

EXAMPLE



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reference
PME

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Important information: keep this letter

End of pension build-up at PME

Dear [***],

Since 31 January 2019, you have no longer been building up pension at the Metal and Electrical Engineering Industry Pension Fund (PME) via your employer [***]. What happens to your pension will depend on your situation and the choices you make. This letter provides more information about this. We advise you to read this letter carefully and to keep it in a safe place.

This letter states how much pension you have built up at PME

This letter states how much pension you have built up in the period up until 31 January 2019. You will receive this pension when you retire.

What should I do?

This letter is accompanied by the 'Situations to consider' enclosure, in which the most important matters relating to your pension are described. Check whether there is anything that you can or must do now with your pension. A brief description of the options is provided below.

Within two months: a higher pension for your partner?

The level of your built-up partner's pension is stated in this letter. Your partner will receive this pension after your death. If you wish to have more pension for your partner, you can exchange part of your occupational retirement pension for a higher partner's pension. If you wish to do so, return the 'Formulier inwisselen pensioen bij einde deelname' ('Form for exchanging pension upon the end of participation') to us within two months of the date of this letter. You will find the form at www.metalektropensioen.nl/downloads under the tab 'Formulieren' (forms). Remember: this option will not be available if you transfer your pension to your new pension administrator.

Do you wish to transfer your pension to a new pension administrator?

If you have a new job, you can submit a request to your new pension fund or insurer to have your PME pension transferred to your new pension fund or insurer. This is what we call pension transfer. You can read more about this in 'Waardeoverdracht: wel of niet zinvol voor u?' ('Pension transfer: is it a favourable option for you?'), which is enclosed with this letter.

Within twelve months: continue your pension build-up at PME?

You can continue to build up your pension at PME only if you:

- start your own business or go and work at another company temporarily on behalf of your employer;
- are unemployed and are receiving unemployment benefit (WW-uitkering);
- are occupationally disabled.

If this applies to you, notify us within twelve months of leaving service if you wish to continue your pension build-up. Read more about this in the enclosure. If you already have a non-contributory pension build-up, you do not need to do anything. Your pension based on non-contributory build-up has not been stopped and will continue for as long as you are entitled to it.

Your details

Participant

Date of birth

CSN

Personal identification number

End of pension build-up

Your pension for later

From the age of 68, you will receive from PME:

- an annual occupational retirement pension of EUR 13,437.59 gross for as long as you live

This amount is exclusive of the state pension from the government, which you will receive as of your state pension age.

When you die, your surviving dependants will receive from PME:

- an annual partner's pension of EUR 8,280.98 gross for as long as you live
- an annual orphan's pension of EUR 1,657.43 gross.

Remember: the partner's pension that you have built up from 1 January 2015 is 50% of your occupational retirement pension. The insured partner's pension of 20% of the occupational retirement pension will be cancelled if you leave service and no longer build up pension at PME. This has already been taken into account in the above amount.

This is inclusive of any pension built up on the basis of the 'Pension build-up above the salary threshold' [*Pensioenopbouw boven de Salarisgrens*] scheme.

Any completed pension transfer to PME is also included.

No account has been taken in these amounts of any possible divorce.

You choose your retirement date yourself

Your pension is calculated on the basis of the standard retirement age of 68.

A standard retirement age of 68 means that PME calculates your pension as if you are retiring at the age of 68. You may also opt to retire earlier or later. This will have consequences for the level of your pension benefits. Early retirement will result in a lower pension benefit, and later retirement will result in a higher pension benefit. You can retire from the age of 55. You must retire before you are 70.

Your pension build-up may be continued after the bankruptcy of your employer

If your pension build-up has been stopped because your employer is bankrupt, you may be entitled to extra pension build-up via the Employee Insurance Agency (UWV). Ask the Employee Insurance Agency about the conditions. If you are entitled to extra build-up, you will receive a new concluding letter after this build-up has been processed in our system.

You will receive a Uniform Pension Overview (UPO) every five years

From now on, you will receive a Uniform Pension Overview (UPO) from us only every five years. The UPO will state the built-up occupational retirement pension and your partner's and orphan's pensions. Remember: if you transfer your pension to your new pension fund or insurer, you will no longer receive a UPO from PME.

In conclusion

This letter and the enclosure have been written with the utmost care. We have taken the information currently available at PME and the pension scheme rules as a basis. The pension scheme rules prevail over all other sources. You can download the pension scheme rules at www.metalektropensioen.nl or request them from us. If your data are incorrect or incomplete, please contact our Service Desk on +31 (0)88 007 98 00. PME will be entitled to revise this overview if it should turn out that the data supplied to PME were incorrect or if they were processed incorrectly. In that case, you will receive a new overview from us.

Do you have any questions?

You can find detailed information on our website at www.metalektropensioen.nl. You can also send us an e-mail using the contact form on our website, You can also call us on +31 (0)88 007 98 00.

