pensioenuitkering hetzelfde zijn voor alle leeftijdscohorten en geledingen. Wij begrijpen niet en aanvaarden niet dat SP's verschillende bandbreedtes hanteren voor verschillende geledingen en leeftijdscohorten en daaruit concluderen dat het stelsel evenwichtig is. Bovendien begrijpen we niet dat die bandbreedtes niet vooraf als dwingend kader voor de berekeningen zijn opgesteld. Als voorbeeld: Wat zijn de argumenten van SP's die rechtvaardigen dat een 40-jarige actieve deelnemer in de mediaan een 13% - 22% hoger pensioen mag verwachten, terwijl voor een 80-jarige pensioengerechtigde een 3,5% – 12,5% hoger pensioen voldoende is? Dezelfde onevenwichtigheid volgt uit figuur 6: Actieve deelnemers jonger dan 50 jaar kunnen in een mediaan scenario 2 tot 5 keer meer verbetering van hun pensioen verwachten dan gepensioneerden. Wij merken hierbij op, dat actieve deelnemers tussen 35 en 50 jaar volgens het huidige plan een compensatie ontvangen uit het pensioenvermogen.
Wij concluderen op grond van de gemiddelde verwachte pensioenuitkering in het verwachte scenario, dat het nieuwe stelsel voor alle actieve deelnemers beter uitpakt ten opzichte van de huidige regeling en tevens dat dit positieve effect gemiddeld genomen groter is dan voor de groep gepensioneerden.
Kwalitatief is duidelijk dat de drie genoemde transitiebesluiten de aanspraken van (een deel van) de actieve deelnemers relatief verhogen ten koste van de (verhoging van) pensioenrechten van pensioengerechtigden. Wij achten dit niet evenwichtig en verzoeken dringend deze besluiten te herzien.

Bijlage I: Inbreng eTNOs in reactie op informatiebijeenkomsten PFTNO

Het pensioenfonds van TNO heeft momenteel circa 18.400 deelnemers. De globale verdeling daarvan (Jaarverslag 2023): 5590 actieve deelnemers, 7131 gewezen deelnemers en 5621 pensioengerechtigden. Het transitieplan heeft effect op de (toekomstige) pensioenuitkeringen van al die 18.400 deelnemers. Daarom moeten de SP's bij het opstellen van het transitieplan rekening houden met de belangen van al die deelnemers. In welke mate dat is gebeurd, is in de hoofdtekst van dit document besproken. Wat in ieder geval objectief kan worden vastgesteld, is dat SP's niet de moeite hebben genomen om een belangrijke groep deelnemers, de pensioengerechtigden, te betrekken bij de totstandkoming van het transitieplan. eTNOs, de vereniging van gepensioneerde TNO-medewerkers betreurt dit zeer. eTNOs is immers goed georganiseerd en heeft een actieve werkgroep op het gebied van pensioenen; daardoor is een vertegenwoordigend orgaan van die grote groep pensioengerechtigden ook eenvoudig bereikbaar. Vanuit eTNOs zijn er diverse pogingen gedaan om in contact te komen met SP's; die toenadering heeft helaas niet tot een vorm van samenwerking geleid.
Hieronder wordt een (niet noodzakelijkerwijs compleet) overzicht gegeven van contactmomenten met de SP en het fonds gedurende het vormgevingstraject van het TP.
In de brief van 27 januari 2023 heeft eTNOs de SP's gemeld dat eTNOs gebruik wil maken van het Hoorrecht; de brief vermeldt ook een aantal aandachtspunten én beoordelingsaspecten.

23 februari 2023: informatieve workshop georganiseerd door het fonds, gericht op kennisoverdracht

21 maart 2023: informatieve workshop georganiseerd door het fonds, gericht op kennisoverdracht

7 april 2023: eTNOs ontvangt een reactie van SP's op de brief van 27 januari 2023, per emailbericht, met daarin o.a. de opmerking dat eTNOs uitgenodigd is bij de informatiesessies van het TNO Pensioenfonds en dat partijen daardoor over dezelfde informatie beschikken. Bovendien, zo geeft het bericht van SP's aan, staat het eTNOs vrij om op elk moment dat zij dit opportuun acht, haar zienswijze mondeling en/of schriftelijk met de sociale partners te delen.

20 april 2023: sociale partners ontvangen het door het fonds opgestelde **Advies 1**

16 mei 2023: informatieve workshop georganiseerd door het fonds, gericht op toelichting van besluit om in te varen en de keuze voor SPR.

26 mei 2023: SP's publiceren het principebesluit van SP's:
- invaren in de Sociale Premie Regeling

2 juni 2023: brief van eTNOs aan het fonds, met als boodschap:
- Advies 1 is uitsluitend kwalitatief en daarmee onvoldoende onderbouwd
- Een eenduidige koppeling tussen het advies en geformuleerde principes ontbreekt

6 juni 2023: overleg OR-delegatie en Vz en Secr van eTNOs-werkgroep. Uitwisseling van ideeën, zorgen en standpunten.

7 juni 2023: reactie van SP's met daarin de opmerking dat eTNOs wordt uitgenodigd voor een gesprek en de opmerking dat SP's een principebesluit hebben genomen om in te varen in SPR.

16 juni 2023: overleg werkgeversdelegatie en vertegenwoordigers van eTNOs. De werkgever was faciliterend in dit gesprek; de inhoud werd ingebracht door het fonds. Dit gesprek kan daardoor niet opgevat worden als een gesprek met de Werkgever TNO.

12 september 2023: het fonds brengt **Advies 2** uit aan SP's.

17 oktober 2023: 2[e] gesprek OR-delegatie en vertegenwoordigers van eTNOs. OR laat blijken ontevreden te zijn over Advies 2, o.a. omdat kwantitatieve analyses ontbreken. eTNOs maakt duidelijk dat in het advies enige verwijzing naar de gevolgen voor gepensioneerden ontbreekt.

12 december 2023: eTNOs schrijft brief aan Werkgever TNO, waarin concreet en onderbouwd de zorgen van eTNOs over de voorgenomen invulling van de transitie zijn verwoord.

22 december 2023: reactie van RvB op de brief van 12 december => kennisgeving van ontvangst en aankondiging van vervolggesprek in Q2 van 2024.

29 mei 2024: presentatie van het fonds over de stand van zaken inzake voorgenomen besluitvorming over transitieaspecten (besluiten worden formeel genomen door SP's, maar het fonds faciliteert deze besluitvorming). Daarbij wordt er nauwelijks ingegaan op de aandachtspunten/vragen die eTNOs eerder bij SP's en het fonds onder de aandacht heeft gebracht.

3 oktober 2024: op verzoek van eTNOs bespreking van het gepresenteerde op 29 mei

10 oktober 2024: schriftelijke reactie van eTNOs op de bijeenkomst van 3 oktober, met daarin de drie belangrijkste bezwaren tegen de gepresenteerde plannen

25 oktober 2024: bericht van Werkgever TNO met daarin de tekst: "Het is o.i. echter op dit moment nog wat vroeg om hier al op in te gaan. Vanaf medio november – op welk moment het Transitieplan hoogstwaarschijnlijk definitief zal zijn - start de hoorrecht procedure en alsdan zullen we jullie vragen zo goed mogelijk adresseren."

14 november 2024: eTNOs ontvangt concept Transitieplan van SP's. Tevens uitnodiging van SP's om een meeting te beleggen voor een toelichting van het conceptplan.

18 november 2024: RvB van TNO geeft goedkeuring aan het concept Transitieplan

25 november 2024: eTNOs stuurt bericht naar SP's (in afschrift naar het Fonds) met daarin ca. 60 vragen en opmerkingen van eTNOs over het Transitieplan

2 december 2024: 1,5 uur overleg van SP's (en delegatie van het fonds) met eTNOs n.a.v. vragen van 25 november 2024. Vragen worden deels, met name door fonds, besproken. Voor de beantwoording van meerdere vragen zijn ere vragen zijn berekeningen en uitgebreidere discussie nodig. Hiervoor ontbreekt de tijd.

Response of Social partners to findings resulting from the Right to be heard

The social partners thank eTNOs for its efforts in exercising the right to be heard and the consultations that preceded it.

The response from eTNOs will be included in the Transition Plan, as will the response of the Social Partners (SPs) below.

The transition from the existing pension system (nFTK) to a new system (Wtp) is unique. For this reason, the SPs feel the need to start with some general, overarching comments, which are necessary to make sense of the elaboration of the Transition Plan and the response from eTNOs.

General criteria

1. The current pension system is a defined benefit scheme. This means that participants have an entitlement to pension benefits. To guarantee this benefit now (for pension beneficiaries) and in the future (for active members and former members), the system has a buffer, represented in the funding ratio. Therefore, this buffer does not belong to individuals or to a specific group of individuals but is for the purpose of the operation of the system, in particular guaranteeing present and future entitlements.

2. The new pension system is a contributory scheme, in which the entitlements of all members are reflected in a personal capital. How this capital leads to a payout depends on premium contributions and investment policies and, therefore, on general economic conditions. This poses the risk of fluctuations in individual capitals that are greater than in the current system. This also puts the (expected) benefits at risk of greater fluctuations.

3. The transition from a defined benefit scheme to a premium scheme with personal capital should be balanced for all members. This means that groups of members are not unduly advantaged or disadvantaged.

