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Regulation of information provision for pension choices: Australia and the Netherlands compared

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1. Introduction

Around the world there has been a shift in retirement saving and benefit arrangements from public to private provision, and from traditional defined benefit (DB) plans to arrangements where individual pension fund members are required or encouraged to take responsibility for the accumulation and decumulation of their retirement savings.

Australia was an early mover with the introduction in 1992 of compulsory employer contributions into individual accounts in private pension funds (called superannuation funds[1]) under what is known as the Superannuation Guarantee. Australian retirement savers are able to choose their superannuation fund, the investment options for their contributions and accumulated savings, whether to top-up mandatory employer contributions with voluntary savings, whether to opt-out or modify default life and disability insurance, and how to decumulate their retirement savings. Those who don't choose a superannuation fund are placed in a regulated default fund (known as a MySuper product)[2]. Following recommendations of the 2014 Financial System Inquiry (FSI 2014), the government is working on a quasi-default decumulation product, which will be known as a MyRetirement product[3] (Treasury 2016).

This degree of flexibility and choice is not yet available in the Netherlands, although aspects of benefit choice are offered by some pension funds. At the national level greater member choice in accumulation and decumulation has been proposed by several Dutch political parties and is increasingly part of the reform debate (Bovenberg and Nijman 2017).

As retirement savers become more responsible for their own retirement provision they will need to be supported in the consequent complex lifecycle decisions. Typical avenues of support include choice architecture (such as mandates and defaults), information provision (through financial product disclosure regulations), initiatives to improve financial literacy and regulatory frameworks for financial advice.

[1] In Australia pension funds are called superannuation funds. Both terms are used inter-changeably in this paper.
[2] Under current law the default MySuper product is chosen by employers, or by employers/employees jointly. However, it is the (yet to be implemented) policy of the current government that employees should be able to choose their superannuation fund.
[3] When first announced this was referred to as a Comprehensive Income Product for Retirement (CIPR).

In this paper we focus on regulated information provision. We consider the regulatory frameworks for prescribed information at the (pension and superannuation) fund level, as well as specific information provided to members about their accounts and benefits.

In this context the paper has the following aims:

- To explain, compare, and contrast the regulation of pension information in Australia and the Netherlands;
- To survey the academic literature on the effectiveness of regulated information disclosure in Australia and the Netherlands; and
- To draw lessons for the Netherlands in the context of potential reforms to the Dutch pension arrangements.

We note that the discussion in this paper relates specifically to regulated information provision. It does not extend to marketing materials or other sources of information provided in print or in digital formats by pension and superannuation funds, government agencies, representative bodies, financial institutions or other entities.

The paper is set out as follows. Section 2 describes the retirement income arrangements in Australia and the Netherlands. In Section 3 we outline the regulatory framework for pension information in Australia and the Netherlands and in Section 4 review the relevant academic literature. In Section 5 we evaluate the effectiveness of current approaches to the regulation of pension information and conclude in Section 6 with lessons for the Netherlands.

2. Retirement income provision in Australia and the Netherlands

2.1 Australia

Australia's system of retirement income provision is a multi-pillar arrangement comprising a means tested Age Pension financed from general tax revenues, a mandatory employer financed defined contribution (DC) scheme known as the Superannuation Guarantee, and tax incentives to encourage voluntary superannuation contributions and other private savings. The 'first pillar' Age Pension is paid at a rate of around 28% of male average full-time earnings for singles and 41% for couples and is indexed to keep up with wages in the rest of the economy. Net replacement rates are higher because no tax is paid on Age Pension payments. The Age Pension is available from age 65.5 (it is in the process of increasing to 67 between 2017 and 2023)[4] and is paid subject to income and assets (means) tests, which have the effect of excluding the top 25-30% of the wealth distribution from the Age Pension. Around 60% of retirees (of eligible age) receive the full rate of pension, with the remainder receiving a part pension (Department of Social Services 2017). The means tests are comprehensively defined, except that the assets test excludes owner-occupier housing.

The 'second pillar' Superannuation Guarantee commenced in 1992 and requires all employers to make contributions, of (at least) 9.5% of earnings, on behalf of their employees, into a superannuation fund.[5] Around 95% of employees are covered by these mandatory arrangements.

These first two pillars are supplemented by 'third pillar' voluntary long-term savings that include voluntary superannuation contributions (currently made by around 1/3 of super fund members) and property, shares, managed funds and homeownership. Voluntary superannuation contributions benefit from 'capped' tax concessions.

While Australia's earnings-replacement pillar mandates participation and a minimum contribution rate, it leaves individuals with the responsibility of making a number of decisions including, choosing the superannuation fund in which their superannuation savings are managed and accumulate, choosing the investment option or options (from increasingly long menus of

[4] In its 2014-15 Budget, the government announced plans to further increase the Age Pension eligibility to age 70 by 2035, although legislation to enable this has not been passed.

[5] The mandatory employer contribution is scheduled to rise to 12% by 2026 (from 9% previously). However, this was legislated by a previous government and the current government has imposed a freeze on contribution increases above 9.5%.

single and multi-manager diversified and single options), whether to make or increase voluntary contributions[6], whether to switch and/or consolidate funds and whether to change insurance settings[7]. Government policy assists with these decisions through system-wide default settings. In particular as an alternative to choosing a fund and asset allocation they can opt for the 'MySuper' default product selected by their employer. A MySuper product is a low-cost superannuation product, with prescribed characteristics, including a single diversified investment strategy, set insurance coverage and standard fees for all prospective members.[8]

Benefits from superannuation savings can be taken at the statutory preservation age (currently age 57 and increasing to age 60 by 2024). Individuals are free to choose how they take their retirement benefits from a menu that includes lump sums, phased withdrawal products (known as account-based pensions in Australia) and a range of life and term annuity products. Since July 2017 this menu has included hybrid annuity/withdrawal products and deferred annuities as well as standard term and life annuities. Currently, almost all retirees take their superannuation benefits as non-annuitized account-based pensions. However, this is likely to change as the government is developing policy to 'nudge' retirees towards a retirement benefit option with longevity features to be known as a MyRetirement product (FSI 2014). The MyRetirement product is still in the design phase. However, the intention is that it will include a regular and stable income stream, longevity risk management and flexibility, be low-cost and include a 'cooling off' period (Treasury 2016).

Superannuation choices in both the accumulation and decumulation phase are supported through regulated information provision (financial product disclosure legislation), government prescribed choice architecture (for example, mandatory participation, a mandatory minimum contribution rate and the MySuper 'default' product), initiatives to improve financial literacy (such as those funded by Financial Literacy Australia), regulation of the financial advice industry (Bateman and Kingston 2012), and superannuation fund specific choice architecture (that is, through plan specific default settings) and information provision (including through websites, member service centres, seminars, calculators, and specific member information online and via apps).

[6] And whether these contributions should be made before or after tax.
[7] Under Australia's mandatory DC arrangements members are defaulted into life and total and permanent disability (TPD) insurance. However, they can opt-out of the default and choose different or no cover.
[8] Current government policy is for member freedom of choice of pension fund and this may be introduced in the near future (Productivity Commission 2017).

Given the opportunity to choose aspects of superannuation provision (or take default options), less than 5% of superannuation fund members switch funds once they have chosen a fund and around two-thirds of fund members have elected to contribute to a MySuper default product (Productivity Commission 2017), around 30% make additional voluntary contributions and the majority take account-based pensions (non-annuitized phased withdrawal products) at retirement (Bateman et al. 2017).

For many retirees mandatory and voluntary superannuation is supplemented by a full or part Age Pension. Including Age Pension eligibility, the Australian Treasury estimates that a fully mature Superannuation Guarantee can be expected to deliver a net replacement rate of around 90% (78%) for a worker on median (average) earnings (Gallagher 2012).

The Australian and Dutch retirement income arrangements are summarized in Figure 1.

Figure 1: Retirement income arrangements - Australia and The Netherlands

	Australia	The Netherlands
Safety net pension	General revenue financed Age Pension – paid subject to residency and income and assets means tests	Non-contributory flat rate state pension (AOW) – paid subject to residency
Mandatory income replacement	Mandatory Superannuation Guarantee: DC, individual accounts	Quasi mandatory occupational pensions: mainly DB
Voluntary retirement saving	Tax incentives for voluntary superannuation contributions (self-employed, extra coverage for employees)	Tax incentives for individual pensions (self-employed, extra coverage for employees)

2.2 The Netherlands

The pension system in the Netherlands also comprises three pillars: a universal flat-rate state pension, collective quasi-mandatory occupational pensions and voluntary private pension arrangements.

The first pillar state pension is a publicly financed pay-as-you-go (PAYG) pension called Algemene Ouderdomswet (AOW) payable to those who have reached the AOW pension age and live or has lived in the Netherlands. AOW pension rights are accrued at a rate of 2% of the full

AOW pension for each year a person has lived in the Netherlands. The level of the AOW pension is linked to the minimum wage (70% of the minimum wage for singles and 50% for each of a couple) and is indexed to wages growth. The eligibility age is being increased from 65 years to 67 years over the period 2013 and 2021 and from 2022 will be linked to life expectancy. As of January 2018, the single rate gross AOW-benefit is approximately €808 per month and the married rate is approximately €1,173 per month.

The second pillar of the Dutch pension system consists of quasi-mandatory occupational pension schemes, which are typically part of the labour contract negotiated between unions and employers in collective labour agreements. Approximately 95% of Dutch employees are covered under such schemes. Although occupational pension provision is generally not mandatory, sector-wide pension schemes often stipulate compulsory membership which is approved by the Ministry of Social Affairs and Employment upon request. 80% of all occupational scheme members are covered by mandatory sector-wide pension funds. Opting-out is possible if an employer establishes a company pension plan that provides at least equivalent benefits.

The design and level of pension plans vary widely and range from DC plans to DB plans, on an earnings-related basis. Most pension plans are DB, but DC plans are becoming more popular among Dutch companies because the costs are easily identifiable and manageable. The International Accounting Standard IAS 19 (concerning the treatment of employee benefits) and low interest rates have also contributed to the decreasing popularity of traditional DB arrangements. Under the current arrangements, employers and workers pay a fixed fraction of wages to the pension fund, typically 15% of earnings. Payment is usually split 50:50 between employer and employee but 2/3 employer:1/3 employee is also common. A full contribution typically earns an annual pension benefit of between 1.6% and 1.9% of current income. The benefit is notional and added to previous years accruals to aggregate to the eventual pension.

The target retirement date is part of the pension rules and is generally age 67. However (on a fund by fund basis), members may be able to delay or bring forward retirement. The Pension Act does not set a minimum retirement date, but the maximum age to retire is the Old Age Pension age plus 5 years. Despite being referred to as DB, employers have progressively withdrawn from their role as sponsors, leaving the participants vulnerable to investment and longevity risk. Indexation of occupational pensions is conditional on the funding ratio of the fund, and nominal

pension cuts are possible. The typical pension product is a life annuity plus a 70% reversionary annuity for a surviving spouse.

There is limited, but increasing, benefit choice offered within pension plans. On a plan by plan basis, participants may be able to: choose to retire early and take the annuity income earlier or retire later and defer payment of pension; change the payment schedule to start with higher or lower income than the scheduled amount (reverting to lower/higher income in later years); take part-time retirement (with a part-time pension payment); pay additional contributions to accrue a higher pension; and convert part of their pension to a higher partner pension.

The first and second pillars currently account for similar shares in the average incomes of retirees. Most pension plans aim for a gross replacement rate of 70% of average career salary (including first pillar pension benefits) for an individual with 40 years of (full-time) employment (Knoef et al., 2016).

The third pillar comprises individual pension provisions, the premiums of which are tax deductible (up to limits). This pillar is particularly important for the self-employed and individuals who are not covered, or not sufficiently covered, by the pillar 2 collective pension programs. The third pillar is relatively small in the Netherlands and provides only 5-10% of retirement incomes in aggregate.

Pension reforms are being driven by funding issues associated with the Global Financial Crisis (GFC) and ongoing low interest rates as well as societal change which has increased labor mobility between employers, and in and out of self-employment and the labor market (ICPM 2017). Reforms under consideration include converting the second pillar from a collective defined benefit system with guaranteed pension benefits, to a collective defined contribution system with less guarantees and more investment risk for employees and pensioners (Bovenberg and Nijman 2017).

Overall it is very likely that in the future the Dutch will be taking on more responsibility for retirement income provision both in accumulation and decumulation.

2.3 Implications of retirement income arrangements for regulated information provision

The current Australian arrangements require (subject to specific industrial agreements[9]) that individuals choose their superannuation fund, the asset allocation for their contributions (and assets), their voluntary contribution rate (if any) above the mandatory employer contribution rate, levels of life and disability insurance, and when to retire and the type of retirement benefits to take. To (partially) help people with these decisions the Australian government has implemented regulations for *prescribed information disclosure* to facilitate comparison and choice of superannuation fund, investment option(s) and MySuper default product[10]. An extension of this framework to the planned MyRetirement default product is under development. Incorporated in these prescribed information disclosures is a required format for the presentation of investment risk. In addition, there is also a regulatory framework for prescribed information for people when they first join a superannuation fund and on a regular (at least annual) basis in member benefit statements.

However, as noted earlier, the regulated information disclosure is complemented by choice architecture (mandatory participation, a mandatory minimum contribution rate, default life and disability insurance and the MySuper fund/asset allocation default, as well as recent reforms to address incentive and agency issues in the financial advice industry (Bateman and Kingston 2012) and a national financial literacy strategy.[11]

By contrast, the Dutch pension arrangements offer far less choice, and regulations for prescribed information provision are limited to information provided to members when they join a fund and in regular member benefit statements, as required under the Pension Act 2015. However, with the indications from the current pension reform debate of a move away from a collective DB system towards one where individuals bear investment and longevity risk and have greater choice in plan features, it is timely to review and evaluate Australia's experience with regulated

[9] For example, due to industrial agreements in the tertiary education sector, almost all employees of Australian universities are required to belong to the pension fund UniSuper. However, this may change over time with current government policy moving to take mandatory and default pension fund membership out of industrial awards (Productivity Commission 2017).
[10] For detail on MySuper products see Butt et al. (2017).
[11] As detailed in http://www.financialliteracy.gov.au/strategy-and-action-plan/financial-literacy-strategy/strategy-2018

information disclosure. Details of the regulated information provision in both countries is described next.

3. Regulation of information provision for superannuation and pensions

3.1 Australia

In Australia regulated information provision for superannuation is prescribed in the context of the key decision points: joining/changing a superannuation fund and choosing/changing an investment option(s). The aim of the prescribed information is to assist fund members to compare superannuation funds and investment options. Since 2013 a default superannuation fund/investment option known as a MySuper product has been available for those who do not, or prefer not, to choose a superannuation fund and investment option(s). Plans to introduce a quasi-default for the decumulation phase (to be known as a MyRetirement product) were first canvassed in the final report of the 2014 Financial System Inquiry (FSI 2014, Treasury 2016), and are currently under review. It is expected that the Australian government will announce the design of the MyRetirement product in 2018.

In addition, superannuation funds are required to provide member specific information on benefits and transactions at least annually.

We summarise these information requirements below.

3.1.1 Superannuation funds and investment options

The development of regulated information disclosure for Australian superannuation can be considered in three phases.

