

# Welcome to








# Welcome!

As an employee of NN Group, your pension is covered by a new pension plan, which is administered by NN CDC Pensioenfond. This Welcome folder contains four sections, each of which provides specific information regarding your pension. Pension is an important issue, which you should study and think about. NN CDC Pensioenfond wants to be clear about your future and help you make well-informed pension choices, no matter what phase of life you're in.

As long as you remain employed by NN Group, the salary you earn in each year of employment accrues pension. The maximum amount of pensionable salary for 2018 is EUR 8,756.25 per month. This amount is adjusted annually to match the maximum amount allowed under Dutch tax law. Any salary in excess of this amount does not accrue pension. Instead of your eventual pension benefits being fixed, the annual contribution payable to the pension fund is fixed. With our average life expectancy rising and financial markets being too volatile to predict, we cannot know in advance whether pension contributions and return on pension fund investments will be adequate. This is why your pension accrual, pension benefits and future indexations are not guaranteed. They are dependent on the financial position of NN CDC Pensioenfond.

Once you have read this Welcome folder, you will know:

-  More about your pension plan and pension entitlements.
-  That you must report having a partner to the pension fund.
-  Which choices you can make.
-  How to transfer your pension to a new employer.
-  When to inform us of changes in your situation.



***Some parts of the text in this Welcome folder have been highlighted in this manner. The information is highlighted because it is important for you to take note of.***

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Do you work for NN Group? In that case, you accrue pension in NN CDC Pensioenfond under the CDC pension plan. Your pension accrual will be paid out to you as from the day you turn 67.

Read more in:

## 1. Your pension plan

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The CDC pension plan, administered by NN CDC Pensioenfond, lets you adapt your pension to suit your personal needs. You could opt for early retirement, even on a part-time basis, or you could convert your old-age pension or partner pension, or vary the level of your pension benefits over the years.

Have a look in:

## 3. Your pension options

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You know that once you've turned 67, you'll be able to start enjoying your pension. But what if something happens before then? What if you get a divorce, become incapacitated for work, or perhaps even pass away before then? What will happen to your pension? Will any benefits be paid out to you, your partner and your children?

Read the answers in:

## 2. Your pension entitlements

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As a participant in the pension plan administered by NN CDC Pensioenfond, you will be confronted with changes now and then or you may wish to receive more information.

We have made a summary for you in:

## 4. Good to know

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# 1. *Your pension plan*

## **Your pension**

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As an employee of NN Group, you build up old age pension in NN CDC Pensioenfond. This old age pension is supplemental to the old age pension you will receive from the Dutch state (AOW) and will be paid out from the day you turn 67 until the day you pass away. When you die, your partner will receive partner pension benefits. If you are cohabitating with someone without having signed a registered partnership agreement with that person, he/she must be registered with the pension fund in order to receive pension benefits. Any children you have will receive orphans' pension. Should you become incapacitated for work, your pension will continue to accrue in proportion to the degree of your incapacity to work. Your pension accrues in NN CDC Pensioenfond based on the assumption that you will continue to work until you turn 67. However, you may choose to start making use of your pension entitlements as from the date you turn 60. This option is not available to those who are accruing pension while they are incapacitated for work.

## **NN CDC Pensioenfond**

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If you are employed by NN Group, your pension is administered by NN CDC Pensioenfond. The pension fund aims to achieve optimal results, within the parameters set by the CDC pension plan. NN CDC Pensioenfond handles administrative matters, asset management and all communications concerning the CDC pension plan.

Your pension accrual and future indexation are conditional, dependent on the financial position of NN CDC Pensioenfond. You will be informed regularly of the financial position of NN CDC Pensioenfond and its impact on your pension. New situations arising during your career with NN Group, both in your work and your private life, may have implications for your pension. NN CDC Pensioenfond wants to be clear about your future and help you make well-informed pension choices, no matter what phase of life you're in.

## **Indexation**

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If you are a participant of the pension plan, NN CDC Pensioenfond aims to indexate your pension accrual in line with consumer price trends. Whether or not such indexations can be made depends on the financial position of NN CDC Pensioenfond.

### ***Statement of conditionality for participants***

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***Your pension fund aims to indexate your pension accrual annually, provided such indexation is possible. Any indexation granted and any prospect for future indexation does not actually entitle you to future indexations.***

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Any indexation granted by NN CDC Pensioenfond will take effect on 1 January immediately following the calendar year in question.