4. An important reason for the transition to the nFTK to Wtp is to limit wealth transfers between various members and groups of members. The nFTK does not, for example, differentiate investment policies for different groups of participants, while investment horizons and risk appetite do in fact differ among groups of members. The operation of the buffer in nFTK is also leading to asset transfers between current and future pension beneficiaries. These imbalances are eliminated through the Wtp.

Below, points raised by eTNOs are discussed, following the structure of the summary from the response from eTNOs.

A.1. Have the interests of pension beneficiaries been adequately addressed?

The SPs are of the opinion that this is the case.

- As of 2022, eTNOs has been involved in and present at the workshops on the new pension system, separate consultations with representatives from TNO and separate consultations with the Works Council. Interim decisions by the SPs were also explained and responses to them were received from eTNOs to the SPs, the Works Council and TNO. This is all as shown in Appendix 1 of the response from eTNOs to the transition plan.
- In this long run-up to the Transition Plan, there has been a continuous effort to gain greater insight, more knowledge, based on calculations. These developments were also shared in the above-mentioned consultations. In all of the developments, the outcomes were always tested against the interests of all participant groups (active members, pension beneficiaries and former members).

- The effort of eTNOs has influenced the present Transition Plan. For this, we refer to, among others, sections 2.3 (purchasing power maintenance in the ambition) and 4.4.5 (collective benefit phase) of the Transition Plan.

A.2 Does the plan provide sufficient guarantees of and purchasing power for retirement?

The SPs are of the opinion that this is the case.

- Section 3.1 formulated inflation as the ambition of the new pension plan. Section 7.1 indicated that calculations show that representative people aged 68 and 75 are expected to be able to keep up with this ambition.
- As stated in the general principles, the Wtp has a higher risk of benefit fluctuations than the current system. Here, the allocation of returns is independent of inflation (high or low). One of the transition objectives (section 3.1) is to pursue stable pension benefits and limit the reduction of pension benefits. Appendix 4 of the transition effects shows that the delta net benefit outcome for pensioners is generally better than that of other members. In addition, it appears that under the new system, the average real pension benefit for pension beneficiaries is higher than under the current system. The same is true for most pension beneficiaries in the so-called bad-weather scenario. This is due to the operation of the solidarity reserve, which is used almost exclusively to stabilize pension benefits.

A.3 Are the transition effects insightful and balanced?

The SPs are of the opinion that this is the case.

- The impact of eliminating the average system is part of the transition objectives (section 3.1), the elaboration of which is described in detail in Chapter 6, as well as how the transition effects were assessed.
- Financing the compensation for the abolition of the average system from the buffer fits with the general principle that the existing buffer is not owned by one specific group of members (pension beneficiaries) and that the transition does not unduly disadvantage one group of members (the members disadvantaged by the abolition of the average system). The compensation for the abolishment of the average system is a direct consequence of the transition to the new system, so it is logical that it should be financed from within the scheme itself.
- Calculations of transition effects (chapter 7) compare the new scheme with the current scheme. The current scheme includes the probability of paying catch-up indexations. In that comparison, the new scheme is more favourable than the current scheme.
- The balancing framework (section 3.2) indicates that the additional indexation in 2022 and 2023 should be considered based on the surcharge under the governmental decree on indexation. Justification for this is provided in chapter 8.
- The choice of a spread period for inversion of 10 years is elaborated on in section 7.5.

B.1 and 2 Transition effects are insufficiently understood.

The SPs do not share this view.
The distribution of the buffer and its effects are shown in the chapter 7 Transition effects. The net benefit effects presented herein show a positive effect of the transition to the new system for all participants (figure 5). The average expected pension benefit relative to the current scheme shows a plus for all members in the expected situation. The younger participants show a higher outcome, but this is offset by a lower outcome in the bad-weather scenario (figures 6 and 7). This development is consistent with the point made under the general principles that outcomes in the benefit can increase, both positively and negatively. For pension beneficiaries, the goal is to provide the most stable benefit possible.

C.1 and 2 Fundamental imbalance, disproportionate benefits to young people and uneven bandwidths.

The SPs do not share this view.
- The effects on young active participants, their opportunities and risks were discussed previously under B. For a balanced comparison between age cohorts, the results of the delta net benefit calculations provide a clearer picture, because they also include risk: pension beneficiaries are at low risk (partly due to the operation of the solidarity reserve), while younger people are at higher risk.
- In response to eTNOs's comments, the final Transition Plan provides more detail on the creation of the bandwidths.

C.3 Unequal burden sharing and use of pension beneficiary pension capital.

The SPs see this fundamentally differently.
- As formulated under the general principles, there are no assets earmarked for members, and therefore the fund assets do not belong specifically to pension beneficiaries. The SPs, taking into account the interests of all members and after a careful process of consideration, have worked out the present distribution of fund assets.

In conclusion

The Social Partners regret eTNOs's negative assessment of the Transition Plan, particularly in light of the extensive consultations and information and calculations shared, prior to the hearing rights period. With the above responses to eTNOs's response regarding the right to be heard, the SPs hope that eTNOs has gained a greater and better understanding of the choices made. In response to eTNOs's response, the Transition Plan has been modified – a more comprehensive explanation of the bandwidths has been provided. The SPs see no reason to make substantive adjustments to the Transition Plan beyond those already made at an earlier stage as a result of comments and opinions provided by eTNOs.

Appendix 2 Basic principles of the new pension scheme and transition

In a number of iterations, social partners together with Pf TNO drew up a number of basic principles/assumptions that served as the basis for the objectives and preconditions in the transition to the new pension scheme. These basic principles/assumptions are:

1. A good pension at acceptable costs
   - Basic principle ambition: keep the same as the current 70% average pay scheme. This corresponds to a replacement ratio of 75% (for 43 years of service).
   - Basic principle premium: keep the same as the current scheme of 20.34% of pensionable salary. This corresponds to approximately 26% of the pension basis.
   - No short-term increase in employee premiums•
   - Aim for an indexed pension (for all members): i.e. it is possible to move sufficiently in line with an average inflation rate of 2% per year in the benefit phase.
2. A pension that fits the life cycle of TNO employees.
3. Protect pension entitlements of members close to retirement.
4. Pursuing a stable pension benefit: the probability of a decrease in the pension benefit comparable to the current scheme
5. Preventing the reduction of capitals and pensions in advance of conversion (unless it cannot be otherwise due to the market situation).
6. Retain the following solidarity aspects that are also included under the current scheme:
   - Surviving dependants' pension
   - Work disability pension
   - Sharing micro and macro longevity risks.••
7. Limit the size of the solidarity reserve under the new scheme.
8. The new pension scheme and transition must be explainable and transparent.
9. Only current and future value under the current and new schemes are compared.
10. The effect of the elimination average system, namely that an older employee will accrue less pension towards the future for the same contribution, must be compensated.
11. Missed indexation is important to factor into the balance analysis. This analysis should also include the additional indexation in 2022 and 2023, as these were made possible by the intention of conversion and the governmental decree.
12. Members must carry at least the value of existing entitlements in the current contract (VPV).
13. Trying to limit redistributive effects in the new scheme.
14. Impacts resulting from the new scheme will not be compensated (not to be confused with impacts due to conversion).

• This is determined in part by the ratio of the employer and employee premiums and by the operation of the current non-contributory base. As such, this objective is outside Pf TNO's sphere of influence.

•• Following analyses, the decision was made not to collectively absorb macro longevity risk..

Appendix 3 Assumptions and estimates in calculations

Base case

In many calculations in the transition plan, the basic principle is the so-called base case. In the base case, the following basic principles are assumed:

- Conversion coverage ratio 120% (equal to the current coverage ratio as at 1 January 2024);
- DNB scenario set Q1 2024;
- Yield curve equal to the RTS of 1 January 2024;
- List of members as of 1 January 2024;
- Compensation of the abolition of the average system of 1.5% of the total assets;
- Spread period of 10 years upon conversion;
- When distributing the conversion coverage ratio, all beneficiaries are treated equally;
- From the outset, the solidarity reserve will be filled with the maximum percentage of 5% of assets;
- The operating reserve amounts to 1% of the assets;
- Minimum Required Equity Capital is 1% of assets.

Table 1. Solidarity reserve in the new pension scheme

Part	**Design**
Amount at start	Depends on the coverage ratio on transition date. Minimum 2% increasing to 5%
Maximum amount	5%
Filling solidarity reserve	7% of excess returns (of all members)
Distribution at maximum size of solidarity reserve	Above the maximum of 5%, the excess will be distributed by means of the excess return
Distribution for purposes of solidarity reserve	Maximum of 20% of the available assets in the solidarity reserve per year.

Table 2. Benefit policy in the new pension scheme

Part	**Design**
Projection returns	RTS
Excess return spread	3 years; without memory
Benefit phase	Collective

Appendix 4 Transition effects at other coverage ratios

This appendix shows the net benefit effects and average expected pension benefits for pension beneficiaries, active members and former members at different conversion coverage ratios: 106%, 120% (base case) and 135%. Of the average expected pension benefits, the expected scenario is shown (the outcome in which exactly half of the scenarios produce a better (or worse) result), the bad-weather scenario (the outcome in which 95% of the scenarios produce a better result) and the good-weather scenario (the outcome in which 5% of the scenarios produce an even better result).
Each of the following figures shows the delta between the outcomes of the current scheme and the outcomes of the new scheme. A positive value means that the new scheme offers better results than the current scheme. Several factors come into play when interpreting the graphs. With a high conversion coverage ratio, a significant part of the available buffer can be allocated to the members. For pension beneficiaries, this means an immediate increase in benefits. On the other hand, with a high coverage ratio, the current scheme is also favourable, because it is likely to allow a large portion of the inflation to be granted annually. With a low coverage ratio, the reverse is true. Under the current scheme, however, if the coverage ratio is low, indexation cannot take place and the likelihood of indexation in the first few years is also limited.