Phase 1: The introduction of Financial Product Disclosure

The mandatory Superannuation Guarantee commenced in 1992 and laws to require prescribed disclosure of information about financial products (financial product disclosure statements), including superannuation followed in 2001 under the Financial Services Reform Act 2001 and the Financial Services Reform (Consequential Provisions) Act 2001. Prior to 2001 there was little regulation of the format of information on the key features of superannuation funds.

The introduction of financial product disclosure requirements in the early 2000s was framed on the underlying principle that ‘consumers are assumed for the most part, to be the best

judges of their own interests' (Commonwealth of Australia 1997, p191) and that 'disclosure rules would aid and improve the quality of decision making' (Gruen and Wong 2010, p34). However, possibly due to a lack of regulatory guidance and a focus by product providers on compliance and legal obligations (Treasury 2010), Australia's 'first round' approach to regulated information provision resulted in financial product disclosure statements which were long (generally several hundred pages), detailed, complicated and hard to compare on a fund by fund and investment option by investment option basis.[12]

Phase 2: Short-Form Financial Product Disclosure

Following concern about the length and complexity of the phase 1 product disclosure statements for superannuation products, it was decided to introduce short form financial product disclosure for superannuation products (Commonwealth of Australia 2011). The short form financial product disclosure requirements commenced in 2012 and are far more prescriptive: in a maximum of eight A4 pages (or equivalent), the short-form financial product disclosure statement must provide current and future superannuation fund members with the key information they need to make superannuation decisions. The mandatory information includes nine sections with headings as follows:

Section 1: About [*name of superannuation fund*]
Section 2: How superannuation works.
Section 3: Benefits of investing with [*name of superannuation fund*]
Section 4: Risks of superannuation.
Section 5: How we invest your money.
Section 6: Fees and costs.
Section 7: How superannuation is taxed.
Section 8: Insurance in your superannuation.
Section 9: How to open an account.

The specific prescribed information to be included in each Section is illustrated in an example 'short-form financial product disclosure statement' for superannuation fund Cbus which can be

[12] For an example comprehensive financial product disclosure statement for Colonial First State 'First Choice Wholesale Personal Super and Pension' see http://www.colonialfirststate.com.au/forms_tools/request_a_pds.aspx?menutabtype=formstools.

found at Appendix A. Here we highlight the information prescribed in the short-form financial product disclosure statement for i) superannuation investment options and ii) fees and costs, which are key features members should compare when choosing a superannuation fund and/or an investment option(s).

Prescribed information for investment options

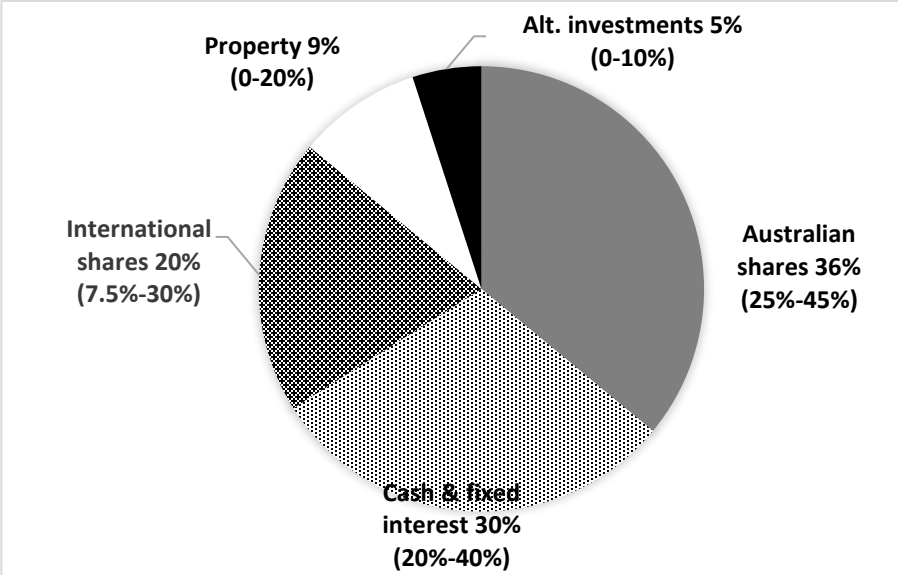
The prescribed information to assist with choice or change of investment options[13] can be found in section 5 of the short-form financial product disclosure statement, called 'How we invest your money'. For at least one investment option, section 5 must include:

- The *name and description* of the investment option (including the type of investors for whom it is intended to be suitable);
- A *list of the asset classes* in which the investment option invests and (set out in the form of a range, or otherwise) the *strategic asset allocation* of the asset classes (superannuation funds use pie charts and/or tables to illustrate strategic asset allocation);
- The *investment return objective*;
- The *minimum suggested time frame* for holding the investment option;
- A *summary risk level* of the investment option which describes investment risk as the anticipated number of years of negative returns in 20 years (FSC and ASFA 2011).[14]

In the short form financial product disclosure statement the superannuation fund must also provide information about how a member may switch their investments and how the investment options may be changed and must describe the extent to which labour standards or environmental, social or ethical considerations are taken into account in investments. A stylised example of section 5 (How we invest your money) is illustrated in Figure 2.[15]

[13] This prescribed information also applies to MySuper default products.
[14] This presentation format for describing investment risk is known as the Standard Risk Measure (SRM) and was developed by a working party comprising policymakers, regulators (Australian Securities and Investment Commission - ASIC and Australian Prudential Regulation Authority - APRA) and representatives of the financial services industry (FSC and ASFA 2011). An experimental study investigating how superannuation fund members use this and alternative risk presentation formats is discussed in Section 4 (see Bateman et al. 2016b).
[15] This stylized example is based on the short-form financial product disclosure statements of several Australian industry superannuation funds.

Figure 2: A stylised example of the prescribed information for investment options in the short-form financial product disclosure statement

Description of option/ Type of investor	Invests in a diversified portfolio, comprising mainly growth assets, such as Australian and international shares, property and alternative investments, and with some bonds investments. Designed for investors with a high-risk tolerance who are seeking a high level of expected returns.
Investment return objective	To achieve returns (after Fund taxes and investment fees) that are at least 3.0% more than inflation.
Strategic asset allocation and ranges	
Minimum suggested timeframe for investment	Six years
Expected frequency of negative annual return	Four in twenty years
Summary risk level	High

Note: This stylised example is based on the investment details for the 'Balanced' investment option previously offered by UniSuper (a large Australian superannuation fund).

In an experimental study Bateman et al. (2016a) investigate how Australian superannuation fund members use information prescribed in section 5 (How we invest your money) of the short-form financial product disclosure statement when choosing investment options. This study is discussed in Section 4 below.

Prescribed information for fees and costs

For the investment option presented in section 5, section 6 of the short-form financial product disclosure statement must present information on the cost of acquiring the investment option, and the fees and costs that are charged in relation to the investment option, using a set template. The

template requires information on the investment fee, administration fee, buy-sell spread, switching fee, exit fee, advice fee, other fees and costs and the indirect cost ratio. A worked example for each investment option described in section 5 must be provided. A stylised worked example of section 6 (Fees and costs) as required in the short-form financial product disclosure statement is illustrated in Figure 3.

Figure 3: A stylised worked example of fees and costs as per in the short-form financial product disclosure statement

Type of fee	Amount	How and when paid
Investment fee	0.8% $8.00 for each $1,000 invested	For every $1,000 you have in the investment option you will be charged $400 each year.
PLUS Administration fee	$78 ($1.50 per week) **Plus** 0.15% per year ($1.50) for each $1,000	**And,** you will be charged $78 ($1.50 per week) in administration fees regardless of your balance. **And,** costs of $75 each year will be deducted from your investment returns
EQUALS Cost of product		If your balance was $50,000, then for that year you would be charged fees of $553 for this investment option

Note: This stylised example is based on the investment details for the 'MySuper' investment option previously offered by Cbus (a large Australian superannuation fund).

<u>Phase 3: Product dashboards</u>

The application of financial product disclosure in Australia was further refined in 2013 with the introduction of a single page 'dashboard' to present key information for MySuper products - the regulated default fund/investment option for those who do not choose a superannuation fund (Commonwealth of Australia 2013). Superannuation funds offering a MySuper product must place an up-to-date dashboard prominently on their website which must show five items of information.

1. *Return target* - calculated as the mean annualized estimate of the percentage rate of (net) return above the growth in CPI over the next ten years.

2. *Returns* - calculated as the net return for each of the past ten financial years by subtracting administration and advice fees, costs, and taxes from the net investment return.

3. *Comparison between the return target and returns* - shown on a graph that must include the returns for the ten previous financial years (presented as a percentage rate of return

and shown as columns), and the moving average return target and moving average return (both shown as lines).

4. *Level of investment risk* - presented using the standard risk-measure format, where the investment risk is shown as the anticipated number of negative returns for the product over 20 years and is accompanied by a risk description that ranges from very low to very high.
5. *Fees and other costs* - calculated as the dollar amount of fees and other costs for an account balance of $50,000.[16]

In addition to the mandatory information, the regulator ASIC recommends that prescribed information items 2, 3 and 5 include 'warnings' to the effect that past returns will not necessarily be repeated, and that fees and costs will not necessarily be the same in future years[17] [18]. Superannuation funds may also (voluntarily) include additional content on the dashboard including links, roll-over mouse clicks or similar mechanisms that allow the user of the dashboard to see an explanation of some or all of its elements. No extra information is allowed.

The recommended format for a MySuper product dashboard developed by the regulator ASIC is shown in Figure 4.[19]

An experimental study investigating how superannuation fund members use the dashboard information is discussed in Section 4 (see Thorp et al. 2018).

[16] The method of calculation is set out in the Corporations Regulations and the relevant APRA reporting standards (Commonwealth of Australia 2013; ASIC 2014a; APRA 2015).
[17] ASIC provides guidance about the use of past performance in promotional material in ASIC (2003).
[18] For example, on the ASIC's illustrative product dashboard the warning '*Future returns cannot be guaranteed. This is a prediction'* is placed under the risk target information and the warning '*Past performance is not necessarily an indication of future returns* is placed under the comparison graph.
[19] Examples of actual MySuper dashboards for two of Australia's largest superannuation funds found at https://www.australiansuper.com/~/media/Files/MySuper%20dashboard/FS%20ProductDashboard.ashx and https://www.unisuper.com.au/mysuper/mysuper-dashboard.

Figure 4: ASIC recommended format for MySuper product dashboard

The Australian government is continuing to develop ‘product dashboards’. Amendments have been made to the Corporations Act to extend the product dashboard to ‘choice products’ (that is, individual investment options)[20] and a product dashboard will accompany the planned MyRetirement product.

Prescribed information disclosure for investment risk

In conjunction with the introduction of financial product disclosure a format for investment risk disclosure called the standard risk measure was developed by the superannuation industry to enable people to compare investment options within and across superannuation funds (APRA 2010, FSC and ASFA 2011). The standard risk measure contains 7 risk levels from very low (level 1) to very high (level 7), with each level based on the estimated number of negative annual returns over any 20-year period, as illustrated in Figure 5. For example, very low risk is mapped to an investment option with less than 0.5 negative annual returns in a 20-year period, while very high risk is mapped to an investment option with 6 or more negative annual returns in a 20-year period.

It is required that investment risk be presented using the standard risk measure in financial product disclosure documents, including short-form financial product disclosure, and the single page product dashboards (ASIC 2012a, b).

Figure 5: Standard risk measure and risk levels

Risk level	Risk label	Estimated number of negative annual returns over a 20-year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to Medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to High	3 to less than 4
6	High	4 to less than 6
7	Very High	6 or greater

Source: FSC and ASFA (2011)

[20] See http://www.treasury.gov.au/ConsultationsandReviews/Consultations/2015/Improved-Superannuation-Transparency. As of mid-2018 the extension of the product dashboard provisions to ‘choice products’ had been deferred to July 2019.

An experimental study investigating how superannuation fund members use the standard risk measure is discussed in Section 4 (see Bateman et al. 2016b).

3.1.2 Periodic reporting to members

Australia's regulatory framework for superannuation also prescribes information formats for periodic reporting to members. That is, a 'benefit statement' must be provided at least annually to members, and must include the following information items [21]:

- The member's *current balance*
- Any transactions that have taken place in the current reporting period including (where relevant) the amount of the member contributions, employer contributions, government co-contribution, low income superannuation contributions and the low-income superannuation tax offset; the amount of withdrawals; the amount payable in the event of the member's death; and details of other benefits (including disability benefits).
- For insurance, information to ensure that a member understands their benefit entitlements and how to gain access to benefits.
- Deductions for fees, charges and expenses (preferably in dollars).
- For a 'regulated' superannuation fund, a statement of long term returns.
- The product dashboard for a MySuper product or the largest chosen investment option where a choice has been made.
- Additional information required to change choices (including, details of other investment strategies, other contribution levels, and other insurance coverage available to the member).

As indicated above, the standard format for the provision of benefit information is the 'current' balance. It is not required to report benefit information as an accrued income stream or to report estimates of future benefits (as a lump sum and/or income stream). However, since 2014 superannuation funds have been allowed to include benefit projections with members' periodic benefit statements. Typically, when regulators consider whether to include benefit projections there is debate about the key underlying assumptions relating to investment returns, fees, life expectancy and inflation. In the case of Australia, inclusion of projections with benefit statements is subject to regulatory guidance under ASIC Regulatory Guide 229, Superannuation Forecasts (ASIC 2014b), where the key requirements are as follows:

[21] As specified in the Corporations Act s1017D and 1017DA.

- The retirement estimates must include end benefits expressed as both a lump sum (projected account balance) and an annual income stream and must be included with the current account balance.
- Future investment earnings must be based on and show an assumed rate of investment earnings of 3% pa.
- Fees must be shown as the administrative fees that were charged in relation to the member over the previous 12 months.
- The retirement estimates (both lump sum and annual income stream) must assume (and show) a retirement age of 67. The annual income stream must assume and show income payments for 25 years.
- The Age Pension (pillar 1 benefit) can be included and if so it must be assumed that:
  - the member qualifies for the Age Pension.
  - the member has a partner, and both jointly own the home they live in, and have the same amount of superannuation and no other assets or income.
- The illustrative retirement benefits (lump sum and annual income stream) must be illustrated in today's dollars.
- Current tax conditions and legal factors remain unchanged.

Several of Australia's large superannuation funds now include retirement estimates with regular member benefit statements, however the practice is not widespread.

An experimental study investigating the impact of including benefit projections with regular member statements in the Australian context is discussed in Section 4 (see Smyrnis et al. 2018).

3.2 The Netherlands

As the Dutch pillar 2 pensions are mainly occupational DB arrangements there is little need for regulated information disclosure to enable comparison of pension funds, investment options or insurance cover. However, the Dutch regulatory framework does require that pension funds provide members with general pension plan information under the Pension 1-2-3 provisions, and specific member information in the annual Uniform Pension Overview (UOP). Pension fund members will also receive basic pension information when they join a fund and have access to an online tool called the Pension Register, which provides consolidated information from all UOPs and the first pillar state pension (AOW).