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***For more information about your pension plan, please visit our website: [nn.cdcpensioen.nl/en](https://nn.cdcpensioen.nl/en) or download the pension regulations. You may also send an email to the Pension Desk at [pensioenloket@nn.cdcpensioen.nl](mailto:pensioenloket@nn.cdcpensioen.nl).***

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## The CDC pension plan

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The CDC pension plan centres around the employer paying a fixed contribution to the pension fund every year. Using these fixed contributions, the pension fund aims to purchase pension benefits based on an average salary system. As the pension fund explicitly aims to provide pension based on an average salary system, this pension plan is a benefit plan within the meaning of the Pension Act.

CDC stands for Collective Defined Contribution. Instead of your eventual pension benefits being fixed, the annual contribution payable to the pension fund is fixed. This is how the CDC pension plan works:

- ❖ NN Group pays a fixed contribution to NN CDC Pensioenfondsen every year, the amount of which is based on a fixed calculation method. This annual contribution is raised by you and NN Group together. As an employee, you are required to pay a part of the contribution to the CDC pension plan. The rates of the employee's share of the contribution are negotiated and agreed by the social partners. Check the [nn.cdcpensioen.nl/en](http://nn.cdcpensioen.nl/en) website for an overview of current rates. As an employee, you pay for your share of the contribution by way of monthly instalments that are withheld from your gross monthly salary.
- ❖ You build up pension for the salary you earn in each year of employment, up to a maximum of EUR 8,756.25 per month in 2018. The old age pension you will be receiving from the Dutch state (AOW) is taken into account. In other words, a fixed portion of your salary does not accrue pension. This non-pensionable portion of your salary is referred to as the 'AOW franchise'.
- ❖ NN CDC Pensioenfondsen aims to build up your pension at 1,738% of your pension base per month, provided the total contribution is sufficient. Your pension base is equal to your pensionable salary minus the AOW franchise.
- ❖ As long as you remain employed by NN Group, the amount of pension you build up each year corresponds to the salary you earn in that same year. This is what we call an average salary system.
- ❖ The pension fund uses the contributions to invest. The pension fund needs return on its investments to be able to pay out your pension benefits and to fund indexation. Indexation helps maintain the future purchasing power of your pension despite inflation. As return on investment is volatile, the pension fund cannot guarantee that your pension will be fully or even partly indexed each year. As a result, you cannot be sure your pension will keep up with inflation.
- ❖ The amount of pension benefits you will eventually receive when you retire at the age of 67 is uncertain. NN CDC Pensioenfondsen aims to provide pension accrual at 1,738% per year, based on an average salary system. This means that your eventual pension will be based on the average income you will have earned in all your years of employment at NN Group. NN CDC Pensioenfondsen needs return on its investments to be able to provide indexation for your pension and thus ensure your pension retains its purchasing power despite inflation. With our average life expectancy rising and financial markets being subject to volatility, pension contributions paid by NN Group and return on pension fund investments may be lower than expected, resulting in less pension accrual, lower indexation rates (or none at all) and, ultimately, lower pension benefits. Under the CDC pension plan, these risks are for your account. Your pension accrual as well as indexation are conditional upon the financial position of NN CDC Pensioenfondsen being adequate. Your pension fund pays for indexation, not your employer. NN Group pays a mark-up on top of its contribution to help cover this risk. Plenty of reason for you to study the ins and outs of your pension and your pension options, so that you'll be sure to have the income you need when you retire.



***Your eventual pension benefits may be lower than what you need or what you thought you would receive. It is important for you to be aware of this risk.***

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## Your participation ends

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Have you found a new job? If your employment with NN Group ends, you will cease to accrue pension in NN CDC Pensioenfondsen. You will not, however, lose your entitlement to pension you already accrued in this fund. Once every three years, you will receive a summary, showing the amount of pension NN CDC Pensioenfondsen will likely pay out to you as from your 67th birthday and the amounts of pension your partner or children will receive should you pass away.

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## 2. Your pension entitlements

### Old age pension

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From the first day of your employment, you build up old age pension at 1,738% of your monthly pension base (which is your pensionable salary for that month<sup>1</sup> less the franchise). Pensionable salary has been capped at EUR 8,756.25 per month (2018). For an employee working 36 hours or more per week, the franchise is equal to 1/12 of the annual minimal franchise allowed under Dutch tax law.

If you work fewer than 36 hours a week, your AOW franchise is proportionally lower. Your old age pension is paid out to you as from the date you reach the standard pensionable age and is continued for the rest of your life.