Kind regards,
Metal and Electrical Engineering Industry Pension Fund

Eric Uijen
Chair of the PME Executive Board

Enclosures: - Situations to consider
- Pension transfer: suitable for you or not?
- Will your pension retain its value?

Situations to consider

If you are unemployed, you may be able to continue your pension build-up

You may find yourself out of work. Because you no longer receive salary, your pension build-up ceases. In that case, it is important to know that you can pay the contribution yourself so that you can continue to build up pension to some extent. This is called voluntary pension build-up. You can continue your pension voluntarily for a maximum of three years. In some cases, PME will pay 50% of the contribution if you pay the remaining 50%. You can read more about this in the 'Unemployment and pension build-up' brochure. You will find this brochure on our website.

Supplementary schemes

If you continue the basic pension scheme during your unemployment, you may also opt to continue the following supplementary schemes voluntarily:

- Anw dependant's benefit shortfall pension, which ensures that your partner receives extra pension after your death.
- Pension build-up above the salary threshold.

Anw dependant's benefit shortfall pension during unemployment

For the supplementary 'Anw dependant's benefit shortfall pension' scheme, no contribution needs to be paid so long as you receive unemployment benefit. If you retire immediately after receiving unemployment benefit and you wish to continue these schemes, you must pay the entire contribution directly to PME from that time.

Remember: if you wish to continue the 'Anw dependant's benefit shortfall pension' supplementary scheme after you have retired, you can do so only if you also continue the PME basic scheme from the first day of unemployment. Submit your application to PME within one year of becoming unemployed. You will find the application form for continuing your pension during unemployment at www.metalektropensioen.nl. Contact our Service Desk for more information.

Pension build-up above the salary threshold during unemployment

If, during your last period of employment, you were a participant of the 'Pension build-up above the salary threshold' and/or the 'WIA top-up pension' supplementary schemes, your participation of those schemes will cease.

It is good to know that under certain conditions, you can continue your participation of the 'Pension build-up above the salary threshold' supplementary scheme. For this purpose, PME has a scheme called voluntary pension build-up. On the basis of that scheme, you can continue to build up 70% of your occupational retirement pension (for a maximum of 3 years). You must pay the entire contribution for this build-up to PME. You will find more information on our website at www.metalektropensioen.nl. You can also contact our Service Desk.

If you are occupationally disabled, ask PME to continue your non-contributory pension build-up

If you are occupationally disabled within the meaning of the Dutch Work and Income (Fitness for Work) Act [*Wet werk en inkomen naar arbeidsvermogen – WIA*] at the time when your employment ceases, you can ask PME to continue to build up pension. This is called non-contributory pension build-up. PME will pay part of the contribution. The percentage for which PME continues to pay your pension build-up will depend on the extent of the occupational disability. You must meet the following conditions:

- You are entitled to a WAO or WIA benefit or supplement.

If you were a participant of the following supplementary pension schemes during your employment, you may also be eligible for non-contributory pension build-up of:

- Pension build-up above the salary threshold.
- Anw dependant's benefit shortfall pension.

If, during your last period of employment, you were a participant of the 'Partner's and orphan's pension temporary risk cover for variable salary components' supplementary pension scheme, your participation of that scheme will cease.

If, during your last period of employment, you were a participant of the 'WIA top-up pension' supplementary scheme, you must request this pension yourself from PME. Use the application form for this purpose, which is available on the website under downloads. WIA top-up pension provides supplementary income on top of the maximum WIA daily wage. The pension takes effect after a waiting time of no more than 104 weeks after the first day of illness.

Will your partner have sufficient partner's pension when you die?

You can opt now to exchange part of your occupational retirement pension for a higher partner's pension. If you do, you will receive less occupational retirement pension. This is a logical choice if, for instance, you have not built up or hardly built up any partner's pension. If you do not do anything, your partner will receive the partner's pension stated in the overview on the first page of this letter when you die.

In the following cases, it is not possible to exchange occupational retirement pension for a higher partner's pension

- if you have requested pension transfer. In that case, ask your new pension administrator for more information about partner's pension. If the PME funding ratio is below 100%, no pension transfer can be effected. You must nevertheless submit an application for pension transfer within six months of becoming a participant of your new pension scheme. In this situation, you can exchange occupational retirement pension for a higher partner's pension, despite the fact that you have requested a pension transfer;
- if you are again working for an employer affiliated to PME;
- if you are continuing or wish to continue your pension build-up on a voluntary or non-contributory basis in connection with, for instance, statutory or other leave, unemployment or occupational disability.

Remember: if you opt now for higher partner's pension by returning the reply form, you can change this only at the time when you retire.

You choose your retirement date yourself

Your pension is calculated on the basis of the standard retirement age of 68.

A standard retirement age of 68 means that PME calculates your pension as if you are retiring at the age of 68. You may also opt to retire earlier or later. This will have consequences for the level of your pension benefits. Early retirement will result in a lower pension benefit, and later retirement will result in a higher pension benefit. You can retire from the age of 55. You must retire before you are 70.