Regulated pension fund information (Pension 1-2-3) [22]

Pension 1-2-3 was introduced under the Pension Communication Act of July 2015 and became mandatory in July 2016. The aim is for every pension fund to describe the general rules and rights of the pension arrangements in a clear and effective way, under the following headings:

1. What is my pension scheme?
2. What is not covered by my pension scheme?
3. How do I accrue pension?
4. What choices do I have?
5. How secure is my pension?
6. What costs does my pension administrator incur?
7. When should I take action?

An innovative feature of Pension 1-2-3 is that it presents the prescribed information to the plan participant about his pension using a layered approach, so the participant can choose the level of detail in the information he/she receives: from an outline (Layer 1), enhanced with further explanation (Layer 2) and detailed information (Layer 3). The layered structure of Pension 1-2-3 is specifically designed for implementation in digital format.[23]

The aim of Layer 1 is to present the pension scheme 'in 5 minutes'. Layer 2 is designed to present the pension scheme 'in 30 minutes' and expands on all the key sections in Layer 1. Layers 1 and 2 from an illustrative pension fund can be found at Appendix B. Layer 3 presents the pension scheme in detail and must include: the pension regulations, the implementation agreement or implementing regulations, the annual report, a statement of investment principles, information about the recovery plan, information about the financial crisis plan, a pension comparator, and a cost statement. Equivalent regulated information disclosure for former members, partners and beneficiaries has been required since July 2017.[24]

Regulated participants-specific pension information (Uniform Pension Overview - UPO)

By virtue of the Pension Act 2015, the regulated pension fund information (Pension 1-2-3) is complemented by pension information at the individual pension member level via the mandatory

[22] See http://pensioen123.nl/.
[23] Layer 1 replaces the previous 'Start letter' (legislated under the Pension Act, 2007).
[24] The key difference is that heading 3 <3. How do I accrue pension?> is replaced with <3. How am I insured?>.

annual Uniform Pension Overview (UPO). [25] The specific design and content of the UPO is not set by national legislation, but instead, is the responsibility of the pension sector itself. The first UPO models were released in 2008 and are re-visited annually by the UPO Working Party of the Pension Federation and the Dutch Association of Insurers.[26] All pension providers are obliged to follow the UPO model which consists of a standardized numerical section and an explanatory section where there is some discretion about content.

The UPO requires specific member information under the following headings:

- Your personal details/your partner/your pension details.
- What pension can you expect when you retire? (presented both as 'accrued pension' and 'projected' pension)
- What do your partner and children get in the event of your death?
- What do you get if you become disabled?
- How secure is your pension?
- More information

The accrued pension information is as at the date of the UPO. The projected pension information is defined as the amount of annual pension which would be provided when the member reaches retirement age (as defined in the UPO) if they continue to accrue benefits up to that age in their present pension plan. Note that presentation of both accrued and projected pension (income) benefits is mandatory. This compares with the Australian arrangements, where only the current balance is mandatory. An exemplar UPO can be found at Appendix C. Relevant academic work on the UOP is discussed in Section 4 - see Lentz and Pander Maat (2013) and Kuiper, van Soest (2013).

In the next section we present insights from recent academic research in Australia and the Netherlands on the effectiveness of regulated information disclosure provisions.

[25] For specific details see - http://www.uniformpensioenoverzicht.nl/.
[26] 2018 Model 1 is set out at:
http://www.uniformpensioenoverzicht.nl/Portals/5/Documenten/2018/Actieven%20en%20gewezen%20deelnemers/2018_UPO_Model_1_Uitkerings-en_premieovereenkomst.pdf?ver=2017-10-25-130903-840

4. Insights from the academic literature on the effectiveness of regulated information disclosure

The increased policy attention on pension plan design and adequacy and the motivation, interest and capability of plan members has motivated academic research on the effectiveness of prescribed pension information. Our partial survey of the academic literature focusses on Australian studies of 'how' plan participants use the prescribed information, and Dutch studies on awareness and understanding of the prescribed information. As with the description of the regulatory framework the studies are distinguished in terms of general superannuation and pension fund information and member-specific information.

4.1 Superannuation and pension fund information

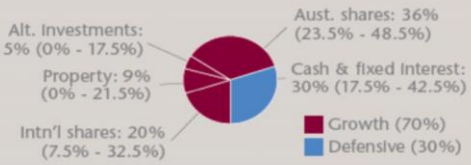
How do people use the information prescribed in the short-form product disclosure statement? (Australia)

As explained in Section 3, the aim of the short-form product disclosure statement (the second phase of the implementation of Australia's financial product disclosure regulations) is to provide sufficient information in eight A4 pages to enable people to make a considered decision in their choice of superannuation fund or investment option(s) (Treasury 2010). In the paper 'As easy as pie: How retirement savers use prescribed investment disclosures?', Bateman et al (2016a) examine how people actually 'use' the investment option information as prescribed in section 5 (How we invest your money) of the short-form product disclosure statement. An incentivised laboratory experiment was used to investigate how members of the UniSuper superannuation fund choose investment options using the five prescribed information items as shown in Figure 6.[27]

[27] Superannuation funds can make slight variations within the terms of the legislation.

Figure 6: Prescribed investment option information as presented in UniSuper's short-form financial product disclosure statement

INVESTMENT DETAILS FOR OUR BALANCED INVESTMENT OPTION

Description of option/ Type of investor	Invests in a diversified portfolio, comprising mainly growth assets, such as Australian and international shares, property and alternative investments, and with some bonds investments. Designed for investors with a high risk tolerance who are seeking a high level of expected returns.
Investment return objective*	To achieve returns (after Fund taxes and investment fees) that are at least 3.0% p.a. more than inflation (CPI).
Strategic asset allocation and ranges	
Minimum suggested timeframe for investment	Six years
Expected frequency of negative annual return	Four in twenty years
Summary risk level	High

Source: UniSuper Accumulation 1 - short form financial product disclosure statement, 2012.

Recall that for a superannuation fund the prescribed information must include:

1. *The name and description of the investment option*. As shown in Figure 6, the illustrative UniSuper investment option is 'Balanced' and is described as being 'invested in a diversified portfolio, comprising mainly growth assets, such as Australian and international shares, property and alternative investments, and with some bonds', and is considered suitable for 'investors with a high-risk tolerance, seeking a high level of expected returns';
2. *A list of the asset classes in which the investment option invests and (set out in the form of a range, or otherwise) the strategic asset allocation of the asset classes*. The approach taken by UniSuper was to show asset classes as a pie chart with extra text about the strategic asset allocation and the ranges.
3. *The investment return objective*. This was presented as '[To] achieve returns (after Fund taxes and investment fees) that are at least 3% pa more than inflation (CPI)'.
4. *The minimum suggested time frame for holding the investment option*. For the illustrative Balanced option this was reported as 'six years'; and
5. *A summary risk level of the investment option (presented using the Standard Risk Measure).* For UniSuper's Balanced option investment risk was described 'the expected frequency of negative annual return: four in 20 years'.

In the experimental survey the subjects were asked to express their preference ('rankings') over a selection of UniSuper investment options using the five prescribed information items as presented in UniSuper's short form financial product disclosure statement and shown in Figure 6.

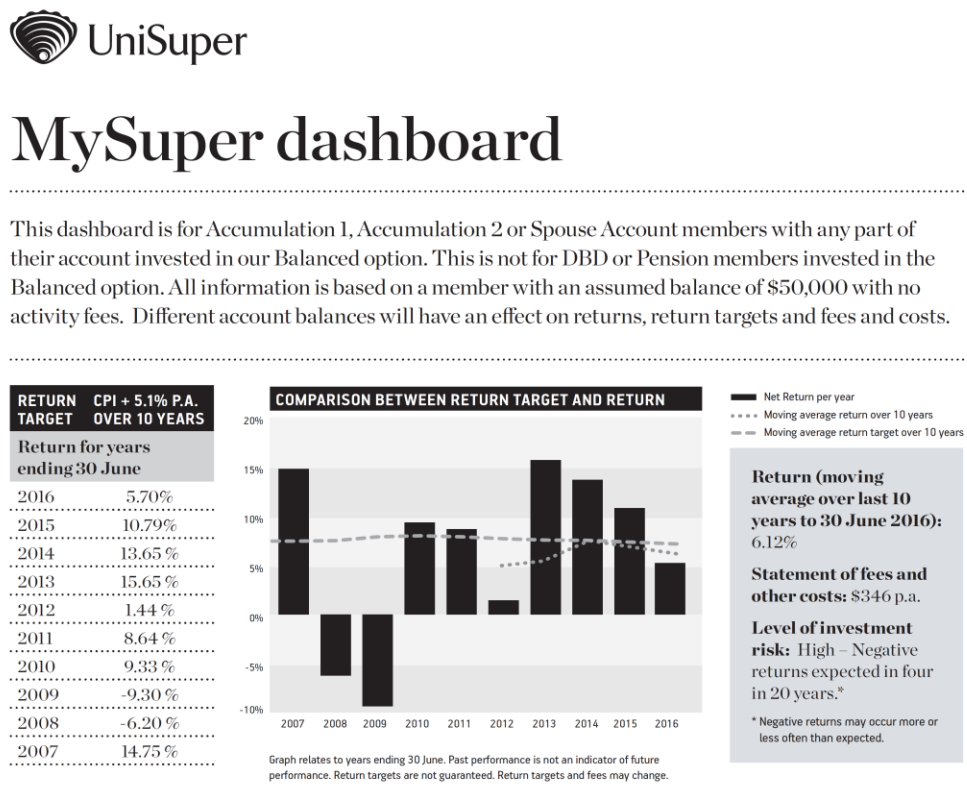
Statistical analysis identified that the asset allocation information (item 2), presented as a pie chart (or an alternative table), had the largest impact on choices, and in using this information, the subjects preferred investment options with more, and more evenly weighted, asset class allocations. In other words, the experimental subjects were applying the simplifying 1/n heuristic in their decision making. The information on risk and return was less often used and when used tended to be in the opposite way to that expected – that is, showing a preference for low return, high risk options. This is despite the regulatory motivation for the presentation format for investment option information being to better illustrate 'risk' and 'return'. Importantly, when the 'regulated' disclosure format was altered experimentally by omitting the asset allocation information, risk and return were used as expected. As a result, the prescribed information items on investment options were not being used in the manner intended by the regulator, and the pie chart (or table) illustrating strategic asset allocation dominated the other information items.

In introducing the prescribed format for short form financial product disclosure statements, the intention of the regulator was to reduce complexity, increase comparability and encourage engagement with financial decisions (Treasury, 2010). While there was extensive consultation and independent consumer testing, the pre-testing of formats focussed on simplicity and comparability and did not investigate 'how' people would use the prescribed information. Overall conclusions include that one cannot assume that simplification per se improves understanding, and that when faced with 'complex' decisions people do revert to simplifying heuristics.

How do people use simplified superannuation information in a 1-page product dashboard? (Australia)

The third phase of the implementation of Australia's financial product disclosure regulations requires that superannuation funds reduce key information to a single page - known as a product dashboard - as discussed in Section 3. In the paper 'Flicking the Switch: Simplifying disclosures to improve retirement plan choices', Thorp et al. (2018) investigate understanding of the mandatory one-page dashboard for the MySuper default product. Recall that the product dashboard provides five items of information about a MySuper default product with the aim that members and employers will use this standardised information to compare and choose a MySuper product. The product dashboard for the MySuper product offered by the UniSuper superannuation fund is shown in Figure 7.

Figure 7: 'Example' MySuper product dashboard



UniSuper

MySuper dashboard

This dashboard is for Accumulation 1, Accumulation 2 or Spouse Account members with any part of their account invested in our Balanced option. This is not for DBD or Pension members invested in the Balanced option. All information is based on a member with an assumed balance of $50,000 with no activity fees. Different account balances will have an effect on returns, return targets and fees and costs.

RETURN TARGET	CPI + 5.1% P.A. OVER 10 YEARS
Return for years ending 30 June	
2016	5.70%
2015	10.79%
2014	13.65 %
2013	15.65 %
2012	1.44 %
2011	8.64 %
2010	9.33 %
2009	-9.30 %
2008	-6.20 %
2007	14.75 %

Graph relates to years ending 30 June. Past performance is not an indicator of future performance. Return targets are not guaranteed. Return targets and fees may change.

Return (moving average over last 10 years to 30 June 2016): 6.12%

Statement of fees and other costs: $346 p.a.

Level of investment risk: High – Negative returns expected in four in 20 years.*

* Negative returns may occur more or less often than expected.

Source: UniSuper superannuation fund MySuper dashboard for 2017.

Recall that the five items of information to be included in a product dashboard are: a return target (in real terms over the next 10 years) – shown on the dashboard at top left; historical returns for the past ten years – shown as a column on the left side of the dashboard; a graph showing a comparison between the return target and returns – in the centre of the dashboard; the level of risk using the standard risk measure (shown at the lower right); and fees and other costs calculated as the aggregate dollar amount for a $50,000 account balance (shown on the right side).

In an incentivised online experiment, subjects were asked to make a series of repeated choices (analogous to annual choices) between two MySuper products using the information in the UniSuper dashboard. This was followed by a comprehension quiz testing the information presented in the dashboard, and sets of questions on financial literacy and numeracy, pension system knowledge, and demographics. Alternative treatments tested the impact of salience in fees or return information, of dollar amount or percentage fees, of scale compatibility in the

presentation of fee and returns information, and returns information presented as a table rather than a graph.

Answers to the comprehension quiz confirmed that subjects did not understand the summary information in the one-page MySuper dashboard, particularly the centrally located graph which presents information on annual returns, historical returns and return targets.[28] As the experimental subjects worked their way through the sequential pairs of MySuper products using the items on the MySuper dashboards, they responded faster to updated fee information, than to updated returns information. However, when the format was simplified to present all fee and return information in percentage form (that is, a scale compatible format), the returns information became more salient. Econometric analysis of switching behaviour relative to optimal switches identified poor understanding of returns information relative to fee information and confusion about the comparative returns graph. Replacing the graph with a table had little impact, although returns information became more salient when a hypothetical simplified product dashboard without a graph was tested. This latter treatment also revealed that fees in dollar amounts were better understand than fees as percentages. Not surprisingly the subjects who found the dashboard information confusing were those with low levels of financial literacy.

Again, we can draw the conclusion that the simplified information per se – such as that presented in the one-page MySuper product dashboard – did not enhance comprehension and understanding of the superannuation information.

[28] In addition, the risk information presented on the dashboard – using the standard risk measure - was poorly understood. Less than one fifth of subjects answered questions about risk comprehension correctly in the regulated dashboard and less than one quarter of subjects answered risk comprehension questions correctly in the simplified dashboard. Subjects gave the most wrong answers to questions on investment risk, diversification, and probabilities.

Do people understand the standard format for presenting investment risk – the standard risk measure? (Australia)

As discussed in Section 3 the presentation of investment risk in the short form financial product disclosure statement and the one-page product dashboard must be in accord with the standard risk measure and therefore be presented as the 'expected frequency of negative annual return'.

The effectiveness of the standard risk measure was examined in the paper 'Risk presentation and portfolio choice' in which Bateman et al (2016b) investigate the extent to which alternative formats for the presentation of investment risk (including the standard risk measure) are associated with 'rational' investment choices. The study tests nine formats for presenting investment risk, which include two textual range formats (formats 1,2), two probability tail formats (3,4), four frequency formats (5,6,7,8) - which include the standard risk measure (format 6) - and one graphical range format (9), as illustrated in Figure 8.