### Partner pension

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Should you pass away, your partner<sup>2</sup> will be entitled to partner pension benefits, which are paid out until the date of your partner's death. Each year, you accrue partner pension in NN CDC Pensioenfondsen at 70% of your annual old age pension, based on the following parameters at the time of your death:

- ❖ If you are a participant of the pension fund: partner pension amounts to 70% of the old age pension you accrue up to the date you pass away, plus the amount of old age pension you could have accrued if you had lived until your pensionable date.
- ❖ If you are no longer employed or have already retired: partner pension amounts to 70% of the old age pension you accrue up to the date you pass away.



***If you get married, sign a registered partnership agreement or start a joint household with someone after the date of your pension, your new partner will not be entitled to any partner pension.***

### Your relationship ends

Have you and your partner decided to end your relationship? In that case, your ex-partner will receive special partner pension from the date you pass away. If you and your ex-partner were married or registered partners, your ex-partner will also be entitled to receiving 50% of the old age pension you built up during your relationship. If you and your partner do not wish this to happen, you can agree on a deviating settlement.



***For more information, visit our website: [nn.cdcpensioen.nl/en](https://nn.cdcpensioen.nl/en) > life events/if your relationship ends.***



***If you leave employment, you will cease to build up partner pension.***

1) Your pensionable salary comprises your gross monthly personal salary, including the 13th month, holiday allowance and pensionable allowances.

2) Your partner is the person with whom you are married or have signed a registered partnership agreement. If you are cohabitating with someone without having signed a registered partnership agreement with that person, you can register him/her for partner pension, subject to the strict requirements that you and your partner must have signed a cohabitation agreement before a civil-law notary and have shared a household for at least six consecutive months. A notarial cohabitation agreement is not needed if you and your partner can demonstrate that you have been cohabitating for at least five consecutive years.



## Orphans' pension

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For your children, you build up orphans' pension. Each year, your orphans' pension accrues in NN CDC Pensioenfonds at 14% of your annual old age pension, based on the following parameters at the time of your death:

- ❧ If you are a participant of the pension fund: orphans' pension amounts to 14% of the old age pension you accrue up to the date you pass away, plus the amount of old age pension you could have accrued if you had lived until your pensionable date.
- ❧ If you are no longer employed or have already retired: orphans' pension amounts to 14% of the old age pension you accrue up to the date you pass away.

The total amount of orphans' pension for all of your children together is capped at 70% of your old age pension. If your child/children have no parents at all, their orphans' pension is doubled. In that case, the total amount of orphans' pension for all of your children together is capped at 140% of your old age pension.

NN CDC Pensioenfonds pays out orphans' pension until the month in which your child turns 18. Orphans' pension can be prolonged if, for example, your child goes to college or runs the family household. In any case, the right to receive orphans' pension ends when your child turns 27.

## Incapacitated for work

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If you become incapacitated for work while you are a participant of the pension plan, your pension accrual is continued as from the date on which you start receiving benefits under the Work and Income (Ability to Work) Act (WIA). The amount of pension you accrue depends on the degree of your incapacitation for work<sup>3</sup>, which is determined by the Institute for Employee Benefit Schemes (UWV). You do not need to pay the employee's share of the pension contribution for this part of your pension accrual. Continuation of your pension accrual is based on the average amount of pension you accrued in the 12 months preceding your first day of incapacitation and your contractual working hours immediately preceding your first day of incapacitation. As from the first day of the month in which you turn 67, you will receive old age pension from NN CDC Pensioenfonds. If you pass away, your partner will receive partner pension or special partner pension and your children will receive orphans' pension.

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***If you were already incapacitated for work when you started participating in the pension plan, your pension accrual will only be continued if and to the extent that your incapacitation increases.***

***If you leave employment, you will continue to accrue pension, up to the degree of your incapacitation at the time your employment ends.***



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3) In addition, you also actively build up pension for the portion of your salary which you are receiving as incapacity benefits. 'Actively' implies that the employer and you are jointly paying for the pension contribution, based on the salary you would have been receiving and the hours you would have been working had you not been incapacitated for work. The portion for which you are actively building up pension is dependent on the degree of your incapacitation for work.

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## 3. Your pension options

### Early retirement

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The standard pensionable age is 67, but as from the day you turn 60, you may opt for early retirement. You should bear in mind that if you choose to do this, your income will be lower because:

- ❖ You accrue less pension, simply because your employment ends earlier.
- ❖ Your pension accrual will need to cover more years of pension, resulting in lower annual pension benefits.
- ❖ You will not yet be receiving old-age pension from the Dutch state (AOW).