The graphs shown have the year of birth as the X-axis. The calculations refer to the situation as of 1 January 2024.

Net Benefit

Figure 10 shows that the net benefit of the new scheme for pension beneficiaries is better than under the current scheme. At a conversion coverage ratio of 106%, the benefit to old pension beneficiaries is limited. One explanation for this is that the current scheme for older pensioners is relatively favourable. With a low coverage ratio, the likelihood of having to reduce benefits is quite high. However, it takes several years for a reduction to occur. The chances of very old pensioners experiencing this are limited. In the new scheme, reductions will be more rapid.

Figure 10. Net benefit at various conversion coverage ratios for pension beneficiaries

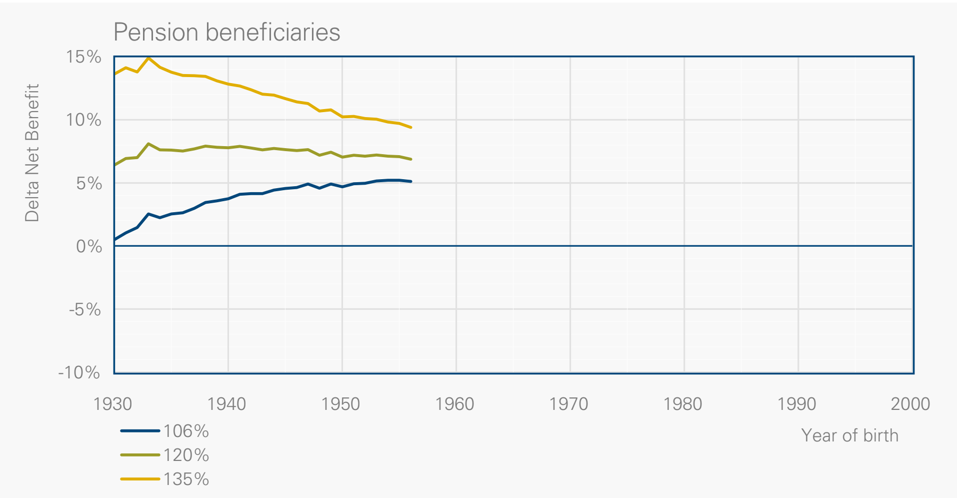


Figure 11 shows the net benefit effects for active members at various conversion coverage ratios. A generic picture is that the new scheme for young active members (born after 1990) is very positive. This can be partially explained by the relatively high likelihood of leaving TNO. This means that active members are likely to continue as sleepers after a number of years. Due to the relatively large share of returns they receive in their first years as active members due to the allocation rules in the new scheme, they accrue capital relatively quickly, leading to a better pension compared to the current scheme. A high conversion coverage ratio favours older actives because they have relatively large amounts of capital that is increased by a significant percentage. For the year of birth of around 1989, a high conversion coverage ratio is relatively unfavourable. The main reason is that this group has still accumulated relatively little capital, limiting any percentage increase in absolute terms (relative to the final pension). The current scheme provides a relatively high number of benefits for this group, because by the time they retire, the coverage ratio is likely to be very high. In the current scheme, this leads to a high probability of full indexations.

Figure 11. Net benefit at various conversion coverage ratios for active members

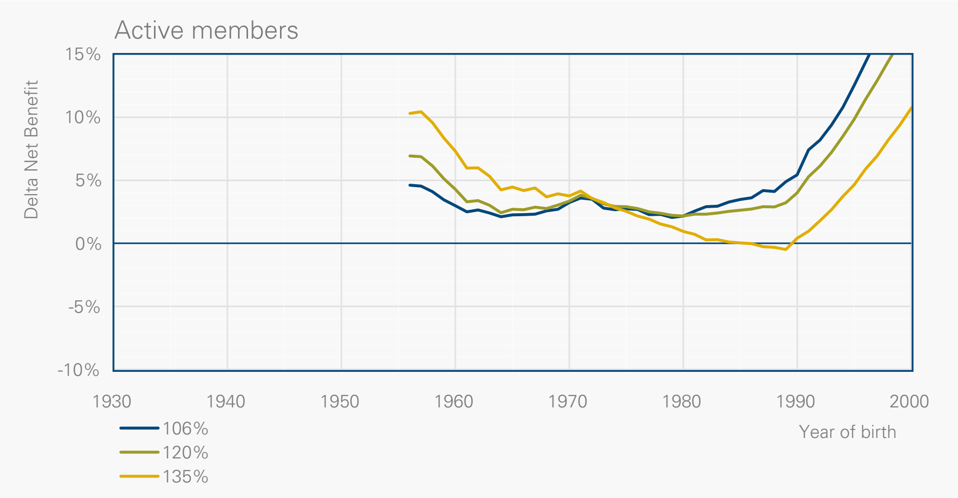
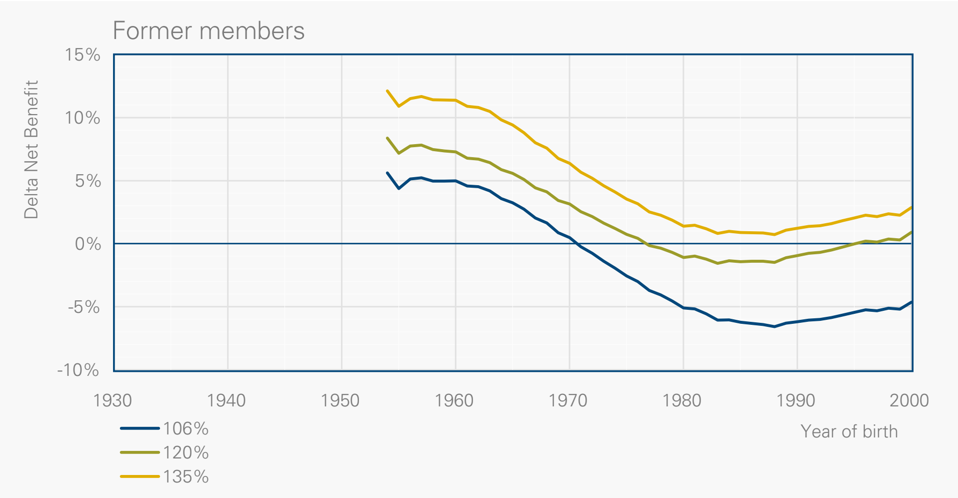


Figure 12 shows the results for former members. In the base case, the new scheme for birth years between 1977 and 1995 has limited disadvantages compared to the current scheme. A high conversion coverage ratio is favourable for all former members, while a low conversion coverage ratio is unfavourable for all former members.

Figure 12. Net benefit at various conversion coverage ratios for former members



Average expected pension benefit

The average expected pension benefit looks at the average benefit over the entire (remaining) benefit period. This is the real benefit, so it is adjusted for inflation. For each member group, median, bad-weather and good-weather results are shown. Here as well, the graphs relate to the delta (what is the indexed average pension in the new scheme compared to what it would be if the current scheme continued?).

Figure 13. Average expected pension benefit, pension beneficiaries; expected scenario (median)

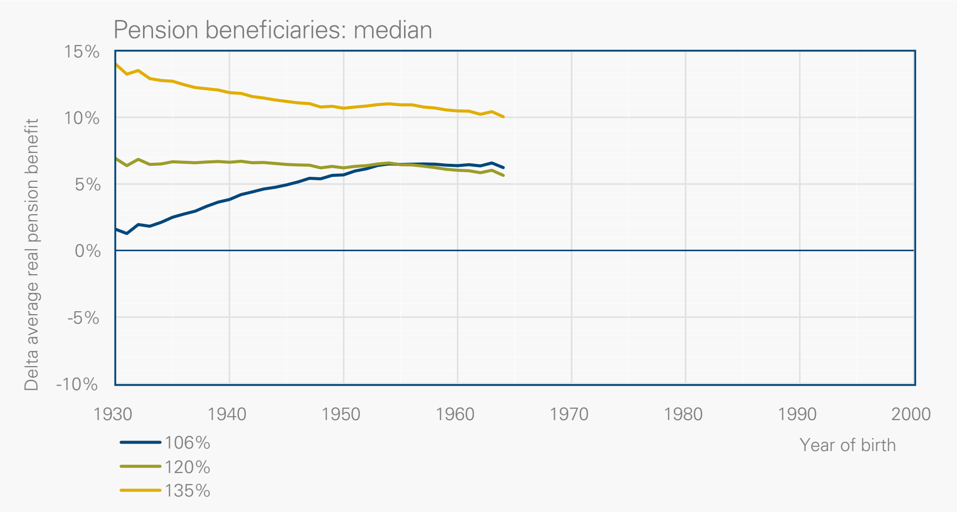


Figure 14. Average expected pension benefit, pension beneficiaries; bad-weather scenario (5th percentile)