The study used an online experimental survey to elicit rankings over three superannuation investment options by a panel of around 1,200 Australian superannuation fund members. Subjects were asked to (hypothetically) rank their preferred investment option for their entire current retirement savings and future contributions from i) a guaranteed bank account with a low real return; ii) a risky growth asset account with a higher expected return; and iii) a 50:50 mixed bank and growth account. Returns to each option were held constant but risk was varied across choice sets two dimensions. First, the underlying volatility of risky returns varied over 4 levels, between 12% and 28% pa and, second, the way risk was presented varied in nine different ways (as illustrated in Figure 8).[29]

Comparing the stated choices with benchmark 'optimal' choices allowed identification of investment 'mistakes' by subject. Figure 8 reports the proportion of investment mistakes for each of the nine investment risk presentation formats.

[29] The nine alternative presentations were adapted from standard formats in prospectuses of the financial service providers, from templates proposed by regulators, and from related studies (Vlaev, Chater, and Stewart, 2009).

Figure 7: Alternative presentation formats for investment risk, and 'mistakes' by presentation format

Format	Presentation of investment risk	% first mistake	% second mistake
1	There is a 9 in 10 chance of a return **between *x* and *y***	15.3	29.3
2	There is a 1 in 10 chance of a return **outside *x* and *y***	18.3	27.3
3	There is a 1 in 20 chance of a return **above *y***	13.4	26.8
4	There is a 1 in 20 chance of a return **below *x***	14.7	26.1
5	On average, **positive** returns occur **20-*z* years in every 20**	25.3	37.4
6	On average, **negative** returns occur ***z* years in every 20**	31.3	35.7
7	On average, **returns above** the bank account occur ***w* years in 20**	19.8	34.0
8	On average, **returns below** the bank account occur **20-*w* years in every 20**	24.4	37.3
9	**Chart showing range**	14.8	25.4

Notes: The two decision rules used to evaluate the rankings of the investment options were: first, that under expected utility theory risk-averse respondents will never choose the mixed 50:50 option as least preferred (doing so is the first mistake); second, if respondents prefer the bank account (safe asset) to the risky asset at low levels of risk, they should not prefer the risk asset to the bank account at higher levels of risk (doing so if the second mistake). Format 6 is Australia's standard risk measure.

As shown in Figure 8 the probability of investment mistakes was greatest for investment risk presented as frequencies relative to a benchmark (formats 5,6,7,8) at 15-38%. In particular, for format 6 - Australia's standard risk measure - around one-third of subjects made both investment mistakes compared with 15% for the first mistake and 30% for the second for the textual range presentations (formats 1,2), 15% and 25% for graphical range format and 15% and27% for the probability tail presentations (formats 3,4). These results clearly show that what might appear to be small variations in presentation format can lead to large differences in the propensity to behave contrary to standard economic theory.

Furthermore, the propensity to make investment mistakes decreased with age and with higher levels of numeracy (and financial literacy). For example, the overall probability of making an investment mistake was 11% for subjects aged around 60 but 90% for those aged 18-24, and 64% for subjects in the bottom numeracy decile as compared with 38% in the top numeracy decile.

Do plan participants understand Pension 1-2-3? (the Netherlands)

Pension 1-2-3, the prescribed layered presentation format for Dutch pension information has been mandatory since mid-2016. A key issue of concern is whether plan members are aware of the information, whether they understand the information and whether they use the information as expected by the regulatory architects. Some of these issues were investigated by Lentz and Pander Maat (2016) in a study evaluating the extent to which the Pension 1-2-3 concept has been implemented in practice by the twenty largest pension funds in the Netherlands. Results are mixed. For most pension funds surveyed the Pension 1-2-3 information was reasonably easy to find on the pension fund websites, however it appeared that implementation was below expectations. For the majority of pension funds, the Pension 1-2-3 interface was not 'user friendly' and it was not easy to navigate between layers. The study evaluated the quality of the Pension 1-2-3 information by asking experimental subjects to use the Pension 1-2-3 interface for the largest Dutch pension funds to answer to four 'authentic' questions from members. Analysis of responses indicated that the overall quality of Pension 1-2-3 information provided by the large pension funds was poor and none of the four questions was satisfactorily answered using Pension 1-2-3 information. It was suggested that the Pension 1-2-3 information be better integrated with other information on pension fund websites.

4.2 Information specific to superannuation and pension fund members

We now turn to the academic literature on regulated information provision specific to fund members for both Australia and the Netherlands.

How do people use information in regular benefit statements? (Australia)

The paper 'Motivated saving: The impact of projections on retirement saving intentions' (Smyrnis et al. 2018) investigates the impact of retirement benefit estimates on intentions to supplement mandatory employer contributions with voluntary employee contributions. Recall that in Australia regulations require that periodic (at least annual) benefit statements include the current account balance. However, subject to guidance from the regulator (ASIC 2014b) projected lump sums and incomes may also be provided.

In this study four between-subjects treatments are tested in which survey participants see: 1) their current plan balance; or 2) their current balance and a projected retirement balance (as a lump

sum); or 3) their current balance and a projected income stream; or 4) their current balance, a projected retirement balance (lump sum) and projected income stream. Participants were asked to repeat this choice ten times (with account balance increased accordingly) to simulate a sequence of choices as they hypothetically progressed from their current age to retirement (set at age 67 in the experiment).

A key finding was that irrespective of the benefit format shown to the experimental subjects (current balance, or current balance and projected balance and/or projected income income), merely inviting plan participants to top up their retirement account prompted substantial increases in savings compared with real world voluntary savings (80% of experimental subjects chose to increase savings compared with 25-30% of actual superannuation fund members), especially among older respondents. Further, just showing projections (as an account balance lump sum and/or as an income stream) motivated intentions to save more. However, providing both lump sum and income stream projections together had a larger effect than either individually (although the younger subjects were more sensitive to income stream projections than the older subjects). These findings suggest that information formats are second order to member engagement.

Do plan participants understand the UOP? (The Netherlands)

The Dutch equivalent of the annual benefit statement is the Uniform Pension Overview (UOP). Each year Dutch pension funds are required to send members a UPO which provides specific information including their accrued and projected pension entitlements. Lentz and Pandor Maat (2013) investigated member understanding of the UOP. In their study experimental subjects were asked to answer a series of scenario questions to explore whether they could find and understand the information as presented in the standard UOP. A ‘simplified’ version was also tested. Results show that only 50% of subjects could both find and understand the information in the standard UOP, increasing to around two-thirds for the simplified version. For both versions the ability to find and understand information was found to be positively associated with higher education and higher literacy, but not associated with pension knowledge. In a complementary paper Kuiper et al (2013) argue that the UOP should be more participant-oriented and include all pension entitlements (not just from a specific pension fund), provide a context for adequacy, provide

insight into the consequences of possible risks, and provide information about the extent to which purchasing power is maintained.

5. Discussion

Lessons from regulation of information provision in practice

Australia and the Netherlands

Increased responsibility on pension plan participants brings with it a need to assist people with complex lifecycle decisions. Recent reforms in Australia over the past 30 years mean that Australians are responsible for choosing their superannuation fund, the asset allocation for their superannuation assets, whether to contribute on top of the mandatory contribution rate, whether to stick with the default settings for life and disability insurance, when to retire and which benefits to take. Pension choice in the Netherlands is largely restricted to design features of the mandatory lifetime pension, but reform proposals indicate that greater choice will be a future feature. One of the policy options for assisting people with superannuation pension choices is regulatory information provision. This has been a feature of Australia's regulatory settings since the early 1990s, so Australia has had a longer period to observe and evaluate its effectiveness.

The overall finding of the academic studies in the Australian context show that choosing the right disclosure format is not straightforward. The broad lessons from the Australian experience with the regulation of superannuation information can be summarised as follows:

- Academic studies show that *prescribed superannuation information may not be used as expected by the 'information architects'* from industry and the regulator. For example, the expected return and simplified risk information in the short form financial product disclosure statement was dominated by asset allocation information (Bateman et al. 2016a), while the centrally placed returns graph in the one-page MySuper product dashboard was found to be incomprehensible (Thorp et al. 2018). This is consistent with similar findings in the context of information disclosure for mutual funds, credit cards and mortgages (Choi et al. 2010, Navarro-Martinez et al. 2011, Salisbury 2014, Agarwal et al. 2014).
- *Simplicity of information per se is not always helpful*. For example, dollar amounts rather than percentages (for fees) and a returns graph (for past, current and target returns

targets) may appear simplifying in isolation and may be recommended for simplification (see de Goeij et al. 2014, Kaufmann et al. 2013, Goldstein et al. 2008) but were found to be complex when presented on a single page in conjunction with annual and 10-year returns and the standard risk measure (Thorp et al. 2018).

- *Good numeracy and financial literacy skills are crucial*. For example, in the Australian study analysing the effectiveness of the 'standard risk measure', experimental subjects with higher levels of numeracy and financial literacy made far fewer investment 'mistakes'.
- *When faced with complex decisions, people resort to heuristics and short cuts*. For example, when using the investment option information in the short form financial product disclosure statement, experimental subjects were drawn to the asset allocation information (presented as a pie chart or table) and in doing so exhibited naïve diversification (that is, used the 1/n rule) by preferring investment options with more and more equal allocations to the component asset classes.

Australia's experience with member benefit statements enhanced with benefit projections is still its infancy. However preliminary analysis suggests that:

- Merely inviting superannuation and pension fund members to review their specific benefit information has positive effects.
- Providing projections in any format motivates review of saving adequacy and capacity to save more.
- The impact on saving is greater where both account balance (lump sum) and income stream projections are presented (Smyrnis et al. 2018).

Account balance information is an area where regulated pension information is promising. Merely inviting subjects to top up their retirement accounts prompted 80% of experimental subjects to save more compared with the 25-30% of superannuation fund members who actually do so (FSC 2017).[30]

[30] These findings are in line with those from a field experiment in the US (Goda et al. 2014).

Other international experience

In the design and implementation of information disclosure formats for superannuation, Australian regulators have benefitted little from international experience. Australia is the global leader in the reliance on second pillar defined contribution arrangements and financial product disclosure rules introduced elsewhere are generally in the context of specialised financial products for specific segments rather than superannuation for the general population.[31] However, examples of similar disclosure efforts include the simplified disclosure document for mutual funds introduced in the US (SEC 2007) and the Key Investor Information Disclosure (KIID) in the EU (European Commission 2012). As for the Australian experience, the effectiveness of these short form disclosure formats have been questioned in the academic literature (Beshears et al. 2011, Kozup et al. 2008, Walther 2015, de Goeij et al. 2017).

Similarly for member benefit statements, there is little experience to inform the effective design in Australia's DC context. DB plans by their design show accrued and/or projected incomes while DC plans, defined as a function of contributions and net earnings, have traditionally shown the current account balance only. However there are current moves to include income estimates and/or benefit projections in DC plan member statements. In the US the 'Lifetime Income Disclosure Act', which requires presentation of accrued benefits and a lifetime income stream, has been under consideration by Congress since 2015.[32] In the UK pension plans are required to report current balances to members on an annual basis, but plan members can request an individual retirement projection from their pension provider.[33]

Effective testing of prescribed information

All academic studies discussed in this paper highlight the importance of appropriate testing regulated information disclosure prior to implementation. In Australia consumer testing of information disclosure has focused on perceived understanding and usefulness of the information, and the 'look and feel' of the document (in line with international practice as discussed in Gillis 2015), rather than how people actually use the prescribed information. For example, consumer testing of the MySuper product dashboard involved 8 focus groups

[31] See Godwin and Ramsay (2015) for a survey of short-form financial product disclosure in developed countries.
[32] See https://www.congress.gov/bill/115th-congress/house-bill/2055.
[33] https://www.gov.uk/workplace-pensions/managing-your-pension.

(comprising 54 people) and 3 in-depth interviews. Participants were asked what they liked and disliked about the MySuper Product Dashboard, their understanding of the key information and their attitudes towards the look, feel and presentation (ASIC 2013). However, the consumer research did not explore how people would actually use the prescribed information, and whether they use it as expected by the dashboard architects.[34]

The Australian experience with regulated information disclosure confirms that the focus of consumer testing should be to test how people actually 'use' the prescribed information to make decisions. This could be done for hypothetical decisions in an experimental context, or better still using a 'field' experiment to evaluate use of the regulated information formats in 'actual' decisions.

6. Concluding comments

The focus of this paper has been on the design, implementation and effectiveness of regulated information in the context of possible future flexibility and choice in pensions in the Netherlands. An evaluation of the Australian experience with regulated information provision suggests that well designed, pre-tested prescribed information is likely necessary but not sufficient to assist people with pension accumulation and decumulation decisions. People need not only to be able to read and understand pension information but be motivated to engage with the information and then use it to assist with and/or improve decisions.

Finally, it is acknowledged that regulation of information provision is just one component of broader policy support to assist people with retirement financing decisions. These decisions are complex, and many people lack the interest and the necessary skills. In an environment of greater individual responsibility for pension decisions, there must be complementary policy support from choice architecture (such as mandates and defaults), initiatives to improve financial literacy and pension knowledge, and regulation to facilitate accessible and unbiased financial advice. These complementary approaches also face challenges. Default settings work well because people tend to stick with defaults but can be costly in terms of lifetime welfare if defaults are not well designed (Dobrescu et al. 2018). Levels of financial literacy and pension product knowledge

[34] While the participants reported that they found the format dated, the proposed returns graph complex, were confused by the references to 'return target' and found the risk presentation format difficult to understand, few of these concerns were addressed in the final design.

are low worldwide, including in Australia and the Netherlands (Agnew et al. 2013, Alessie et al. 2011), and it is unclear how to achieve population wide improvements, and there is clear evidence that the markets for financial advice are problematic (Agnew et al. 2016, ASIC 2012c).

