

# SUMMARY ANNUAL REPORT 2014

Financial year **1-10-2013** incl. **31-12-2014**



# 1. Key figures

All amounts are rounded to thousands of euros, unless otherwise stated.

	<b>31-12-2014</b>
<b>Numbers</b>	
Participants	6,032
Former participants	711
Pension beneficiaries	9
<b>Total</b>	<b>6,752</b>
<b>Financial data</b>	
<b>Technical provisions</b>	
Provision for pension liabilities own account	80,865
Provision for pension liabilities reinsurance	1,564
	<b>82,429</b>
<b>Reserves</b>	
General reserve	19,296
<b>Funding ratio</b>	
Present	123,4%
Required	116,3%
Minimum required	105,1%
<b>Investments at pension fund's risk</b>	
Assets invested	100,990
Investment result	12,393
	<b>2014</b>
<b>Contributions (including incoming value transfers of pension rights)</b>	<b>90,850</b>
<b>Pension payments (including outgoing value transfers of pension rights)</b>	<b>25</b>

## 2. Highlights of 2014

**In October 2013, the transitional board of NN CDC Pensioenfond's took on an exceptionally ambitious task. Its first priority was to assess the pension agreement that had been signed by the social partners in 2012 and ensure that the administration of the agreement would be possible with effect from 1 January 2014. This meant that in the last few months of 2013 the board focused mainly on the following issues:**

- ✔ Drafting key documents for the pension fund, including the administration agreement with NN Group, the pension regulations and the actuarial and technical business report (ABTN).
- ✔ Setting out the policies that would be needed.
- ✔ Designing communication strategies.
- ✔ Mapping out asset management policies.
- ✔ Selecting and appointing the main external parties for pension administration and custody of securities.
- ✔ Reinsuring the risks relating to occupational disability and surviving dependents that were included in the pension agreement.
- ✔ Setting up a board bureau.

NN CDC Pensioenfond's started administering the CDC pension plan on 1 January 2014. The board not only had to continue to fine-tune the fund and its governance structure, but also had to face the financial challenges of a starting fund, notably:

- ✔ A balance sheet and a funding ratio driven mainly by incoming pension contributions.
- ✔ A relatively young population of participants.
- ✔ The restrictions that a fund with a new balance sheet must observe in order to hedge its interest rate risks in a prudent manner.

In light of the amended laws and regulations that were set to apply to pensions as from 1 January 2015, the social partners in late 2014 made new agreements regarding the content and funding of the pension plan. These agreements were to be incorporated into the pension agreement with effect from 1 January 2015, but first the fund had to reassess whether the agreements were commensurate with requirements relating to administration, funding and communications. In April 2015, the fund formally accepted its modified task.

As a result of the sharp drop in interest rates in the second half of 2014, the fund's funding ratio showed a strong decline. For the sake of prudence and given that fact that the board had to anticipate the implementation of the new Financial Assessment Framework (nFTK), the board unfortunately had to decide to refrain from granting indexation for pension rights accrued in 2014.

### 3. Balance sheet

All amounts are rounded to thousands of euros, unless otherwise stated.

(after appropriation of results)

#### Assets

	<u>31-12-2014</u>
<b>Investments at pension fund's risk</b>	
Real estate investments	5,396
Equities	23,774
Fixed income investments	71,664
Derivatives	156
	<b>100,990</b>
<b>Receivables and prepayments</b>	<b>1,218</b>
<b>Cash and cash equivalents</b>	<b>737</b>
<b>Total assets</b>	<b>102,945</b>

#### Liabilities

	<u>31-12-2014</u>
<b>Reserves</b>	
Fund's capital	19,296
	<b>19,296</b>
<b>Technical provisions for pension fund's risks</b>	
Provision for pension liabilities	80,865
Provision for occupational disability risk	1,564
	<b>82,429</b>
<b>Current liabilities and accrued liabilities</b>	<b>1,220</b>
<b>Total liabilities</b>	<b>102,945</b>

## 4. Cash flow statement

2014

### Pension activities

#### Income

Contributions by employers and employees	91,163
Benefits from reinsurance	0
Incoming value transfers of pension rights	287
Other	2
	<b>91,452</b>

#### Expenditure

Pension benefits	-25
Premium for reinsurance	-60
Outgoing value transfers of pension rights	-4
Operating and administration costs	-1,516
Other	0
	<b>-1,605</b>

### Total pension activities

**89,847**

### Investment activities

#### Income

Sale and redemption of investments	55,371
Direct investment results	772
	<b>56,143</b>

#### Expenditure

Acquisition of investments	-145,023
Asset management expenditures	-230
	<b>-145,253</b>

**-89,110**

### Change of cash and cash equivalents

**737**

### Cash and cash equivalents at 1 January 2014

**0**

### Cash and cash equivalents at 31 December 2014

**737**

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