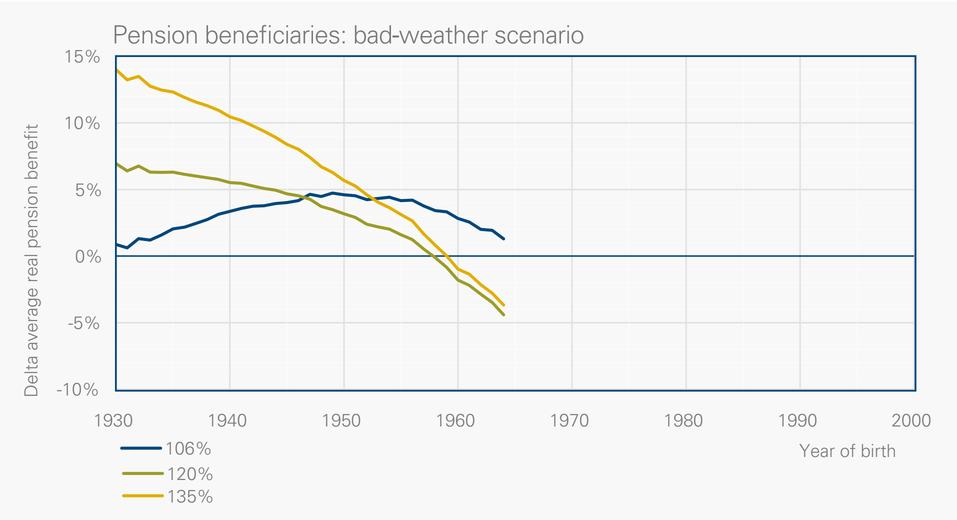


Figure 15. Average expected pension benefit, pension beneficiaries; good-weather scenario (95th percentile)

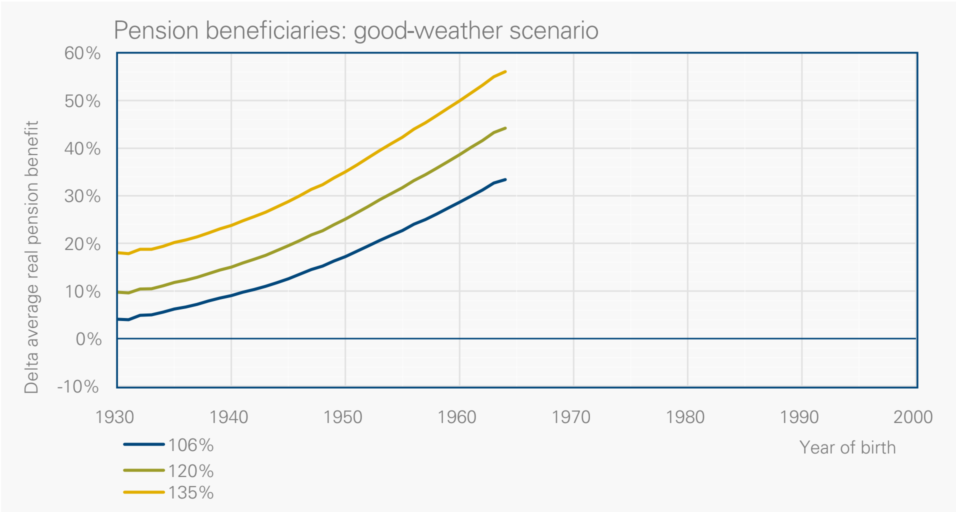


Figure 16. Average expected pension benefit, active members; expected scenario (median)

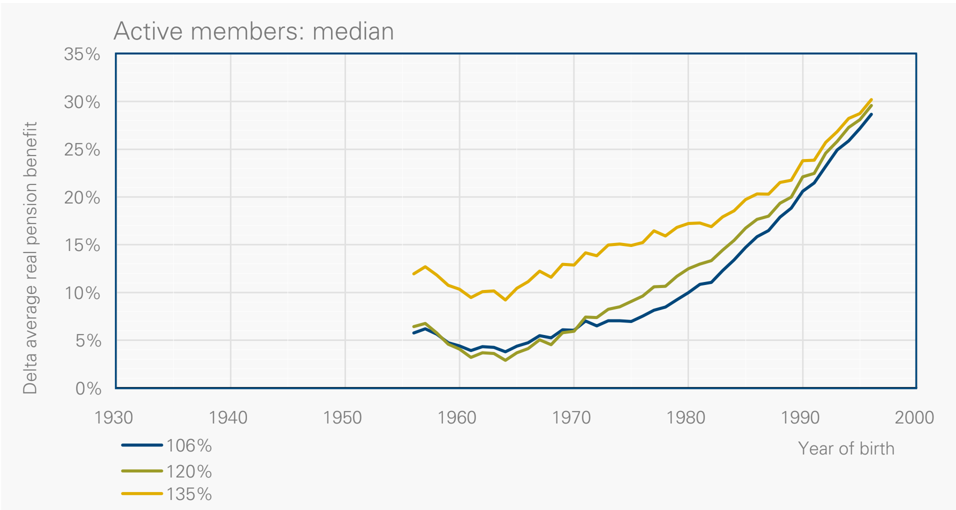


Figure 17. Average expected pension benefit, active members; bad-weather scenario (5th percentile)

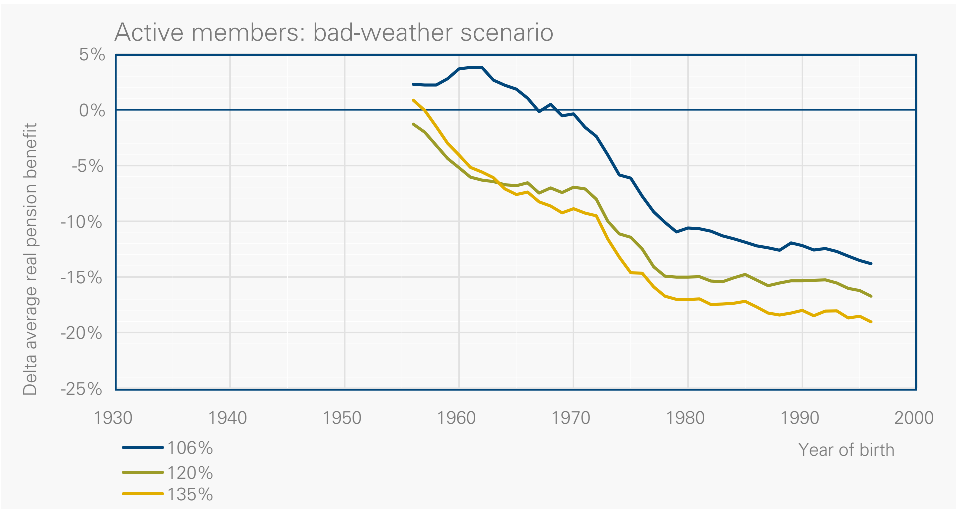


Figure 18. Average expected pension benefit, active members; good-weather scenario (95th percentile)

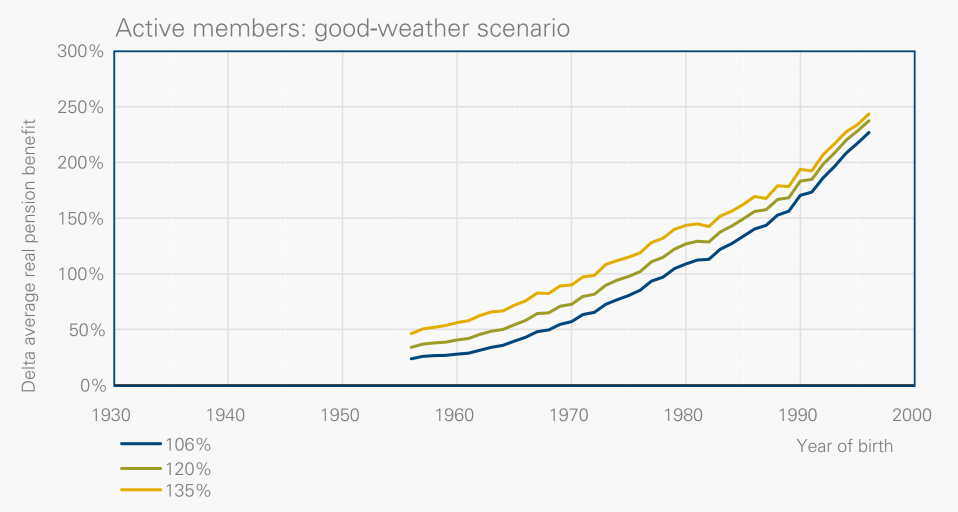


Figure 19. Average expected pension benefit, former members; expected scenario (median)