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Appendices:

Appendix A: Short form financial product disclosure statement for Cbus
Appendix B: Pension 1-2-3 Layer 1 for Rabobank Pension Fund
Appendix C: Pension 1-2-3 Layer 2 for Rabobank Pension Fund

Join Cbus Industry Super

Product Disclosure Statement: 30 September 2017

1300 361 784
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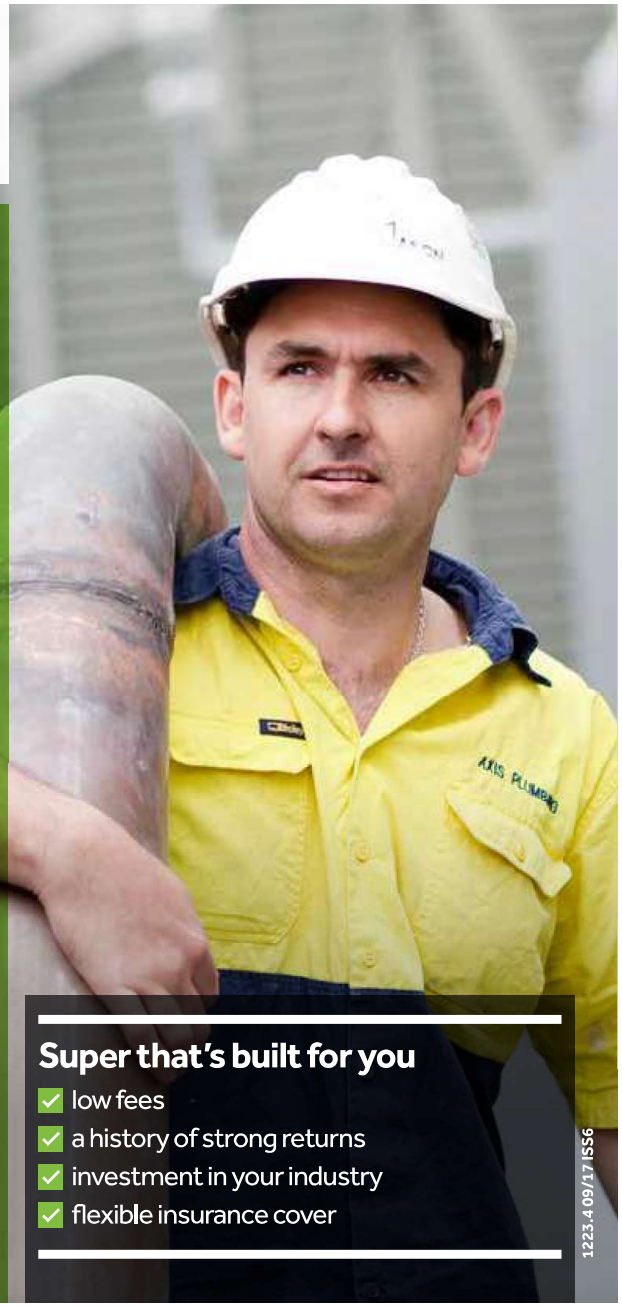
Issued by Cbus' Trustee:
United Super Pty Ltd
ABN 46 006 261 623
AFSL 233792.

Cbus ABN 75 493 363 262

MySuper authorisation
75 493 363 262 473



Super that's built for you

- low fees
- a history of strong returns
- investment in your industry
- flexible insurance cover

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Contents

1 About Cbus

Cbus is the industry super fund for more than 750,000 members and over 125,000 employers in the Australian building, construction and allied industries.

Founded in 1984 by workers for workers, Cbus has low fees and is run only to benefit members and the people who depend on them. Managing more than $40 billion of members' funds, we achieve strong investment performance over the long term*.

You can find important information about Cbus at **www.cbussuper.com.au/fund** including:

- our Trust Deed and governing rules
- our Financial Services Guide and Annual Report to members
- organisations we use to help run the fund
- information about our directors and executive team (including how they are paid), Board attendance and how directors are appointed.

Cbus offers a MySuper investment option, Growth (Cbus MySuper). See the product dashboard at **www.cbussuper.com.au/dashboard** for details. (See page 5 for your other investment options.)

* Past performance is not a reliable indicator of future performance.

Who is Cbus Industry Super for?

Cbus Industry Super is for people joining Cbus through their employer. If you don't have an employer who will be contributing to Cbus for you, you can join through:

- Sole Trader Super: for self-employed people
- Personal Super: for people not receiving employer contributions
- Super Income Stream: for people nearing retirement or who have retired.

You can join Cbus Industry Super using the form in this PDS or online at **www.cbussuper.com.au/join**

About this guide

This Product Disclosure Statement (PDS) is a summary of significant information about Cbus and contains references to important information. You should consider that information before making a decision. If you want a printed copy of this PDS or other information referenced, please call or email us.

The content of this PDS is general information only and does not take into account your financial situation or needs. You should get financial advice tailored to your own personal circumstances.

For updated information, visit our website or call us.

2 How super works

What is super?

Super helps you save for retirement. That's why the Government takes less tax from super than from other types of investments.

Most people are entitled to compulsory super and receive super contributions from their employer and can choose the super fund these contributions are made to. The amount your employer contributes is usually at least 9.5% of your regular pay.

How you can boost your super

You can get more super by putting in extra money in addition to your employer contributions. There are two ways:

- from your before-tax salary (salary sacrifice)
- from your after-tax salary (which may see you eligible for the Government's co-contribution of up to $500).

You can also combine other super you have into your Cbus account, which will make your super easier to manage and may help you save on fees. Simply log into your account at **www.cbussuper.com.au/login** or complete the enclosed rollover form.

There are limits on how much you can contribute to your super (see page 9 for details). Your ability to make extra contributions may also be restricted by your age, your employment status and how much you've already saved in super (your total super balance).

How to search for other accounts

If you've had more than one job, you may have more than one super account – and you could be paying fees on every one of them. We can help you find your other super accounts. Ask us to on the *Join Cbus Industry Super* form when you fill it out.

Accessing your super

Generally you can't access your super until you retire after your preservation age (shown in the table below), or when you reach age 65.

Your date of birth	Preservation age
Before 1/7/1960	55
1/7/1960 – 30/6/1961	56
1/7/1961 – 30/6/1962	57
1/7/1962 – 30/6/1963	58
1/7/1963 – 30/6/1964	59
After 1/7/1964	60

Before you retire

You may be able to access your super before retirement. This could be due to severe financial hardship or terminal illness, or on compassionate grounds.

When you reach your preservation age you may also be able to start using your super under a transition to retirement strategy, such as the Transition to Retirement option of our Cbus Super Income Stream account.

When you retire

When you fully retire after reaching preservation age, you can move your money into the Fully Retired option of our Cbus Super Income Stream account. This gives you a regular tax-free income payment after age 60.

What happens if we can't contact you?

If we can't contact you for a long time, we have to assume you've lost track of your super, and we'll send it to the Australian Taxation Office (ATO). If this happens you'll lose your Cbus membership, insurance cover and all the other benefits of Cbus.

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> You should read the important information about *How super works* before making a decision. Go to **www.cbussuper.com.au/superworks**. The material relating to *How super works* may change between the time you read this PDS and the day you acquire the product. Always visit our website for the latest information.

3 Benefits of investing with Cbus

When you join Cbus Industry Super you'll benefit from:

Low fees and no entry fees	We keep our costs low so more of your super stays where it belongs: in your account.
Strong long-term investment performance	Our default investment option, Growth (Cbus MySuper), has performed strongly over the long term since it began in 1984*.
Creating jobs in your industry	Our own direct property investment company, Cbus Property Pty Ltd, has created thousands of construction jobs across Australia.
Insurance to protect you and your family at work and at home	We offer flexible insurance cover for death, total and permanent disablement, and income protection, which can help pay expenses if you can't work.
Financial advice	You can get help about your account from the Cbus Advice Team by calling us.
Online services and mobile app	You can manage your super account online and on your mobile phone. Check your estimated account balance, make contributions, review and update your insurance cover, change how your account is invested and update your personal details. Register online at **www.cbussuper.com.au** or search for Cbus in your app store.
Regular updates	You'll get two account statements a year, along with our member magazine, *Cbus News*, to keep you up to date on your super.

* Past performance is not a reliable indicator of future performance.

4 Risks of super

All investing, including super, has risk. Understanding risk can help you make better decisions about your super. Cbus invests your super in different asset classes (investment types) such as cash, property, infrastructure, fixed interest and shares. Each asset class has a different level of risk and expected return.

Shares, property and some alternative investments can have high returns, but also more risk of a negative return or loss in the short term. Cash and fixed interest investments generally have more stable but lower long-term returns.

When investing in super it's important you keep in mind:

- the value of your investment can go up or down
- the level of investment returns can vary – future returns may be different from past returns
- returns are not guaranteed and you may lose some of your money
- your super savings may not grow enough through your contributions and investment returns to support you when you retire
- your super might not last your whole retirement (you may live longer than 'average')
- super laws may change in the future.

What level of risk should your super have?

Cbus offers you a range of investment options, each with a different level of risk. When choosing an option or mix of options to invest in, you need to think about:

- your age
- how long you're investing for – retirement age or longer (your investment timeframe)
- other investments you have outside super, such as savings, property or shares
- the level of risk you're comfortable with.

5 How we invest your money

This section gives you a summary of how Cbus invests your super.

Cbus gives you a range of investment options to choose from depending on how much, or how little, risk you want to take. If you don't want to choose we'll invest your super in Growth (Cbus MySuper), which is the default option and where most members have their savings. Your options are:

- Cash Savings
- Conservative
- Conservative Growth
- Growth (Cbus MySuper)
- High Growth
- Cbus Self Managed – a choice of selected Australian shares, exchange traded funds, term deposits, and property and infrastructure options (conditions and extra costs apply).

Cbus may add new investment options, remove an existing option or change options (its strategic asset allocation or objective). If any of these changes are significant we'll write to you or update you in our member magazine, *Cbus News*.

The right investment option for you will depend on its likely return, the amount of risk you're happy to take to achieve it, and how many years you have until you retire.

Growth (Cbus MySuper) option

This option suits people who can live with negative returns in some years but want long-term returns to be well above inflation. It's invested in a range of assets including shares, property, infrastructure and cash.

Investment objective	To deliver an after-tax return of inflation plus 3.25% a year over rolling ten-year periods, 75% of the time. The likelihood of negative annual returns is 3 years in every 20 years.
Suggested minimum investment timeframe	You should expect to invest for 7 years or more.
Risk level	Medium to high (risk band: 5).

The risk level is based on an industry-wide standard risk measure. It uses the number of expected negative annual returns over 20 years. It measures ranges across seven risk bands, from 1 (very low risk) to 7 (very high risk). It doesn't measure all forms of investment risk.

Strategic asset allocation and ranges

The Long Term Strategic Asset Allocation (LTSAA) is how we expect to invest over the medium to longer term. The ranges shown are the lowest and highest allocation Cbus will invest in each asset class, as at 1 July 2017. For the most up to date asset allocation visit **www.cbussuper.com.au/investments.**

Growth (Cbus MySuper) option

Asset class	LTSAA %	Range %
Australian shares	26.5	11.5 – 41.5
International shares	21.5	6.5 – 36.5
Private equity	2	0 – 17
Opportunistic growth	5	
Infrastructure	11	0 – 21
Property	13	3 – 23
Alternative debt (formerly credit)	6	0 – 16
Fixed interest	12	0 – 24
Cash	3	1 – 20

If you want to invest differently

Changing how your account is invested based on short-term movements in investment markets can reduce your long-term investment performance. If you would like help to choose the right investments for you, please call us on **1300 361 784.**

There are no fees for changing how your account is invested in standard investment options. And you can invest your existing account balance differently to future contributions you receive if you want to. Just:

- log into Member Online at **www.cbussuper.com.au/login**, or
- complete the *Investment choice* form (available at **www.cbussuper.com.au/invest** or call us).

Responsible Investment

Cbus expects investment managers to consider environmental, social and corporate governance (ESG) factors (including labour standards) when choosing Cbus investments.

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> You should read the important information about *How we invest your money* before making a decision. Go to **www.cbussuper.com.au/pds** and then read the *Investment handbook* and the *Cbus Self Managed Investment Guide.* You should also read the important information about our ESG policy at **www.cbussuper.com.au/esg**. The material relating to *How we invest your money* may change between the time you read this PDS and the day you acquire the product. Always visit our website for the latest information.

6 Fees and costs

Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from $100,000 to $80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You or your employer may be able to negotiate lower fees. Ask the fund or your financial adviser.

To find out more

If you would like to find out more, or see the impact of fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website **www.moneysmart.gov.au** has a superannuation calculator to help you check out different fee options.

As Cbus only charges fees to cover costs, not to make a profit, you're unable to negotiate the fees set out in this PDS.

The main fees to set up and invest your account are shown on page 8. These are based on the Growth (Cbus MySuper) option. These fees and costs are deducted from your account or from investment returns before the crediting rate is applied. This information can be used to compare Cbus costs with other super funds.

Type of fee	Amount	How and when paid
Investment fee (2016/17 financial year)	0.86%* a year ($8.60 for each $1,000)	Deducted from the investment returns before the crediting rate is applied to your account.
Administration fee	$1.50 per week **Plus** Trustee operating cost of 0.15%* per year ($1.50 for each $1,000)	Deducted from your account at the end of each month or when you close your account. Deducted from the investment returns before the crediting rate is applied to your account. Cbus claims a tax deduction for administration costs each year. The amount of the deduction is used to reduce the Trustee operating cost which is deducted from the crediting rate. The current estimate for 2017/18 is 0.21% (gross of tax).
Buy-sell spread	nil	n/a
Switching fee	nil	n/a
Exit fee	$35	Deducted from your account when you withdraw or rollover funds from your Cbus account.
Advice fees	nil	n/a
Other fees and costs	Additional fees may apply – visit **www.cbussuper.com.au/fees** for details.	
Indirect cost ratio	nil	n/a

* Fees deducted from the crediting rate are estimates based on the actual costs from the 2016/17 financial year. They usually change from year to year and may be different for each investment option. Other fees and costs such as activity fees, insurance fees and tax may apply.

Example of annual fees and costs for Growth (Cbus MySuper)

Below is an example of how the fees and costs in the Growth (Cbus MySuper) investment option can affect your super over one year. You can use this to compare Cbus with other super funds.

Type of fee	Amount	How and when paid
Investment fee	0.86% $8.60 for each $1,000 invested)	For every $50,000 you have in the MySuper product you will be charged $430 each year.
PLUS **Administration fee**	$78 ($1.50 per week) **Plus** 0.15% per year ($1.50 for each $1,000)	**And,** you will be charged $78 ($1.50 per week) in administration fees regardless of your balance. **And,** costs of $75 each year will be deducted from your investment returns.
EQUALS **Cost of product**		If your balance was $50,000, then for that year you will be charged fees of $583* for the Growth (Cbus MySuper) option.

* Additional fees may apply. **And** if you withdraw any funds from your account you will be charged an exit fee of $35.

Use our handy calculator at **www.cbussuper.com.au/calculators** to see how fees and costs on your account affect your super, or try the ASIC Moneysmart Calculator at **www.moneysmart.gov.au.**

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> You should read the important information about *Fees and costs* before making a decision. Go to **www.cbussuper.com.au/fees**. The material relating to *Fees and costs* may change between the time you read this PDS and the day you acquire the product. Always visit our website for the latest information.

Cbus may change fees and costs at any time without members' consent. You'll be given at least 30 days' notice before any increase to the administration fee or insurance premiums.

You may pay additional fees and costs if you consult a financial adviser. If you receive personal financial advice, please refer to the *Statement of Advice* they give you that sets out how these fees will be charged.

7 How super is taxed

Super can be a tax-effective way for most people to save for retirement. It can be taxed at different times: on contributions put into an account, on investment earnings and on withdrawals.

Tax on money put in

Tax on money put into super is worked out using your income, the amount and if it's paid from your before or after-tax income. Tax is usually deducted from your account after the money has gone in. Cbus then pays the tax to the ATO.

There are limits on how much you can contribute to your super (contribution caps). If you contribute more than these limits you may pay extra tax.

There are two kinds of super contributions:

- **before-tax** (concessional) contributions – this generally covers employer and salary sacrifice contributions
- **after-tax** (non-concessional) contributions – this generally covers personal contributions where no tax deduction has been claimed.

Limits on how much you can put into super	
Before-tax (concessional)	15%* tax on amounts up to $25,000# a year. Amounts above the cap are added to your assessable income and taxed at your marginal rate (plus an interest charge). From 1 July 2018, if your before-tax super payments are below $25,000, and you have less than $500,000 in super at the end of the financial year, you can carry forward any unused amounts in your before-tax contributions caps. Unused amounts carried forward expire after five years.
After-tax (non-concessional)	0% tax on amounts up to $100,000# a year. If you're under 65, you can contribute $300,000# in any three-year period. Contributions in excess of the cap amount are taxed at 45%^.