You may also opt to retire earlier or later. This will have consequences for the level of your pension benefits. Early retirement will result in a lower pension benefit, and later retirement will result in a higher pension benefit. You can retire from the age of 55. Your pension must commence five years after your state pension age at the latest. We will contact you six months before the month in which you reach state pension age. You can then gear your pension to your personal wishes. You have the following options:

- you may exchange all or part of your partner's pension for higher occupational retirement pension. Your partner's pension will decrease or be cancelled. The orphan's pension for your children will not decrease by exchanging partner's pension for occupational retirement pension;
- you may exchange part of your occupational retirement pension for a higher partner's pension. Your occupational retirement pension will then decrease. Your children will also receive more orphan's pension;
- you may receive a higher pension benefit for the first period of your retirement. You will subsequently receive a lower pension benefit, or vice versa.

Pension transfer: interesting for you or not?

Most people find it easy to transfer their pension to a single administrator, because this means you have one point of contact. Your pension is also paid out by a single pension administrator. And it is easier to have your pension commence earlier, because all aspects of your pension are incorporated in the same pension scheme. One reason for opting for several pension administrators is that you spread your risk.

But is a pension transfer interesting in your case? That is difficult to say in advance. Every situation is different, so ensure that you are well-informed.

Check in advance whether you have different types of pension schemes at your old and your new employer. These schemes may vary in the level of the pension that you can build up and the risks that you run. Particularly in the case of defined contribution agreements, the level of the final pension will be more uncertain. Take note of the following too:

- **Entitlement to partner's and orphan's pension**

Check whether your partner will continue to be entitled to partner's pension after you have left service. Check too whether the level of the partner's and orphan's pension changes.

- **Indexation policy**

There may be a greater or lesser likelihood of your built-up pension being adjusted to a rise in the cost of living (the indexation policy) at another pension administrator. The level of that adjustment may also vary. Check this carefully. Indexation policies may vary from one pension administrator to another.

- **Financial situation of the pension administrators**

It is vital to compare the financial situation of your old and your new pension administrator. At a pension administrator with a higher funding ratio, there is a greater likelihood that your built-up pension will be indexed. At a pension administrator with a lower funding ratio, the risk of your pension being reduced is greater. You will find information about the funding ratio of a pension fund on the fund website. Remember that the financial situation of a pension fund may change.

- **Options**

Check the options in the schemes too. Consider the possibilities for determining when you retire or the option of converting occupational retirement pension into more partner's pension, or vice versa. Furthermore, you sometimes have the option of building up or insuring extra or supplementary pension.

Obtain good advice before you make a choice

Deciding whether or not to transfer your pension is difficult. You can find more information on our website. If you have any questions or if you need assistance, please contact our Service Desk. Our staff can refer you to a pension consultant. The pension consultant can explain your personal pension situation. Go to www.metalektropensioen.nl to see which consultants are available in your region.

Will your pension retain its value?

PME aims to have your pension increase every year in line with the cost of living.

The annual increase in pensions is referred to as 'indexation'. The funding ratio indicates PME's financial condition. Whether or not we can increase pensions depends on the policy funding ratio. The policy funding ratio is the average funding ratio of the past twelve months.

We do not expect to be able to increase your pension in the next few years. This is because the policy funding ratio is currently too low. A reduction of the pensions in the next few years cannot be excluded either. The pensions will not be reduced in 2019.

- If the funding ratio at the end of a year is lower than approx. 90%, we may have to reduce your pension in the following year. This reduction may be spread over several years.
- If the policy funding ratio is lower than 104.3% during five years (to be calculated from 1 January 2015, i.e. on 31 December 2019), we will have to reduce your pension in 2020. The reduction will be the difference between the funding ratio of December 2019 and 104.3%. This reduction may be spread over several years.
- If the policy funding ratio in a certain year is lower than 110%, it will not be legally possible to increase the pensions.
- If the policy funding ratio is above 110%, the PME board will decide whether the pensions can be increased and by how much.

You have not paid a contribution for indexation. PME can increase your pension only if its financial position is good enough to do so.

The built-up pensions have not been increased as of 1 January 2019, but neither have they been reduced

The following overview shows the adjustment of the pensions in the past three years.

	Increase per 1 January of the year	Reduction per 1 January of the year	Price increases in the previous year*
2018	0%	0%	1,36%
2017	0%	0%	-0.32%
2016	0%	0%	0.81%

** Price increases over the period 1 July - 1 July prior to the year, based on data from the Central Bureau for Statistics.*

The financial position of PME is unsatisfactory

In 2018, PME submitted a new recovery plan, based on the funding ratio of 31 December 2017. This plan sets out the measures that PME is taking to improve the financial position of the fund. If PME has a policy funding ratio of less than 104.3% at the end of 2019, PME will have to reduce the pensions.

For more information about the recovery plan and the most up-to-date funding ratio and policy funding ratio, visit our website at www.metalektropensioen.nl. You can download the recovery plan on the website or request it free of charge from PME.