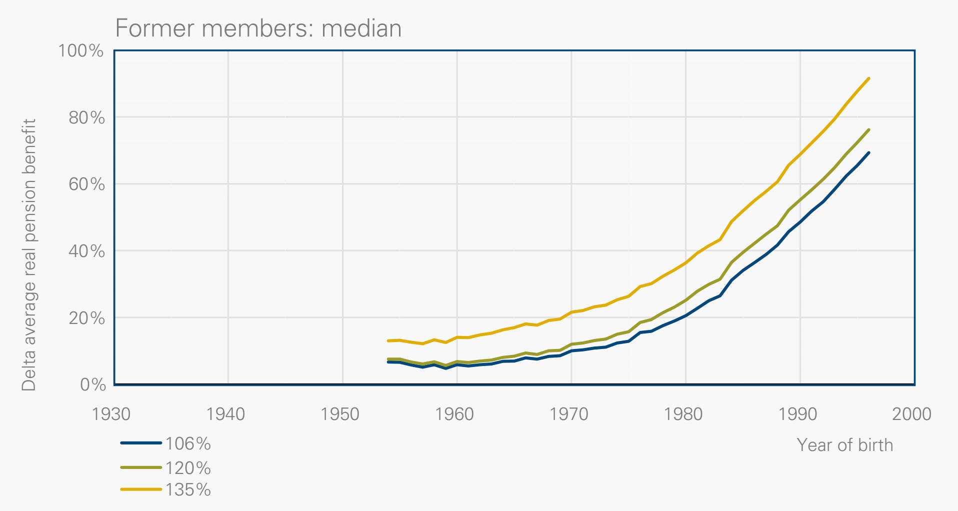


Figure 20. Average expected pension benefit, former members; bad-weather scenario (5th percentile)

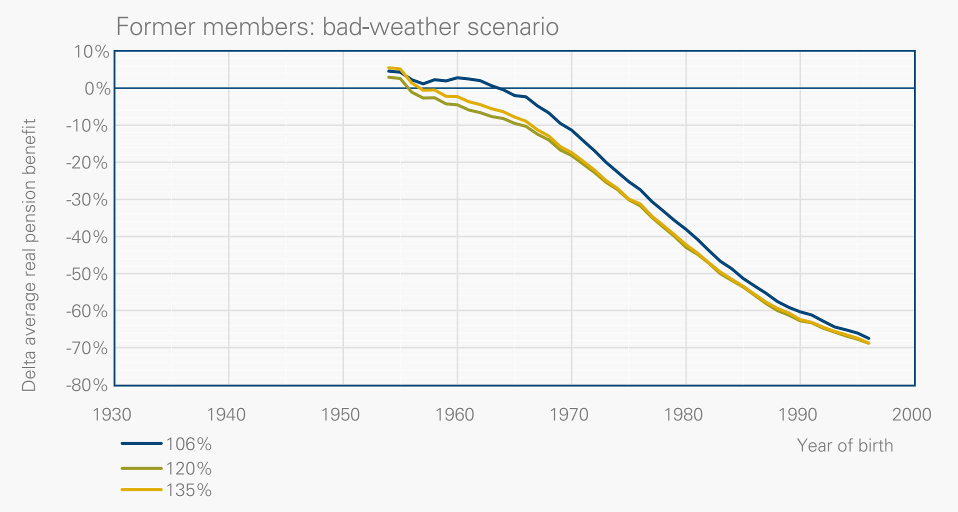
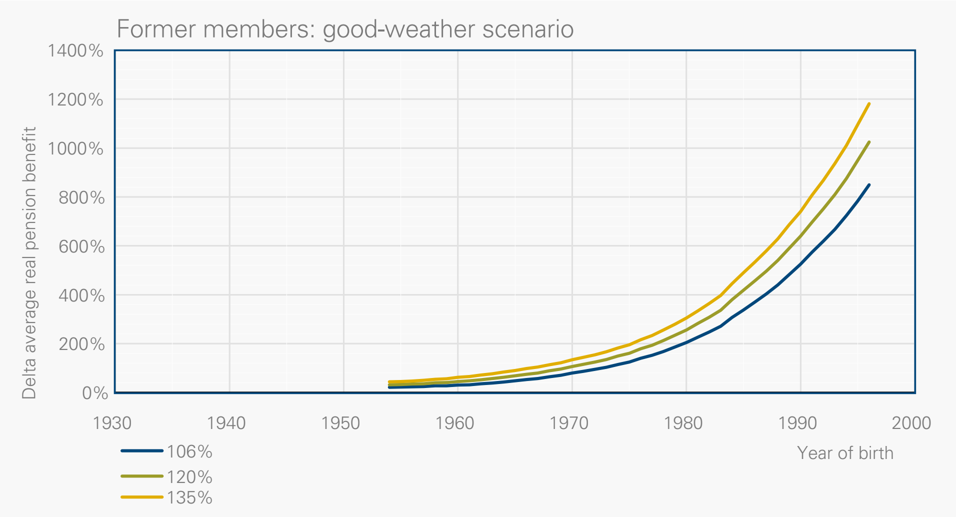


Figure 21. Average expected pension benefit, former members; good-weather scenario (95th percentile)



Appendix 5 Transition effects with other interest rate scenarios

The following graphs show the results for all member groups in the base case and in a situation with a higher (+1%) and a lower (-1%) yield curve. The conversion coverage ratio in these calculations is 120%. This charts the effect of interest rates but does not do full justice to the actual situation that will arise if interest rates actually change from the 1 January 2024 yield curve. If interest rates fall, this will also lead to a decrease in the coverage ratio, leaving a smaller buffer to distribute and vice versa when interest rates are higher.

Net Benefit in case of interest rate shocks

Figure 22. Impact of interest rate shocks: net benefit pension beneficiaries

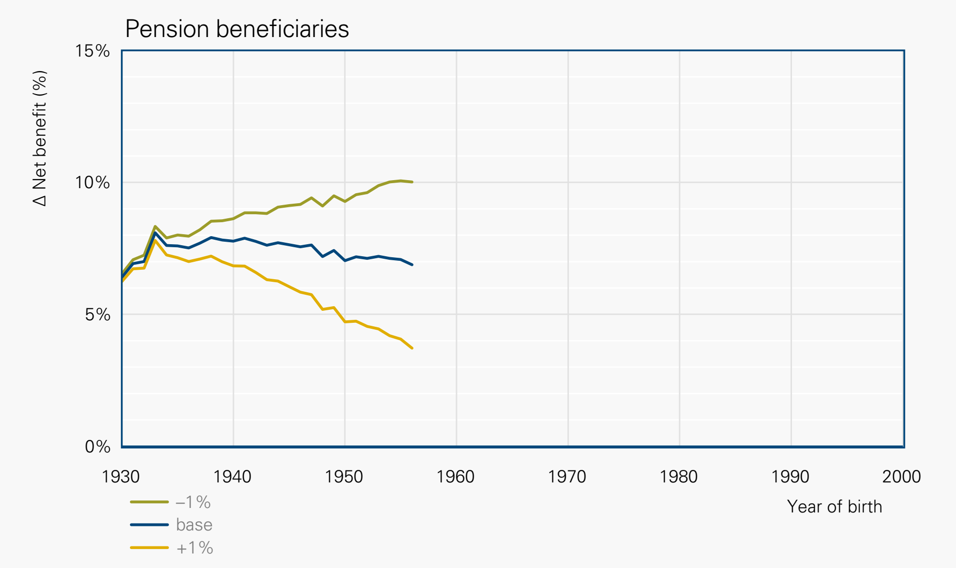


Figure 23. Effect of interest rate shocks: Net Benefit for Active members

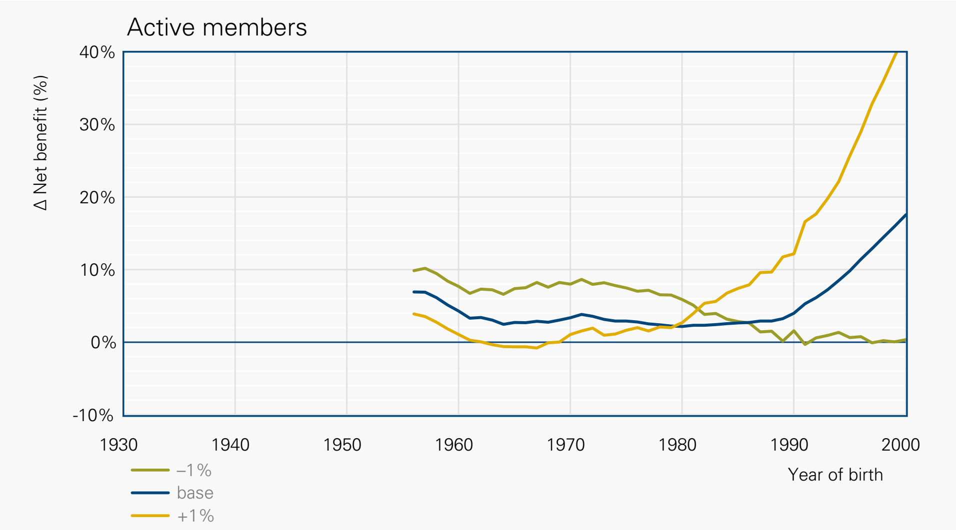
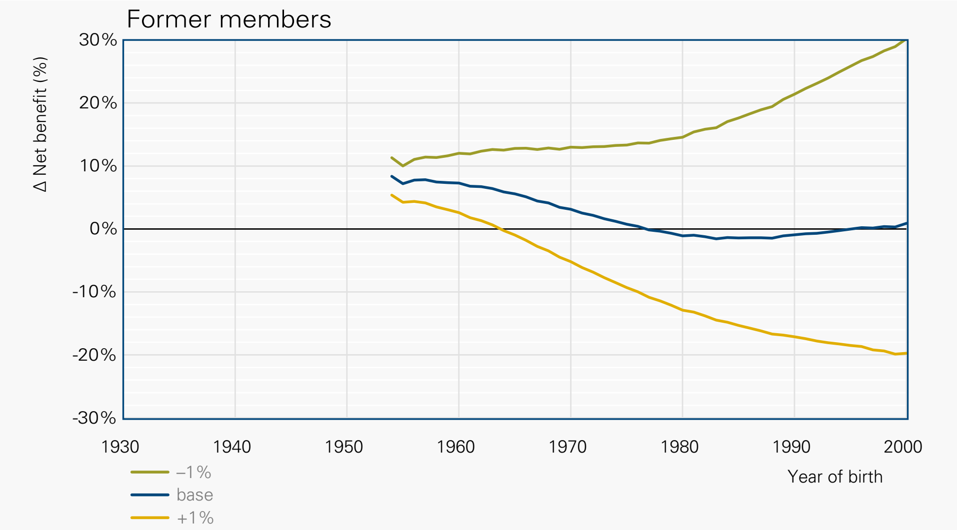