* The rate may double if your income and before-tax super payments reach $250,000.
# Limits for the 2017/18 financial year. Your total super balance also affects these limits – see page 10.
^ Plus Medicare Levy and any other applicable Government Levy.

You can apply to claim a tax deduction for after-tax contributions you make. Contributions you claim as a tax deduction are treated as concessional contributions, so they're taxed at 15% and contribute to your before-tax (concessional) contributions cap.

Before you claim a tax deduction, think about what this means for you. For example, this tax treatment may not benefit very low and very high income earners.

For more details read the *How super is taxed* fact sheet at **www.cbussuper.com.au/forms**.

Keep track of your total super balance

Your total super balance (across all your super accounts including income streams) can impact your ability to make or receive certain contributions and the tax rates that apply.

Once your total super balance reaches $1.6 million* the tax rates on contributions increase and you won't be able to receive the Government co-contribution or tax offsets for spouse contributions.

* Limit for the 2017/18 financial year. Some amounts are excluded from the calculation of the balance (e.g. personal injury compensation amounts that qualify as structured settlements). Contact us for more information.

Tax on withdrawals

If you're 60 or over, withdrawals are generally tax free. If you're under 60, tax is deducted from super withdrawals before we pay them to you. Your super account is divided into two parts to work out tax.

Component	Tax if you're under 60
Tax-free	No tax payable.
Taxable	If you're under preservation age, taxed at 20%#. If you're between preservation age and 59 years, the first $200,000^ is generally tax-free and the balance is taxed at 15%#.

Plus Medicare Levy. ^ Tax-free threshold for 2017/18.

Tax on investment earnings

Investment earnings are taxed at up to 15%. This tax is deducted from the crediting rate before it is applied to your account.

Why you should provide your tax file number (TFN)

If we don't have your TFN:

- your before-tax super contributions and withdrawals are taxed at a higher rate
- we can't accept after-tax contributions from you
- it may be harder to find any lost super or combine your super accounts.

Cbus is permitted by law to collect your TFN. We will use it for lawful purposes only including:

- complying with relevant legislation
- calculating tax on any super benefits
- providing your TFN to any other fund you transfer to, unless you request us not to do so in writing.

You should read the important information at **www.cbussuper.com.au/tfn** before you provide your TFN.

You should read the important information about *How super is taxed* before making a decision. Go to **www.cbussuper.com.au/tax** or **www.ato.gov.au**. The material relating to *How super is taxed* may change between the time you read this statement and the day you acquire the product. Always visit our website for the latest information.

8 Insurance in your super

This section provides a snapshot of the insurance you can get through Cbus Industry Super when you join.

Most members will receive some cover for Death and Total and Permanent Disablement (TPD) when they join Cbus. Optional Income Protection cover is also available to members in Non-Manual and Professional occupations.

Default cover when you join

Default cover is the basic type and level of insurance you receive if you're eligible. When you join you'll generally get default cover, unless you choose something different on the *Join Cbus Industry Super* form or you separately apply to change your cover. Default cover provides Death and TPD cover under the Manual occupation category. The types of default cover available are:

Death cover	TPD cover
Pays a lump sum if you die or are diagnosed with a terminal illness that's likely to lead to your death within 24 months from your *Date of Diagnosis*.	Pays you a lump sum if you're unlikely to ever work again due to *Illness* or *Injury* and you meet the *TPD* definition under the Cbus Insurance Policy.

The level of cover you receive is based on your age:

Age	Units of Manual cover	Cost per unit per week	Total weekly cost
15 to 20	Death: $52,000 (1 unit), TPD: $52,000 (1 unit)	$2.68	$2.68
21 to 29	Death: $208,000 (4 units), TPD: $156,000 (4 units)	$2.68	$10.72
30 to 34	Death: $208,000 (4 units), TPD: $145,600 (4 units)	$2.68	$10.72
35 to 39	Death: $208,000 (4 units), TPD: $135,200 (4 units)	$2.68	$10.72
40 to 44	Death: $208,000 (4 units), TPD: $124,800 (4 units)	$2.68	$10.72
45 to 50	Death: $208,000 (4 units), TPD: $104,000 (4 units)	$2.68	$10.72
51 to 64^	Death: 4 units, TPD: 4 units	$2.68	$10.72
65 to 69^	Death: 4 units, TPD: no cover	$1.33*	$5.32

^ From age 51 to 69, the amount of cover you have will reduce, but the cost per unit will stay the same.
* The cost is lower as you don't automatically get TPD cover if you join from age 65 to 69.

Refer to the *Death and TPD insurance handbook for Industry Super* and the *Income Protection insurance handbook for Industry Super* for detailed information about insurance including:

- the amount of cover available and how much it costs
- the Insurance Policy Definitions shown in italics in this section and terms and conditions
- when cover stops and starts
- how to change your cover type and amount
- how to make a claim
- eligibility, cancellation, conditions and exclusions.

Will you get this cover?

You'll get default cover when you join, except if any of the following apply to you:

Scenario	Outcome
You're between 65 and 69	You'll generally get Death cover and you can apply for TPD cover.
You're under 15 or over 70	You won't get any insurance cover.
You've received a payment for total and permanent disablement or terminal illness from a super fund or life insurance policy, or you're currently applying for or entitled to one	
You've been diagnosed with an illness that's likely to lead to your death within 24 months from your *Date of Diagnosis*	
You're not in *Active Employment* when your cover starts	You'll get default Death cover, but your TPD cover will be *New Events Cover* until you're in *Active Employment.*
Your insurance starts more than six months from your employment commencement date with your first Cbus employer.	Your Death and TPD cover will be *New Events Cover* for 24 months, after which you'll get full cover provided you've been in *Active Employment* for ten consecutive days.

Cost-effective cover based on your work

When you join, we ask about your work so we can give you the best value cover possible. You can choose the occupation category that applies to you:

Occupation category
Manual: Members who do any manual (physical) work or spend more than 20% of their work day outside an office environment. This category applies if you don't choose or qualify for any of the others.
Non-Manual: Members who spend at least 80% of their work day in an office environment doing clerical, administrative, managerial or professional work and don't do any manual (physical) work.
Professional: Members who: ▪ are a *Senior Manager / Executive* or have a university qualification (bachelor degree or higher) ▪ spend at least 80% of their work day in an office environment doing entirely sedentary professional work ▪ don't do any manual (physical) work, and ▪ have an *Annual Taxable Income* from their primary work of more than $100,000 (or equivalent annual income if permanent part-time).
Electech: Members currently employed in the electrical, electronics or communications industries in a classification set out in Schedule B of the *Electrical, Electronic and Communications Contracting Award 2010.*

Insurance needs calculator

Work out how much you might need to protect you and your family using our *Insurance needs calculator* available at **www.cbussuper.com.au/calculators.**

How much does it cost?

The cost of your insurance depends on the type of cover you receive, how many units you choose and your occupation category.

Occupation category	Death and TPD cost per unit	Death only cost per unit
Manual	$2.68 per week	$1.33 per week
Non-Manual	$2.68 per week	$1.55 per week
Professional	$2.68 per week	$1.55 per week
Electech	$2.62 per week	$1.13 per week

When cover starts

If you qualify to get cover when you join, it will start on the first day of the period to which your first *On-Time Employer Contribution* relates.

Applying for more cover

You can apply for extra cover by answering a few questions on the *Join Cbus Industry Super* form attached to the PDS, but we must receive your completed form within six months of commencing employment with your first Cbus employer.

You can also apply to transfer your existing cover from another super fund or life insurance policy or apply for more cover when certain *Living Events* happen, like you get married, have children or take out a mortgage.

To apply for more cover at any other time, you'll need to provide information about your health. You can apply online by logging in to Member Online at **www.cbussuper.com.au/login** or complete an *Application to increase insurance cover*.

Can you decrease or cancel your cover?

We believe our members should have insurance cover to protect themselves and the people who depend on them. But you can decrease or cancel your cover at any time by logging in to Member Online at **www.cbussuper.com.au/login**. You can also complete an *Application to decrease or cancel insurance cover* from **www.cbussuper.com.au/forms** (or call us for a copy).

If you change your mind and want cover, you'll need to reapply and provide information about your health for the insurer to consider. You can apply online or by completing an *Application to increase insurance cover.*

Unless you cancel your cover, the cost will be deducted from your super account.

Income Protection cover for Non-Manual and Professional occupations

Income Protection (IP) cover provides a *Monthly Income* if you can't work because of an *Accident* or *Illness*.

We recognise that many Cbus members already have IP cover as part of their employment arrangements. That's why this IP cover is only available to members in a *Professional* or *Non-Manual* occupation category. Please check your terms and conditions of employment for any existing cover before applying through Cbus.

Applying for IP cover when you first join

If you're in an eligible occupation category, we'll contact you about applying for IP cover once we've processed your *Join Cbus Industry Super* form. If you apply for IP cover within six months of when you become *First Eligible* you'll only have to answer a few simple questions to get cover. If you apply after six months, more detailed health evidence is needed.

Changing your IP cover after you join

If you don't receive IP cover when you first join – or if you want more cover and more options – you can apply using the *Application to vary Income Protection cover* form. You'll need to provide full health evidence as part of your application.

How much does IP cover cost?

The cost of cover is paid for out of your super account balance each month. The total costs (your insurance premiums) depend on how many units of cover you choose, the *Waiting Period* and *Benefit Period* you choose, and your occupation category.

All applications for insurance cover must be accurately completed and are subject to the terms and conditions of the Cbus Life Insurance Policy or Cbus Income Protection Policy.

You should read the important information about *Insurance in your super* before making a decision. Read the *Death and TPD insurance handbook for Industry Super* and *Income Protection insurance handbook for Industry Super* at **www.cbussuper.com.au/insurance.** The material relating to *Insurance in your super* may change between the time you read this PDS and the day you acquire the product. Always visit our website for the latest information.

What do words in *italics* mean?

To check the meaning of insurance terms in *italics*, see the insurance handbook and/or income protection handbook at **www.cbussuper.com.au/forms.**

9 How to open an account

Joining Cbus is easy

You can join Cbus in two ways:

- go to **www.cbussuper.com.au/join** and follow the prompts, or
- fill in the attached form and send it back to us.

If you're already a Cbus member, you don't need to reapply. Just give your member number to your new employer. (Your employer may ask for a *Complying fund letter* – available from **www.cbussuper.com.au/letter** or call us.)

You must be 15 or older to join Cbus.

Contact us if you're not satisfied with our service

Cbus works hard to provide excellent service for every member. We take complaints seriously and address them as quickly as possible.

If you have a complaint

- Write to: Cbus Complaints Officer, Cbus, Level 28, 2 Lonsdale St, Melbourne 3000
- Call: **1300 361 784**
- Email: **cbuscomplaints@cbussuper.com.au**

Your complaint must be considered within 90 days, but we'll aim to review it well before then. If you're not satisfied with the outcome, your complaint can be considered by the Superannuation Complaints Tribunal.

You should read the important information about *How to make a complaint* before making a decision, go to **www.cbussuper.com.au/complaint**. The material relating to *How to make a complaint* may change between the time you read this PDS and the day you acquire the product. Always visit our website for the latest information.

Welcome to the Rabobank Pension Fund!

In this Pensioen 1-2-3 you will read what is, and what is not, covered by our pension plan

This is important to know, for example, if you start a new job. After all, each pension fund has its own plan. Pension 1-2-3 does not disclose any amounts or personal information. You will find those on your annual Uniform Pension Overview and on mijnpensioenoverzicht.nl, but also under Mijn pensioen on rabobankpensioenfonds.nl. You will receive a user name and password to access this information.

Pension 1-2-3 consists of three layers

- Layer 1: a brief introduction to your pension plan.
- Layer 2: more information about all topics.
- Layer 3: all the rules and policies of our pension fund.

You are now reading layer 1. Click on a symbol to go to layer 2 and layer 3. Would you prefer to read it on paper? Ask for this under Contact.

What will you get from our pension plan?

If you are due to retire, you will receive retirement pension. Your pension from us starts when you reach the age of 67. Are you due to receive State Old Age Pension (AOW) at an earlier date? Then your pension will also commence at the same time.

If you die, your partner will receive partner's pension, and your children will receive orphan's pension. Your partner may also receive a temporary partner's pension.

If you become disabled you will still continue to accrue pension. You will no longer pay any contribution for this. We will supplement your State benefit as well. his way you will have more income.

If you wish to know exactly what you can expect,. Look at our pension regulations. If you prefer reading our regulations on paper, you can ask for a paper version under Contact, or ask your employer for an explanation.

What is not covered by our pension plan?

Our pension plan covers everything that is important for your retirement, because you accrue retirement pension, partner's pension as well as orphan's pension with us. If you become disabled we will supplement your State benefit to some extent. You can read more in layer 2. You will furthermore continue to accrue pension. You will not pay any contributions yourself in that case.

How do you accrue pension?

There are three ways in which you accrue a pension:
A. State Old Age Pension: you accrue this through the government if you live or work in the Netherlands. Read more on svb.nl.
B. Your pension with us: you accrue pension through your employer. This Pension 1-2-3 addresses this type of pension.
C. Pension that you arrange yourself: for example through Flexioen in our pension fund, or by saving for an annuity or in a tax-efficient blocked bank savings account.

Every year, you accrue part of your pension. Your total pension is the sum of all those parts. You will receive this pension for the rest of your life from your retirement date on. The name for this is career average plan.

You accrue pension on part of your gross annual salary. We deduct the state pension offset from your salary. This amounts to €14,017 for 2016. You do not accrue any pension on that amount, because you will receive State Old Age Pension. You will accrue 2% pension on the remaining salary. This may be less if the contribution is insufficient. There is a cap on the contribution your employer can pay. You can accrue pension on a salary up to €96,000 in this plan.

Your employer pays a contribution towards your pension every month. You pay part of that to your employer. You can see how much that is on your salary slip.

What are your options?

You have started a new job. You may transfer the pension that you have accrued previously to our pension fund.

Do you want to compare our pension plan with another pension plan? Click through to the pension comparison part in layer 3.

Do you wish to accrue extra pension for yourself? Have a look at your options in layer 2.

You accrue pension on your salary up to €96,000. If your salary is higher, then you may participate in a separate pension plan. This way you will accrue more pension. Have a look at layer 2.

We offer you more choice such as extra pension for your partner or additional pension for yourself. You can also retire early or defer your pension, or partially defer it. Click on the symbol for layer 2 to see all your options.

How secure is your pension?

Your pension is not certain. It is possible that your pension cannot increase in line with prices. You therefore run a risk with your pension. For example:

- Our investments may yield disappointing returns.
- The pension contribution available for a given year for your pension may not be enough to accrue 2 per cent.
- People are living longer on average. As a result, we have to pay pensions for longer.

In layer 2 you can read more about our financial situation and the policy funding ratio. If these are poor, your pension may be lower.