***Before making your decision, it is advisable to check when you will start receiving old-age pension from the Dutch state (AOW).***

### Conversion of partner pension into old age pension

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As a participant of NN CDC Pensioenfondsen, you may opt to convert your partner pension into higher old age pension benefits with effect from the date of your pension.

If you wish to opt for this conversion, you must send NN CDC Pensioenfondsen a written request stating that your partner agrees with the conversion or that you do not have a partner at the time of your request. Your statement must meet the requirements of NN CDC Pensioenfondsen in this respect. Please contact the Pension Desk for more information on the pension regulations (article 20.3).

Special partner pension (partner pension for your ex-partner in the event of an ended relationship) cannot be converted because this is your ex-partner's pension entitlement. If your ex-partner was given the right to a portion of your old age pension when you divorced, that portion of your old age pension cannot be converted into higher partner pension benefits.



***You can use the Pension Planner for an indication of the effect of any of your choices. If you wish to receive a precise calculation of the effects of your options, please contact the Pension Desk at: [pensioenloket@nn.cdcpensioen.nl](mailto:pensioenloket@nn.cdcpensioen.nl) or call 088 – 1162 421.***

### Part-time pension

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You may opt for part-time pension as from your 60<sup>th</sup> birthday. You may have 25%, 50% or 75% of your pension paid out as from that day. It is up to you to decide when your full-time pension starts, which must be on your 67<sup>th</sup> birthday at the latest.



***You may not opt for part-time pension while you are exempt from paying contributions as a result of incapacitation for work.***

### Conversion of old age pension into partner pension

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You may opt to convert all or a part of your old age pension into higher partner pension benefits with effect from your pension date or when your participation in the pension fund ends. The level of partner pension after conversion is capped at 70% of your old age pension.

### Higher / lower pension benefits

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You may opt to vary the level of your old age pension benefits, so as to receive higher or lower pension benefits during the first years of your retirement. The proportion of higher / lower benefits is limited to 100:75. If you choose to retire before your pensionable age and you are not yet entitled to a state old age pension (AOW), you could opt for higher pension benefits until your AOW commences, and lower benefits in subsequent years.


You must report your choice to retire early or on a part-time basis to NN Group as well as to NN CDC Pensioenfondsen at least four months before your preferred date of retirement. Any other pension option you choose must be reported to NN CDC Pensioenfondsen at least three months before your preferred date of retirement.

## 4. Good to know

### Your duty to provide information

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You have a duty to inform NN CDC Pensioenfondsen in the following situations:


1. Your personal situation changes. You must report the following matters within four weeks:
    - a. You sign a cohabitation agreement before a civil-law notary.
    - b. You end the joint household you have been having with your partner.
    - c. You are unmarried and you have not signed a registered partnership agreement with your partner, but you have a joint household with that person and you want to register him/her as your partner.
    - d. You are entitled to benefits under the Work and Income (Ability to Work) Act (WIA). You must report all decisions by the Institute for Employee Benefit Plans (UWV) regarding the first and last dates of your benefits, as well as any changes.
    - e. Circumstances that may in any way affect your pension entitlements or pension rights.
  2. NN CDC Pensioenfondsen requests you to provide information. You must submit any information and documents required for the administration of the pension plan. By complying with any such request in time, you will avoid possible incorrect calculation of your pension entitlements or pension rights and/or incorrect or delayed payment of your pension benefits.
  3. You are a pensioner residing abroad or living in the Netherlands without a permanent residence. In this situation, you must submit a certificate of life every year. The pension fund may also request you to submit such a certificate at any time throughout the year.
  4. The summaries or letters sent to you by the pension fund are in your opinion inaccurate or incomplete. Please inform us as soon as you can.
  5. If your ex-partner and your children are entitled to pension benefits after your passing away, they must inform us of any change in their personal situation within four weeks.
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-  ***The requirement to provide the information referred to in points 1, 2, 3 and 4 apply to your partner, your ex-partner and your children if they are entitled to pension.***
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### Conditional contributions

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Significant changes could occur at NN Group while you are accruing pension. In that case, NN Group will have the right to reduce or even discontinue its contributions and other payments to NN CDC Pensioenfondsen. Possible reasons for such a situation:

-  Significant changes in the laws and regulations regarding pension entitlements and pension rights.
  -  You, as a participant of the pension fund, are required by law to switch to a different pension plan.
  -  NN Group considers its financial position inadequate to justify payment of pension fund contributions.
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 ***Information can be reported to the pension fund in written or digital form. You will be informed of the procedure when you become a participant.***