Figure 24. Effect of interest rate shocks: Net Benefit of Former members



Average expected pension payout in case of interest rate shocks

Figure 25. Average expected pension benefit, pension beneficiaries; expected scenario (median)

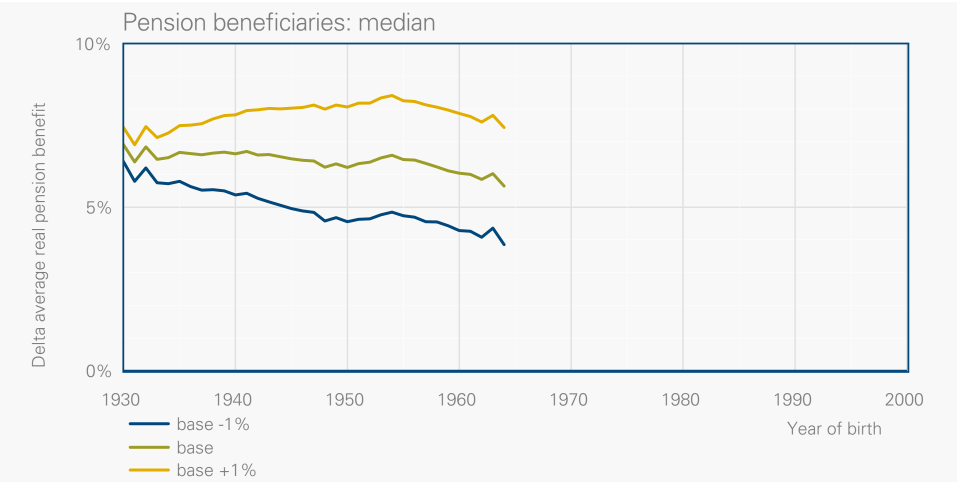


Figure 26. Average expected pension benefit, pension beneficiaries; bad-weather scenario (5th percentile)

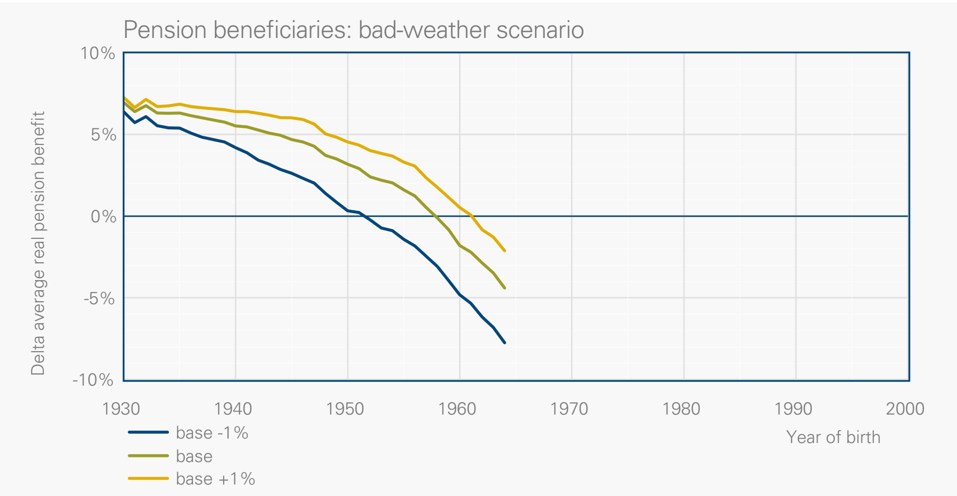


Figure 27. Average expected pension benefit, pension beneficiaries; good-weather scenario (95th percentile)

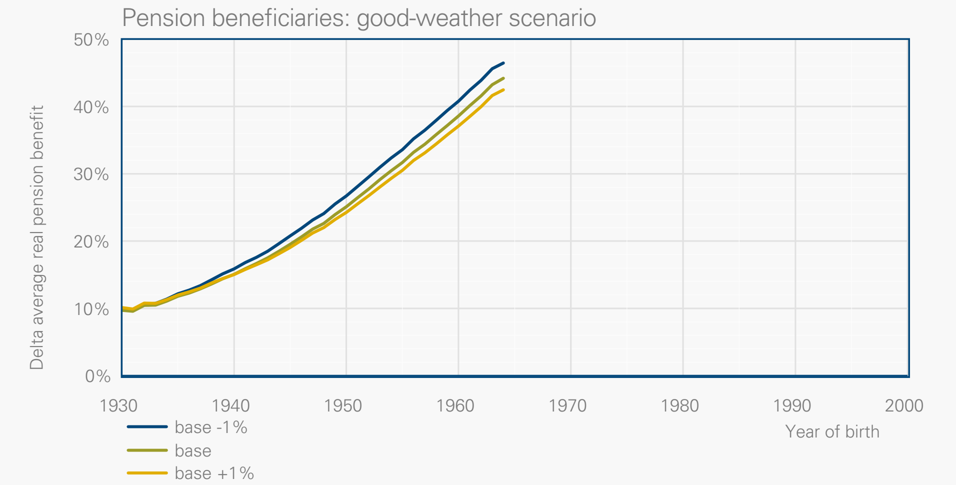


Figure 28. Average expected pension benefit, active members; expected scenario (median)

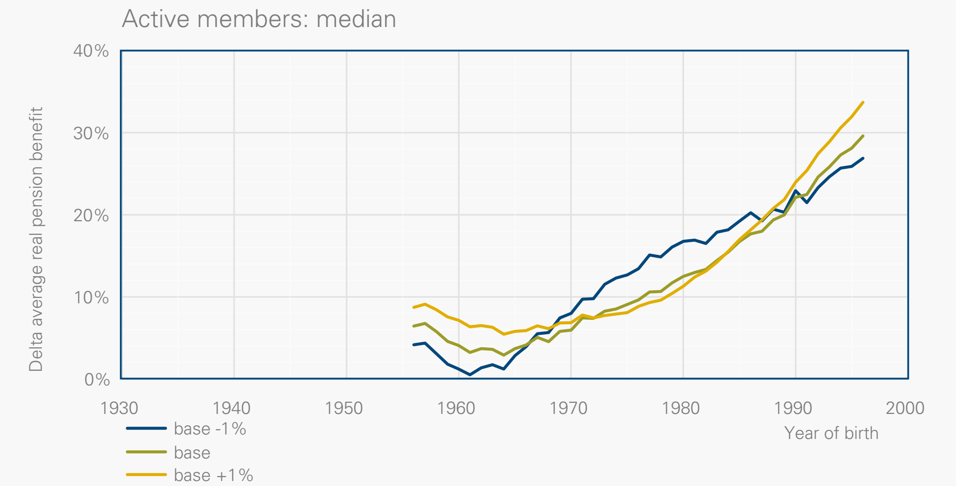


Figure 29. Average expected pension benefit, active members; bad-weather scenario (5th percentile)

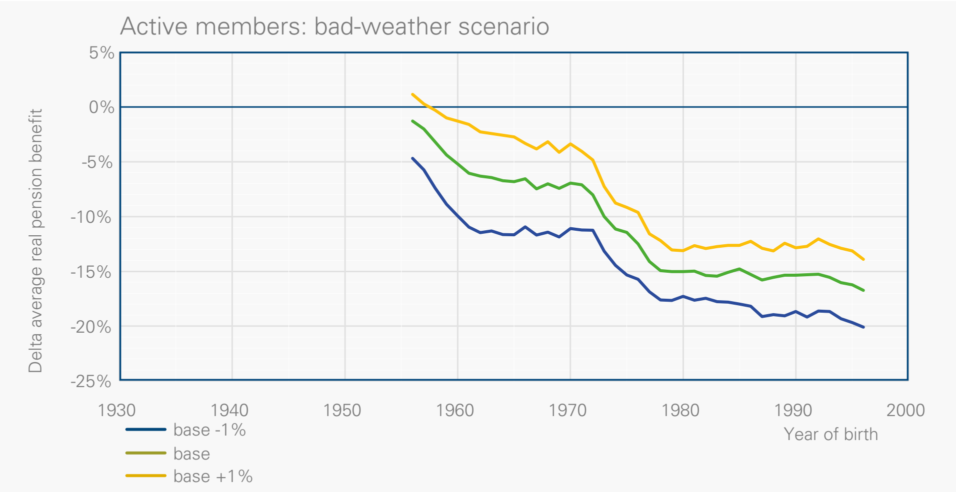


Figure 30. Average expected pension benefit, active members; good-weather scenario (95th percentile)