We try to have your pension increase in line with prices every year. This is called indexation. This is only possible if the financial situation of our pension fund allows for it. For the time being, the financial situation is such that we are unable to index-link your pension. You can read more in layer 2. Over the past five years we have increased the pensions for members as follows:

Indexation	*Price*	*Rises*
2016	0,67%	0,01%
2015	1,1%	1,20%
2014	1,1%	0,57%
2013	0,0%	2,60%
2012	0,0%	2,36%

If we have a deficit, we may have to take measures. For example:

- Your pension will not grow in line with price rises.
- Your pension goes down. We only do this if there are no other options.
- If the contribution is not sufficient you may accrue less pension.

So far, we have not had to lower pensions but they are not growing entirely in line with prices.

What costs do we incur?

Our pension fund incurs the following costs to arrange your pension:

- Administration costs. Your employer and we share these costs.

- The cost of managing the fund's investments. We pay these costs from the return on investments.

When do you need to take action?

If you change jobs, you may transfer the pension that you have accrued previously to your new pension fund.

If you are cohabiting or planning to do so, register your partner with us straight away.. Are you getting married in the Netherlands or becoming registered partners? Then there is no need to take any further action.

If you divorce, no longer cohabit, or discontinue your registered partnership.

If you move to another country.

If you will be working more or fewer hours.

If you take unpaid leave.

If you become unemployed.

Check once a year how much pension you have:

- You can find your pension with us under Mijn pensioen and on your Uniform Pension Overview.
- You can find your State Old Age Pension and all the pension you have accrued on mijnpensioenoverzicht.nl You will also see the gross and net amounts.

If you want to make your own choice in respect of your pension, take a look at What are your options?

If you have any questions, such as what you ought to do yourself, or about the options you have as regards your pension, look on our website or phone us on +31 306 693 777.

Want to know more about….

... your pension with us? Go to layer 2 or layer 3. You can also find extensive information and answers on

rabobankpensioenfonds.nl.
... your pension amounts? Look under Mijn pensioen.
... your total pension? Take a look at mijnpensioenoverzicht.nl.

We present: Layer 2 of Pension 1-2-3

You can read about what you will and will not get from our pension plan. Layer 2 includes all the important features of our pension plan. You will find more details about the topics introduced in layer 1.

Pension 1-2-3 consists of three layers

- Layer 1: a brief introduction to your pension plan.
- Layer 2: more information about all subjects.
- Layer 3: all the rules and the policy of our pension fund.

If you prefer reading the information on paper, ask for this under Contact.

Pension 1-2-3 does not disclose any amounts or personal information
You can find these on mijnpensioenoverzicht.nl and under Mijn pensioen. They also appear in the Uniform Pension Overview you receive from us every year.

What will you get from our pension plan?

You will receive retirement pension from the age of 67

You are accruing retirement pension with us to provide for later years. You participate in our pension plan through your employer. You will receive this pension for as long as you live. An amount will be credited to your account every month.

Your retirement pension is a supplement to your State Old Age Pension (AOW)
The State pension no longer starts at age 65, but from a later date. You can find out the age at which your State Old Age Pension will start on svb.nl. Most people receive pension from their employer from the age of 67. The retirement age in our pension plan is also 67.

Will you start receiving State Old Age Pension before you turn 67? Then your retirement pension will start at the same time as your State Old Age Pension. If your birthday is the 1st of the month, then the commencement date of your retirement pension will be exactly the same as that of your State Old Age Pension. If your birthday is on another day, then the commencement date of your retirement pension will be the first day of the month in which your State Old Age Pension commences.

You can also retire early or defer your pension. You don't need to decide until six months before you retire.

Your retirement pension depends on…

- the salary you earn
- the number of years of service
- the rules in our pension regulations.

Your pension amount is specified in your Uniform Pension Overview, but also under Mijn pensioen and on mijnpensioenoverzicht.nl.

This is how you accrue pension
Our pension plan is a defined benefit agreement. Every year, you accrue pension on your gross salary earned in that year. However, you do not accrue pension on your entire salary:

- We first deduct the state pension offset from your salary. That is because you will also receive State Old Age Pension.
- Every year, you will accrue 2% of your retirement pension on the remaining salary. This is the accrual rate for 2016. It may be lower if the contribution is not enough. Your employer makes a contribution towards the pension plan. The employer pays up to 36% of the total pensionable earnings of all employees. Your employer has provided a contribution guarantee up to 2020. You can read more in our annual report in layer 3.
- Under this pension plan you do not accrue any pension on a salary in excess of € 97.736,- (in 2017).
- If you work part-time, you will accrue less pension.

An example
Your gross annual salary is €54,017. The state pension offset is €14,017. So you accrue pension on €40,000. This is called your pensionable earnings. You accrue 2% retirement pension on that amount. This amounts to €800 in that year. The retirement pension that you will receive upon your retirement is the sum of all the years you have worked. That will be increased by the indexation our fund applies.

You can read more about the increase in your pension under *How secure is your pension*?

Your partner and children will receive pension if you die

You also accrue partner's pension and orphan's pension with us. If you die, the following will apply.

Your partner will receive a lifelong partner's pension
If you die while still employed, Your partner will receive 70% of the retirement pension that you would have received if you had accrued a pension with us until your retirement. If you die after your retirement, your partner will receive 70% of the retirement pension you accrued until your death. If you start working for another employer, your partner will only receive the partner's pension you accrued until you left the company.

If you have a former partner, things may be different
If you are divorced, your ex-partner may be entitled to a part of the partner's pension after your death: the part you accrued until you divorced. This is called special partner's pension. We will deduct this from your new partner's pension. He/she will then receive a lower partner's pension if you die. If you have made other arrangements with your ex-partner, the above will not apply.

Your partner may also receive a 'temporary partner's pension'
If you die while still working for your employer, your partner will then also receive a temporary partner's pension until his or her State Old Age Pension commences. Until that time, your partner will have to pay higher contributions and higher social security contributions. That is why he or she receives a temporary partner's pension. It amounts to 22% of the lifelong partner's pension your partner will receive. This will, however, be subject to a maximum. After your death, we will determine whether your partner will receive partner's pension and how much is it.

The temporary partner's pension stops…

- once your partner starts receiving State Old Age Pension.
- if your partner remarries, cohabits or enters into a registered partnership.
- when your partner dies.

Your partner may also receive surviving dependant's (Anw) benefit from the government
If you die, your partner may receive temporary State benefit. This is provided for in the Surviving Dependants Act (Anw). You can find all the information on svb.nl, for example about the conditions:

- Your partner takes care of a child under the age of 18; or
- Your partner is 45% or more disabled.

You can supplement the benefit for your partner yourself
If you wish to be sure that your partner will receive extra money when you die, take out Surviving Dependant's Act Shortfall insurance (ANW-*hiaatverzekering*) through your employer. Your partner will then receive supplementary benefit in addition to the pension until their state pension commences. This applies even if the government does not pay surviving dependant's benefit. Your employer pays 30% of the premium for you. The insurance stops if you leave the company. Your HR department will gladly tell you more. Or check your HR portal.

Register your partner if you are cohabiting
If you are cohabiting, then your partner will not automatically receive partner's pension when you die because this is subject to conditions. For example:

- You have cohabited for at least 6 months.
- You have entered into a cohabitation agreement that you executed before a civil-law notary.
- In it, you agreed that you have a duty of care towards each other.
- You have registered your partner with us.

Be sure to register your partner with us. You can do this under What should I do when… cohabiting.

Up to the age of 21, your children will receive an orphan's pension
Each child will receive 14% of the retirement pension that you would have received if you had accrued pension with us until your retirement. If you start working for another employer, your children will only receive orphan's pension from the pension you accrued until you left the company. Are they students? Or are they 45% or more disabled? They may then receive pension until they are 27.

Read this information too

- Our brochure on Getting married or cohabiting: you can find it in layer 3.
- All the rules in our pension regulations in layer 3.

The pension amounts are specified in the Uniform Pension Overview but also under Mijn pensioen and on mijnpensioenoverzicht.nl.

You will continue to accrue pension if you become disabled

If you become unfit to work, your employer will continue to pay part of your salary. You therefore continue to accrue pension. If you are unfit for work for longer than two years, you will be considered to be disabled within the meaning of the pension plan.

If you are more than 35% disabled, you continue to accrue pension with us. You will no longer pay any contribution towards it. Our pension fund will pay your contribution. This will only be done for the percentage of your disability. If you are completely disabled, we will pay your full contribution. To calculate the contribution, we take your salary on the first day you became unfit to work. If you are partially disabled, your waiver of contributions will depend on the extent of the disability.

You can find all the rules in our pension regulations in layer 3, for example the amount that you will receive if some aspect of your disability changes.

You may also receive a supplementary pension from us
If you are disabled you may receive benefit from the government. Read more on uwv.nl. It may be that we supplement the State benefit with a disability pension. Whether you receive this and the amount you receive will depend on what extent you continue to work. If you are completely disabled, we will supplement your State benefit up to a maximum of 80% of your income. More information can be found on our website. Take a look at What should I do when… ill or disabled. All the rules are in our pension regulations in layer 3.

You do not need to take any action
If you become disabled we will receive your data from your employer or from UWV. We will ensure continuation of the accrual of your pension for the percentage of your disability. We will also check whether you are entitled to a supplementary pension. You will automatically receive a notification from us.

You can find all the rules in our pension regulations

If you want to know exactly what the rules are, take a look at layer 3 for our pension regulations. If you prefer reading our regulations on paper, you can easily and quickly ask for a paper version under Contact.

What is not covered by our pension plan?

Under our pension plan, you accrue retirement pension, partner's pension and orphan's pension. If you become completely disabled, we will supplement your State benefit up to a maximum of 80% of your income. Moreover, you will continue to accrue pension in that case. You will not pay any contributions yourself.

If you become partially disabled, please read the information on our website. Take a look at What should I do when… ill or disabled. Or read the brochure Your pension in a nutshell in layer 3.

How do you accrue pension?

A. General Old Age Pensions Act (AOW)

The AOW or State Old Age Pension is the statutory pension from the government. You accrue it yourself over a period of about 50 years if you live or work in the Netherlands.

Your State Old Age Pension will no longer start when you turn 65, but later. The State Old Age Pension age is increasing incrementally. The age at which you will receive State Old Age Pension depends on your date of birth. The amount of State Old Age Pension is not the same for everyone. The amounts change every year. Take a look at svb.nl to find out your State Old Age Pension age. You will find the amounts there and more information about the State Old Age Pension.

Please note:
If you have not always lived or worked in the Netherlands, then you will receive a lower State Old Age Pension.

B. Pension that you accrue through your work

You accrue pension through your employer. Every year you accrue a part of your pension. Once a year, you will receive a Uniform Pension Overview (UPO),

This will include:

- the retirement pension accrued to date;
- the retirement pension you can reach if you continue working for your employer until you retire;
- the pension your partner will receive if you die;
- the pension your children will receive if you die.

Take a look at mijnpensioenoverzicht.nl. It contains a statement of your State Old Age Pension and the pension accrued at all your employers. You can also see what the net amounts will be.

C. Pension that you arrange yourself

You can supplement your State old age pension and your retirement pension yourself by saving into a savings account or a tax-efficient blocked bank savings account, for example, or by taking out insurance, such as an annuity.

You can arrange additional pension through your employer. This is called Flexioen. Our pension fund offers the following:

- If your gross annual salary is lower than €96,000 (in 2016), you can accrue additional pension within the limits set by the Dutch Tax and Customs Administration.
- If your gross annual salary is greater than €96,000 (in 2016), you can opt for net pension accrual. Take a look at What are your options? for more information.

Whether you feel it necessary to accrue additional pension depends on your own situation and wishes. You can calculate your pension using the pension planner on rabobankpensioenfonds.nl. Or check your HR portal.

Not sure what to do? Ask a financial adviser to help you come to a decision. Or take a look at the Pensioenschijf-van-vijf on nibud.nl (in Dutch).

You are accruing pension in a career average plan

Every year you accrue pension on part of your gross salary in that year. You do not accrue pension on your entire salary, because we take your future State old age pension into account. The state pension offset is the part of your salary that you do not accrue pension on. The remaining salary is your pensionable earnings on which you will accrue pension. But only up to a gross annual salary of € 97,736,- (in 2017).

Your total pension is the sum of all those years. We will add the increases you receive every year if our financial situation permits. This is called indexation. Your pension plan is an index-linked career average plan. You will receive this pension every month for the rest of your life from your retirement date on.

Do you wish to accrue pension above a salary of € 97,736,-? Take a look at What are your options?

Your accrual rate is 2%

You accrue pension on part of your gross annual salary. We deduct the state pension offset from your salary. This is €14,017 for 2016. You do not accrue any pension on that amount, because you will receive State Old-Age Pension.

The remaining salary is your pensionable earnings, on which you accrue 2% of your retirement pension. This is the accrual rate for 2016. Your accrual may be lower if the contribution is not enough. Your employer contributes towards all pensions. This collective defined contribution goes towards your pension.

There is a cap on this too. You accrue pension up to a gross annual salary of €96,000 (in 2016). Do you wish to accrue additional pension? Take a look at What are your options?

An example
Your gross annual salary is €54,017. The state pension offset is €14,017. So you accrue pension on €40,000. That is your pensionable earnings. You accrue 2% retirement pension on that amount. This amounts to €800 in that year. The retirement pension that you will receive when you retire is the sum of all the years you have worked. We will add the increases you receive every year if our financial situation permits. This is called indexation.

You and your employer both pay towards your pension

Your employer pays a contribution for your pension every month. You pay part of that amount to your employer. You pay 5% of your pensionable earnings. You can see exactly how much you are paying on your salary slip. The contribution is the price of your pension. Your employer pays the contribution to us.

Your pensionable earnings are your gross salary minus the state pension offset. You do not accrue any pension on the first part of your salary. That is because you will also receive State Old Age Pension. We take this into account in the way you accrue your pension benefits. In 2017, this state pension offset is € 14.017.

What are your options?

Transferring your pension

You have started a new job. That is why you are now accruing pension in our pension plan.

You may transfer the pension that you have accrued previously to our pension fund
This is known as value transfer. You can file a request for a transfer with us. Look at *What should I do when… joining* rabobankpensioenfonds.nl.

If you change jobs in the future
Moving to another job? And another pension plan? You will start to accrue pension under that pension plan. Even in that situation you may opt to transfer the pension accrued. File a request for this with your new pension fund.

Value transfer will not be necessary if you find a new job at Rabobank or a company affiliated to our pension fund. You will then simply continue to accrue pension with us. This means that your pension plan will not change.

If you opt for value transfer
You can keep all your pensions together. In the future you will receive your pension from one single pension fund.

If you do not opt for value transfer
Your accrued pension will remain with your old pension fund. You will no longer pay any contribution to them. And you will not accrue any more pension there. Your previous fund will pay out that particular share of your pension in due time.

Think carefully about whether value transfer is advisable for you
Value transfer is convenient, because it keeps all your pension together. But there may also be disadvantages if the indexation policy of your old and new pension fund differs. So look carefully at the financial situation of your old and new pension fund first. And at what your former and your new pension plans cover. Does your new employer offer a better pension for your surviving dependants? Or is the risk of reductions in the coming years lower at your new pension fund? In that case value transfer can be advantageous. Of course, the reverse is also possible.