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### Complaints and disputes

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NN CDC Pensioenfondsen administers the CDC pension plan on behalf of employees of NN Group as accurately and carefully as possible. Nevertheless, you may disagree with something or with the way you were treated. If such a situation arises, you may file a complaint with the Pension Desk by email. If you disagree with a matter concerning the administration of the pension fund or with the interpretation of the pension regulations, you may write an email to the Pension Desk to report a dispute. Make sure you mention your client number and telephone number in your email. You will find your client number (klantnummer) in all correspondence NN CDC Pensioenfondsen sends to you, as well as in your uniform pension summary (UPO). NN CDC Pensioenfondsen will confirm receipt of your complaint or dispute by email within one week and send a reply within eight weeks of your submission. If you prefer to submit your complaint or report your dispute by way of a written letter, please contact the Pension Desk by telephone at 088 – 1162 421.



## Value transfer

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You may transfer the value of your pension accrual to a new pension fund or new pension insurer. If you have already accrued pension through a different employer, you can transfer the value of that pension to NN CDC Pensioenfond's. Note that in some cases a value transfer is not possible.

If you wish to transfer your pension to NN CDC Pensioenfond's, please send us a request. We will then send you a quote stating the current value of your pension accrual under our pension plan. If you agree with the quote, we will transfer the value of your pension.

If your employment with NN Group ends and you find a new job, you will probably start building up a new pension elsewhere. You may transfer the pension you accrued in NN CDC Pensioenfond's to your new pension fund or insurer. You must apply for this value transfer within six months after you start participating in your new pension plan. Submit your application to your new pension fund or insurer and make sure you do this in time, because after six months they no longer need to accept the value transfer.

*Consider the following when you decide whether or not to transfer the value of your pension accrual:*

- ✎ The type of pension plan provided by your new employer (final salary system, average salary system, defined contributions).
- ✎ The method your new employer uses to indexate your pension, and how this balances out with the indexation method NN CDC Pensioenfond's uses for former participants.
- ✎ The financial position of your new pension fund or insurer.
- ✎ Options available under your new employer's pension plan.
- ✎ Whether you want to spread your pension across multiple pension administrators.
- ✎ For a well-informed decision concerning value transfer, consult a professional advisor.



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***In some cases, a value transfer is not possible (or temporarily not possible). For example, if the financial situation of one of the pension administrators is inadequate for a transfer.***

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## Information you are entitled to request

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As a participant of NN CDC Pensioenfond's, you have a right to request information about the following topics:

- ✎ The pension regulations that apply to you (Dutch only).
- ✎ NN CDC Pensioenfond's' annual report and financial statements (Dutch only).
- ✎ The complaints and disputes regulations (Dutch only).
- ✎ The administration agreement (Dutch only).
- ✎ Investment information relevant to you (Dutch only).
- ✎ The investment policy statement (Dutch only).
- ✎ The recovery plan, if applicable (Dutch only).
- ✎ Information about instructions from the regulatory authorities, if applicable.
- ✎ Information concerning the funding ratio (Dutch only).
- ✎ Information about the appointment of a board member, if applicable (Dutch only).
- ✎ A statement of your present pension accrual or possible future pension accrual (Dutch only).
- ✎ The consequences of your pension options (Dutch only).

## Reduction of pension rights and pension entitlements

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If NN CDC Pensioenfond's' funding ratio is inadequate, the pension fund may need to cut your pension rights and pension entitlements.



***Please consult the pension regulations (article 26) for more information.***

***You can download the pension regulations from our website: [nn.cdcpensioen.nl/en](https://nn.cdcpensioen.nl/en)***

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## Contact

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Do you have any questions, now that you've read this Welcome folder? Or would you like further information?

Please visit our website: [nn.cdcpensioen.nl/en](http://nn.cdcpensioen.nl/en).

You can also contact us by telephone at 088 – 1162 421 or send an email to: [pensioenloket@nn.cdcpensioen.nl](mailto:pensioenloket@nn.cdcpensioen.nl).

If you call us or send us an email, please make sure to have your client number close at hand. It will help us serve you better.

## Disclaimer

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This Welcome folder has been produced with the utmost care. The information is an abridged and simplified version of the terms of the pension regulations. In the event of any inconsistency, the terms of the pension regulations apply.

*Note: This is a translation of the Dutch "Welkomstfolder" of NN CDC Pensioenfonds. In the event of any inconsistency, the original Dutch text prevails.*



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