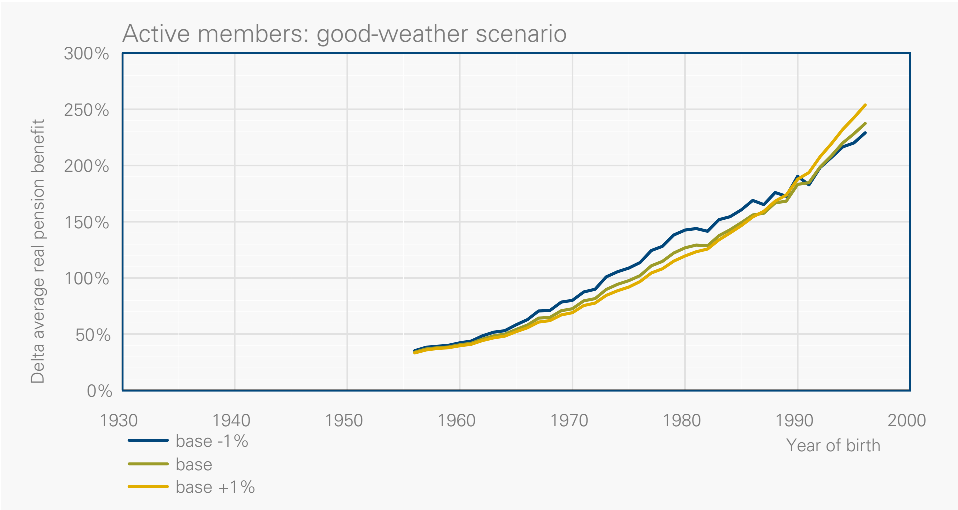


Figure 31. Average expected pension benefit, former members; expected scenario (median)

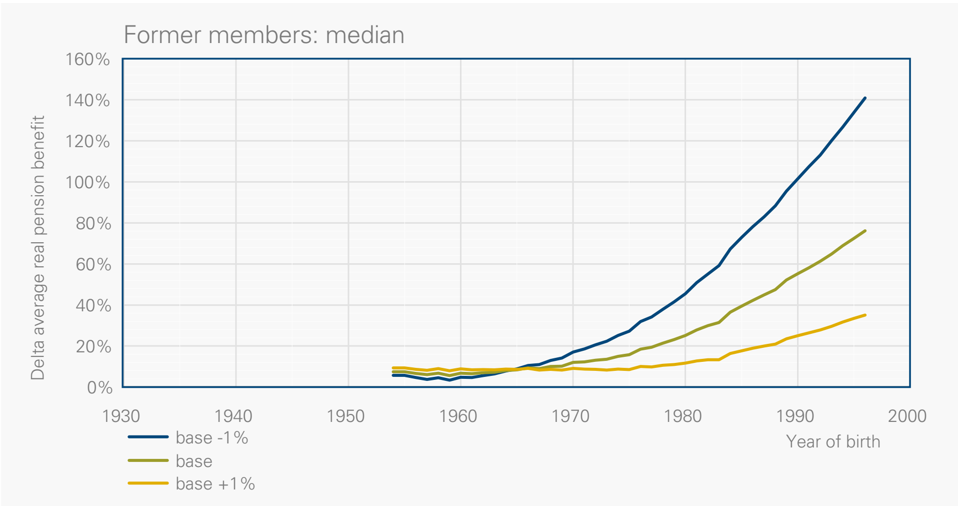


Figure 32. Average expected pension benefit, former members; bad-weather scenario (5th percentile)

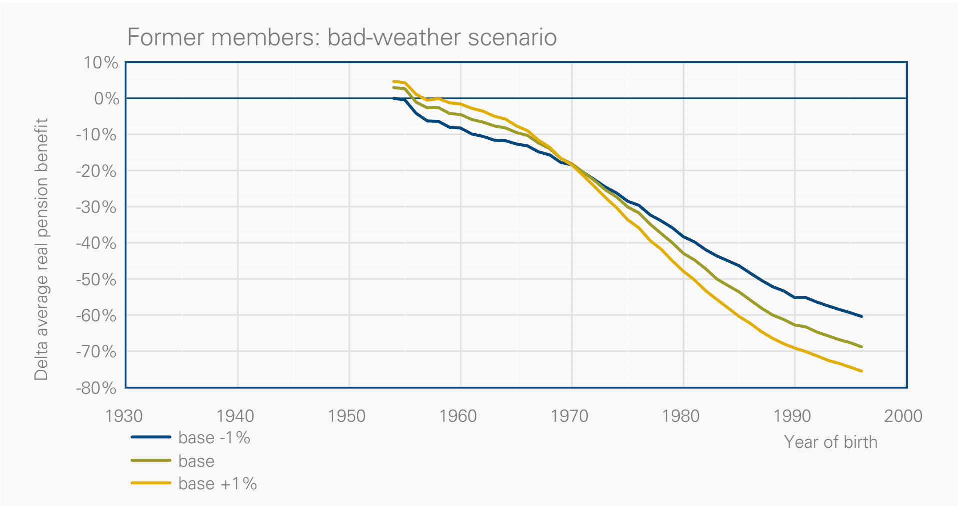
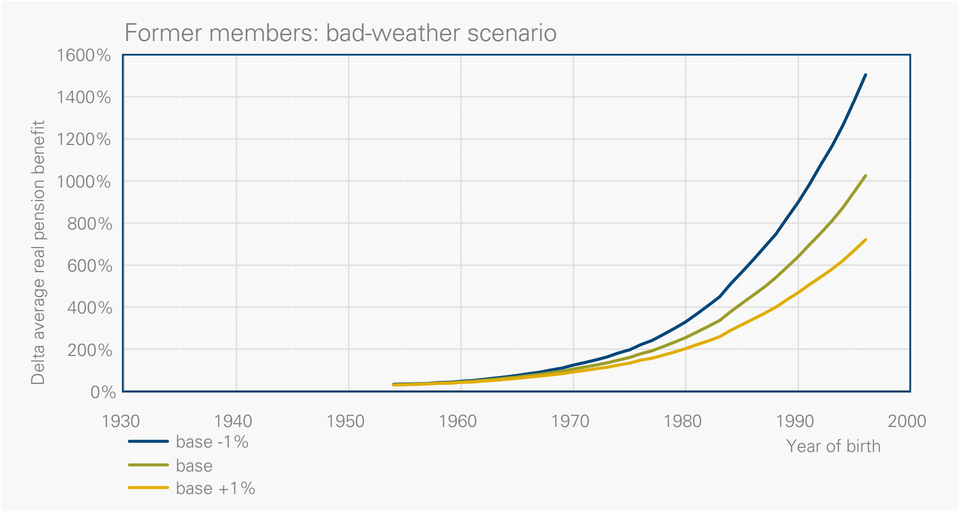


Figure 33. Average expected pension benefit, former members; good-weather scenario (95th percentile)



Appendix 6 Bandwidths of quantitative measures transition effects

In the following three tables, the bandwidths for the net benefit outcomes and for the outcomes of the average expected pension benefits in the bad-weather scenario, expected scenario and good-weather scenario are included for each member group and 5-year age cohort. These bandwidths were established in the context of complete decision-making so that reasonably foreseeable circumstances do not require further decision-making.

The bandwidths were arrived at using the following steps:

1. First, a number of main rules were established, partly as a basis for balancing;
2. A translation was then made from the main rules to an initial set of bandwidths;
3. Finally, with the results of the sensitivity analyses, the set of bandwidths was tightened where necessary and finalized.

The main rules used regarding bandwidths are the following:

- Delta net benefit: the mutual difference in delta net benefit between the largest share of benefit recipients and the largest share of active members should not exceed approximately 5 percentage points at inflation rates between 120% and 106%. At higher coverage ratios, this mutual gap may increase to approximately 10 percentage points at the 135% conversion coverage ratio.
- Delta net benefit: different outcomes are expected to arise for the youngest group of active members, for the oldest group of pension beneficiaries and for some of the former members, due to the specific characteristics of these groups. This will be taken into account when establishing these specific bandwidths.
- Average expected pension benefits: for all members (beneficiaries, active members and former members), at all inflation rates in the expected scenario, the new pension plan should yield a better result in terms of average expected pension benefits than the current pension plan.
- Average expected pension benefits: for beneficiaries and active participants, a bandwidth of up to approximately 15 percentage points is acceptable per 5-year age cohort in both the expected scenario and the bad-weather scenario. A broader bandwidth is accepted for former members.

If the results on the transition date fall within the specified bandwidths, the transition can take place with the agreements as set out in this transition plan and without the need for further decision-making from social partners. If the results do not fall within the bandwidths, coordination between the Pf TNO Board and social partners will be required to jointly assess whether the transition is balanced. The fact that results fall outside the bandwidths does not automatically mean that the transition is not balanced, but rather that there is an additional assessment moment built in to assess this.

Table 3. Bandwidth for the net benefit

	Age cohort	Lower limit	Upper limit
Active members	25 to 30	-1.0%	36.5%
	30 to 35	-1.0%	20.0%
	35 to 40	-1.0%	10.0%
	40 to 45	-1.0%	7.0%
	45 to 50	1.0%	8.0%
	50 to 55	-1.0%	9.0%
	55 to 60	-1.0%	9.0%
	60 to 65	-1.0%	9.0%
	65 to 68	2.5%	10.5%
Beneficiaries	68 to 70	4.0%	10,5%
	70 to 75	4.0%	11,0%
	75 to 80	4.0%	12,0%
	80 to 85	3.5%	13,5%
	85 to 90	2.0%	14,5%
	90 to 95	0.0%	15,0%
	95 to 100	-1.5%	15,5%
Former members	25 to 30	-19.5%	28.5%
	30 to 35	-18.5%	24.0%
	35 to 40	-17.0%	19.5%
	40 to 45	-14.5%	16.5%
	45 to 50	-11.5%	14.5%
	50 to 55	-8.0%	13.5%
	55 to 60	-3.5%	13.0%
	60 to 65	0.5%	13.0%
	65 to 68	3.5%	12.0%

Table 4. Bandwidth for the average expected pension benefit: Median

	Age cohort	Lower limit	Upper limit
Active members	25 to 30	25.5%	34.0%
	30 to 35	18.5%	29.0%
	35 to 40	13.0%	22.0%
	40 to 45	9.0%	18.0%
	45 to 50	6.5%	16.5%
	50 to 55	5.5%	15.0%
	55 to 60	1.0%	12.5%
	60 to 65	0.5%	11.0%
	65 to 68	3.0%	13.0%
Beneficiaries	68 to 70	4.5%	11.5%
	70 to 75	4.5%	11.5%
	75 to 80	4.5%	11.5%
	80 to 85	3.5%	12.5%
	85 to 90	2.0%	13.0%
	90 to 95	1.0%	14.5%
	95 to 100	0.0%	14.5%
Former members	25 to 30	31.5%	141.0%
	30 to 35	23.0%	120.5%
	35 to 40	16.0%	88.5%
	40 to 45	11.0%	59.5%
	45 to 50	8.5%	38.0%
	50 to 55	8.0%	24.0%
	55 to 60	6.5%	19.5%
	60 to 65	3.0%	15.5%
	65 to 68	3.5%	13.5%

Table 5. Bandwidth for the average expected pension benefit: bad-weather and good-weather scenario

		Bad-weather scenario		Good-weather scenario	
	age cohort	**lower limit**	**upper limit**	**lower limit**	**upper limit**
Active members	25 to 30	-20.5%	-12.5%	208.0%	254.0%
	30 to 35	-19.5%	-11.5%	156.0%	219.5%
	35 to 40	-19.5%	-11.5%	126.5%	179.0%
	40 to 45	-18.0%	-10.5%	104.5%	152.0%
	45 to 50	-18.0%	-5.5%	76.5%	132.0%
	50 to 55	-13.5%	0.0%	54.5%	108.5%
	55 to 60	-12.0%	2.5%	35.5%	83.0%
	60 to 65	-11.5%	4.0%	26.5%	66.0%
	65 to 68	-7.5%	4.0%	23.5%	52.5%
Beneficiaries	68 to 70	-1.5%	4.5%	21.5%	42.5%
	70 to 75	-1.0%	6.5%	16.0%	40.0%
	75 to 80	1.0%	9.0%	11.5%	32.5%
	80 to 85	3.0%	11.0%	8.5%	27.0%
	85 to 90	1.5%	12.5%	5.5%	22.5%
	90 to 95	0.0%	14.5%	3.0%	19.0%
	95 to 100	-2.0%	14.5%	0.0%	16.5%
Former members	25 to 30	-76.0%	-58.0%	622.5%	1505.0%
	30 to 35	-73.0%	-53.0%	435.0%	1,164.5%
	35 to 40	-66.5%	-44.5%	290.0%	747.0%
	40 to 45	-56.0%	-35.5%	186.0%	450.0%
	45 to 50	-42.0%	-22.5%	114.5%	270.0%
	50 to 55	-27.5%	-9.0%	70.5%	167.0%
	55 to 60	-16.0%	0.0%	42.5%	113.5%
	60 to 65	-12.0%	3.0%	27.0%	77.5%
	65 to 68	-6.5%	2.5%	23.5%	54.5%

Appendix 7 Surviving dependants' pension

The following table provides further insight into the effects of the transition to the new insurance for the surviving dependants' pension as described in section 4.2.1, Explanation of Surviving Dependent's Pension, for a number of representative people.

The table compares the projected current surviving dependent's pension based on both accrual and insurance, with the new surviving dependent's pension based on insurance only. The comparison is based on:

- Age
- Salary
- # of years at TNO (i.e. NP already accrued and number of years yet to accrue)

Age	Salary	Accrued	To be accrued	Total OP	**NP current**	**NP new**
25	€ 25,000	€ 500	€ 6,112	€ 6,612	€ 5,289	€ 8,750
25	€ 30,000	€ 500	€ 9,874	€ 10,374	€ 8,299	€ 10,500
25	€ 40,000	€ 800	€ 17,399	€ 18,199	€ 14,559	€ 14,000
35	€ 40,000	€ 3,500	€ 13,353	€ 16,853	€ 13,482	€ 14,000
35	€ 50,000	€ 5,000	€ 19,128	€ 24,128	€ 19,302	€ 17,500
35	€ 70,000	€ 6,500	€ 30,678	€ 37,178	€ 29,742	€ 24,500
45	€ 40,000	€ 6,000	€ 9,307	€ 15,307	€ 12,245	€ 14,000
45	€ 50,000	€ 10,000	€ 13,332	€ 23,332	€ 18,665	€ 17,500
45	€ 50,000	€ 2,000	€ 13,332	€ 15,332	€ 12,265	€ 17,500
45	€ 80,000	€ 15,000	€ 25,407	€ 40,407	€ 32,325	€ 28,000
60	€ 50,000	€ 20,000	€ 4,637	€ 24,637	€ 19,710	€ 17,500
60	€ 80,000	€ 35,000	€ 8,837	€ 43,837	€ 35,070	€ 28,000
60	€ 120,000	€ 55,000	€ 14,437	€ 69,437	€ 55,550	€ 42,000

The participant retains the entitlements already accrued upon transition and these are therefore in addition to 'NP new'. This combination makes the situation on transition date more favourable for most participants than the current one.

Appendix 8 Glossary

Social partners
Social partners
TNO's social partners are: the TNO Board and the Works Council

Member
Any employee, former employee or pensioner of TNO or one of the voluntarily affiliated employers who currently receive benefits from the TNO Pension Fund or will receive benefits from the TNO Pension Fund in the future. Because the pension fund also pays out a surviving dependants' pension, partners and children are also members (within the limitations of the surviving dependants' pension).

Former member
A former member, also known as a sleeper, is a member who no longer actively accrues pension with the pension fund and has not yet reached retirement age, but whose previously accrued entitlements still exist with our pension scheme.

Pension beneficiaries
Member for whom the retirement pension has commenced under the pension agreement.

Beneficiary
Member receiving an old-age or surviving dependants' pension.

Provisional Pension Liability
Reserved provision equal to the capital required to meet the pension liability in the future.

Returns reserve
This is the returns set aside from the total return to protect the member against interest rate risk.

Excess returns
Excess return is the total return achieved minus the allocated returns reserve.

Coverage ratio
The coverage ratio indicates whether a pension fund has sufficient cash on hand to meet its liabilities. In other words, whether the fund is capable of paying out pensions now and in the future. The coverage ratio is expressed as a percentage.

Average system
The average system is the combination of a time-proportional pension accrual with an age-independent (average) pension contribution. All mandatory industry pension funds and occupational pension fund administrators are still required to apply this average system under the current scheme. Under the new pension scheme, pension accrual is only possible in contribution schemes with age-independent contributions.

Conversion
Conversion is the decision to start applying the new pension rules also to pension entitlements accrued (including in the past) and pension rights. This ensures keeping the old and new pensions together. To be able to convert, existing pension entitlements and pension rights must be converted into 'personal pension assets' under the new pension scheme.

Age cohorts
An age cohort is a group of people in a certain age interval, e.g. 25-30 years.

Lifecycle investing
Lifecycle investing is a form of investment in which the risk profile of the investment portfolio for the member based on age changes. As the member gets older (and closer to retirement age), the overall risk of that individual investment portfolio is reduced. The rationale behind this is that, as the member ages, the member is less likely to be able to recoup any investment losses in the time remaining until retirement.

Surviving dependants’ pension
A surviving dependants’ pension is the pension received by the surviving partner and any children as a result of the member’s death. The benefit to the children is called orphan’s pension. The benefit to the partner is called partner’s pension. The partner and any children receive the surviving dependants’ pension from the time of the member’s death: partner’s pension is almost always paid for life, while orphans’ pension is paid up to a certain age: under the new pension scheme, it is up to 25 years.

Pensionable salary
The pensionable salary is that part of the salary that counts towards pension accrual. At TNO, this is the gross monthly salary plus holiday pay and 13th month.

Pension basis
The pension base is the part of the salary on which additional pension is accrued. The pension base refers to the pensionable salary less the deductible. The franchise refers to the first part of the salary, over which no supplementary pension is accrued through the employer, because the state pension (from the government) already provides for an employee’s total pension provision for this part.

Pension premium
Pension contribution is the amount that employer and employee jointly contribute to fund the old-age and surviving dependants’ pension. The total pension contribution consists of an ‘employer’s share’ and an ‘employee’s share’. The total premium is paid by the employer to the pension provider.

Standard method
There are two conversion methods available for converting existing pension entitlements and pension rights into personal pension assets upon conversion: the VBA method and the standard method.
The default method has been designated as the ‘default method’. The pension fund itself chooses which method it wishes to use when converting. If the fund is going to use the VBA method, it must justify why that method is more appropriate.