This information may be helpful when making a decision

- *The Pensioen 1-2-3 on the website of your former and new pension funds*
  You can see what each fund does, or does not, provide. And whether your pension may increase in the next few years. You are now reading Pensioen 1-2-3 for our fund. Look on the website of your other pension fund for that fund's Pensioen 1-2-3.
- *The pension comparison calculator*
  You can use the pension comparison calculator to compare the most important features of your plans. You will immediately see the differences. Read more under What are your options? in this Pensioen 1-2-3. You can find the pension comparison calculator in layer 3.

Not sure what is best? Please consult your financial adviser.

If the financial situation is not sound, value transfer will not be immediately possible
The financial situations of your former and new pension funds must be sound. The policy funding ratio must be at least 100%. This has been regulated by law. This is the government's way of helping you to avoid risk.

If the financial situation is not sound you can still apply for value transfer, but your pension will remain with your former fund until the financial situations of both funds are sound again. After that, you will receive a statement. You can decide then whether or not to transfer your pension.

The funding ratio is the relationship between:

- the cash a fund has available, and
- the money that the fund has to pay out in the form of pensions now and later.

When the funding ratio is 100%, these two are equal. In that case, there will be exactly enough money for all the pensions.

Every fund calculates its funding ratio over the last 12 months. We take the average of that. This is called the policy funding ratio. The policy funding ratio is measured every month. You can read more about our financial situation on rabobankpensioen.nl. Look under News.

If you start a new job abroad
Are you moving to a job in another country? You can sometimes take your pension with you. This depends on the pension system in that country and your new employer's pension plan. Want to know more? If so, discuss this with your new employer.

Comparing your pension

Do you want to compare our pension plan with another pension plan? For example, because you have applied for a job with an employer with its own pension plan? Or because you are thinking about transferring the value of your pension when you start a new job? You can use the pension comparison calculator in layer 3 to compare the most important features of your plans. You will immediately see the differences.

Accruing additional pension for yourself

You accrue pension through your employer. You may also accrue additional pension through your employer. You do so on a voluntary basis. This way you will have more income when you retire. This is called Flexioen. It is an option provided by the Rabobank Pension Fund. It is a Robeco product.

The following agreements have been made:

- You pay the additional contribution for your pension yourself. Your employer will withhold it from your gross salary.
- Your contributions will be invested for you. You choose the level of risk of your investments yourself.
- When you retire, you will use that capital to purchase a pension from us or from an insurer.
- You decide for yourself how much additional contribution you want to pay. This will, however, be subject to a maximum. You can accrue gross pension if your annual salary is less than €96,000. This is the amount for 2016.
- You do not pay tax on the additional contribution you pay.
- If you die, your partner and children will also receive a pension.

Flexioen enables you to accrue pension within your tax allowance. Your tax allowance is the difference between the pension that you are accruing with us and the limit set by the Dutch Tax and Customs Administration.

Would like to know more about Flexioen?
Read the brochures about Flexioen in layer 3. Whether you feel it necessary to accrue additional pension depends on your own situation and wishes. You can calculate your pension using the pension planner on rabobankpensioenfonds.nl. You can also find information about Flexioen on your HR portal. That is also where you can arrange the payment of your pension contribution.

Not sure what to do? Ask a financial adviser to help you to come to a decision. Or take a look at the *Pensioenschijf-van-vijf* on nibud.nl (in Dutch).

Accruing pension when your salary is above € 97.736,-

You are allowed to accrue pension with us up to a gross annual salary of €96,000. This is the amount that applies in 2016. No tax is due on that. This is a way of making the accrual of pension financially advantageous for everybody in the Netherlands.

Do you want to accrue more pension? Then you may voluntarily participate in a separate pension plan. It is called *Netto Flexioen*. This way you will have more income when you retire. You pay this from your net salary. You will not pay tax on the pension when it is paid out.

The following agreements have been made

- You accrue supplementary pension on your gross annual salary in excess of €96,000 (in 2016).
- You will pay the extra contribution for your pension yourself. Your employer will withhold it from your net salary.
- You choose how much contribution you wish to pay.
- Your contributions will be invested for you. You choose the level of risk for your investments yourself.
- When you retire, you will use that capital to purchase a pension from us or from an insurer.
- If you die, your partner and children will also receive additional pension.

Want to know more? Check your HR portal. You can also register there.

Additional pension for your partner when you die

If you die, your partner will receive a pension from us. Your partner may also receive surviving dependant's (Anw) benefit from the government. This is provided for in the General Surviving Dependants Act (Anw). All the terms and conditions are on svb.nl.

If you wish to ensure that your partner receives sufficient money when you die, take out Surviving Dependant's Act Shortfall insurance (ANW-*hiaatverzekering*) through your employer. Your partner will then always receive supplementary benefit in addition to the pension until their state pension commences. This applies as long as you are working for your employer. Your employer also pays 30% of the contribution for you by deducting your part of the contribution from your gross salary.
You can register through your HR portal.

Converting retirement pension into partner's pension

Are you due to retire, or due to stop working for your employer? Have you accrued no or only a small pension for your partner with us? Then it is possible to convert part of your retirement pension into pension for your partner. Your own pension will then be lower. And your partner will receive a pension from us when you die.

The pension for your partner may not exceed 70% of your own retirement pension.

Read more in our pension regulations in layer 3. Do you want to know how much pension your partner will get if you convert your pension? It is easy to calculate with the help of our pension planner on rabobankpensioenfonds.nl.

When you retire, your decision is final
If you make the decision when you retire, it is final. Will you opt to convert your pension? Or decide not to do that? You cannot reverse your decision.

The pension for your children does not change when you convert pension
The orphan's pension is 14% of the retirement pension. But we will start from the value before you convert your pension. Your children will receive this pension up to the age of 21. If they are still studying, or if they are disabled. they may then receive pension until they are 27.

Converting partner's pension into retirement pension

You accrue retirement pension for yourself with us, but also partner's pension. Your partner will receive this pension when you die. You may not want any partner's pension. Perhaps you have no partner. Or your partner has a good income. You can then convert your partner's pension into retirement pension for yourself, or partially defer it. You can decide when you retire.

Do you want to convert all of your partner's pension? Then your partner will receive no pension when you die. Do you want to convert part of your partner's pension? Then your partner will receive less pension when you die. Your own pension will be higher.

Read more in our pension regulations and the brochure Pension in layer 3. Do you want to know how much pension your partner will get if you convert your pension? It is easy to calculate with the help of our pension planner on rabobankpensioenfonds.nl.

You can only make your decision known once
Are you opting to convert your pension? Or are you opting not to do so? Once you have decided, you cannot reverse your decision. If you have a partner, he or she must agree with your decision.

Your children's pension does not change when you convert your pension
The orphan's pension is 14% of the retirement pension. But we will start from the value before you converted your pension. Your children will receive an orphan's pension up to the age of 21. If they are still studying, or if they are disabled, they may then receive pension until they are 27.

Early retirement or deferment of pension

Your pension will commence on the same date as your State old age pension. The date you start receiving State old age pension depends on your age. The age at which you receive State old age pension is increasing incrementally: to 66 in 2018 and 67 in 2021. Find out when your State old age pension is due to start on svb.nl.

You may, however, also retire earlier than your State old age pension date or defer your retirement pension until sometime after that date.

Early retirement
Perhaps you wish to retire early, or partially stop work. In that case, that part of your pension will also commence earlier. You can retire after the age of 57 here. You will, however, receive a lower pension. After all, we will have to pay your pension for longer. You will also accrue pension for a shorter period.

This means that early retirement will have financial consequences. You will not immediately receive State old age pension either. That means you will have a State old age pension shortfall.

You may opt for a state pension bridging pension
Our pension fund enables you to opt to supplement your pension until you reach state pension age. This is possible up to €19,428 gross per year. As a result, your pension will be lower after you have reached state pension age.

You may be able to get an advance or a transitional allowance from the State. Read more on svb.nl.

Deferment of retirement
You may also carry on working or carry on working but with fewer hours. In that case, your pension will commence later. We offer the option of retiring up to five years after your State pension commences. In that case your pension will be higher, because we have to pay your pension for a shorter period.
You will also accrue pension for a longer period.

This is how you arrange it

- First discuss your wishes with your employer. Together you will make agreements on what you want.
- Do you want to retire early? Apply for this at least three months in advance.
- Do you want to defer your pension? Then there is no need to take any further action. You will receive a notification from us six months before your State pension date, providing you with information on how to apply for pension and how to communicate your choices to us.

You will find all the agreements in our pension regulations. Or read the brochure Your pension on the horizon in layer 3. You can also partially retire early or partially defer retirement. You will continue to work part-time. Read the relevant section for more information.

Do you want to know how much pension you will receive if you retire early or defer your pension? It is easy to calculate with the help of our pension planner on *rabobankpensioenfonds.nl*.

Part-time retirement

Your pension with us routinely commences at age 67 or on the date you are due to receive State pension if that is earlier. Would you prefer not to stop working entirely? And take part-time retirement first?
That can be done. This means that you will let your pension with us commence in stages. You decide for yourself how much pension you want to take out. This is known as part-time retirement.

You continue working for the remainder of the time. You will also continue to accrue pension on that salary. You can do this for a maximum of five years after the date your State pension starts.

The following agreements have been made

- You can start taking your pension from the age of 57.
- You may take your pension in stages, for example 20% at first, and after that 40%, 60% and 80%.
- You can only make a choice once. Will you opt to take part-time retirement? Or opt not to do so? Your choice is then final. You may not reverse your decision at a later date. You can choose to receive a higher percentage or retire completely.
- Will you retire part-time earlier than five years before reaching state pension age? Then you will also stop working for that part. That is one of the conditions.
- Will you retire within five years before reaching state pension age? Then you may opt to continue to work part-time or full-time. How much you continue to work is therefore independent of how much pension you take.

This is how you arrange it

- First discuss your wishes with your employer. Together you will make agreements on what you want.
- Do you want to partially retire at 67? Or on the date you are due to receive State pension if that is earlier? Then there is no need to take any further action. You will receive a notification from us six months beforehand, providing you with information on how to apply for pension and how to communicate your choices to us.
- Do you want to partially retire earlier? Let us know at least three months in advance.

You can find all the agreements in our pension regulations in layer 3. Would you like to know how much pension you will receive if you partially retire? It is easy to calculate with the help of our pension planner on *rabobankpensioenfonds.nl*.

Receiving a higher or lower pension first

You may want a higher retirement pension in the first period of your pension. Because you are retiring early, for example, and therefore will not yet receive any State old age pension. After that, you will receive a lower retirement pension for as long as you live. You can, however, also opt for a lower retirement pension in the first period of your pension. After that, you will receive a higher retirement pension for as long as you live.

You will receive a higher or lower pension for five or ten years or until you start receiving State old age pension.

Your pension in the first and second periods will differ from the amounts in your Uniform Pension Overview (UPO). Would you like to know how much pension you will receive if your choose this option? It is easy to calculate with the help of our pension planner on rabobankpensioenfonds.nl. Read all the rules in our pension regulations in layer 3.

Please note:
You will make this choice when you retire. You can only tell us your decision once. Will you choose a high-low pension? Or not? Your decision is final. You may not reverse your decision at a later date.

How secure is your pension?

Your pension is subject to risks

Pension is for life. During your working life you accrue pension. Afterwards, you receive a pension. The total period may span as many as 80 years, in which much can change. There are also risks involved. As a result, our financial situation can change, which may affect your pension.

People are living longer on average
Our pension fund tries to be prepared for the risks that will affect your pension. In the past, this was not always a success because people are living longer on average, for example. As a result, we have to pay their pensions for longer. Life expectancy has increased faster in recent years than we had expected. So we need more available money than we calculated at first.

The contribution available for your pension may not be enough.
Your employer pays the contribution to us. You pay part of it to your employer. We aim to have you accrue 2% pension on your pensionable earnings every year. This is the accrual rate for 2016. It may be lower if the contribution is not enough. Your employer makes a contribution towards the pension plan. The employer pays up to 36% of the total pensionable earnings of all employees. In the Collective Labour Agreement of 1 January 2014, your employer gave a contribution guarantee of €250 million until 2020 at the latest. Part of this was used in 2016. If the contribution guarantee is used, pension accrual will be lower than 2% a year

Investment yield can be disappointing
You and your employer jointly pay the contribution for your pension. We invest that money. This is to make your pension increase in value over the long term. Investing, however, also involves risks. That is why we opt to spread our investments. That reduces our risk. If we make a profit on one investment, that compensates for a loss on another investment. We can also insure this risk, but we incur costs if we do.

It is our policy to pay careful attention to the risks
There are more risks. Our pension fund will do everything to protect your pension against that. You can read more on *rabobankpensioenfonds.nl*. Look under Investment policy (Beleggingsbeleid).

We measure our financial situation based on the 'policy funding ratio'
A decision on your contribution and the increase or decrease of your pension will depend on our financial situation. We check this by looking at our funding ratio every month. From 2015 we have been measuring it based on the last 12 months. We take the average of that. This is called the policy funding ratio. That funding ratio may not be too low. If it is lower than 100%, then we are not permitted to cooperate in transferring the value of your pension. Read more about our financial situation and the policy funding ratio on *rabobankpensioenfonds.nl*. Look under News.

We try to keep your pension in line with inflation

Money usually loses value every year. The same amount of money in 2016 will buy less than it did in 2015. This is called inflation. Our pension fund therefore tries to increase your pension every year on 1 January. The pension you have accrued will then grow in line with prices in the Netherlands. This is called indexation. This way your pension is inflation-proof.

Indexation is not always possible.
Our pension fund has not reserved any money to increase pensions and pension benefits in the future. We will fund future increases from the general reserves. Depending on our financial position, the Board of Management can decide to index-link pensions entirely or partially. If the financial position is poor, you will not receive any increase. An increase not received in a poor financial year will not be compensated in a following year.

Whether you will be able to buy the same amount with your pension in the future depends on the indexation and on price rises. Your pension will not increase automatically with price rises.

This is how we index-link your pension
New statutory regulations governing the financial position of pension funds came into force in 2015 (the Financial Assessment Framework). For that reason, the Board of Management looked closely at our indexation rules in the first half of 2015. This led to an adjustment of the indexation scale. You can read more under Indexation policy.

In the last ten years, pensions and prices rose as follows

	your indexation	*price rises*
2016	0,67%	0,01%
2015	1,10%	0,57%
2014	1,10%	1,20%
2013	0,00%	2,60%
2012	0,00%	2,36%
2011	1,50%	2,10%
2010	1,25%	1,12%
2009	1,50%	1,82%
2008	2,00%	1,49%
2007	3,00%	1,27%

We look at the prices from April to April and in the period before. Those figures are provided by Statistics Netherlands (CBS). We work on the basis of the Consumer Price Index.

How we index-linked in 2016
You can read information about our policy funding ratio every month on our website. The policy funding ratio fell further in 2015 as a result of movements in interest rates, but also because the regulatory authority lowered the ultimate forward rate (UFR) considerably in July. The policy funding ratio was lower than 115% at the end of 2015. According to the indexation scale, the Rabobank Pension Fund therefore did not have sufficient funds to be able to apply indexation.

Members, former members and retired members did however receive partial indexation on 1 July 2016 thanks to the indexation reserve. The pension fund board took a decision on this in February.

We submitted a recovery plan
As a consequence of the funding ratio being too low, the Rabobank Pension Fund submitted a recovery plan to the Dutch Central Bank. It contained our thoughts on how the funding shortfall could be restored in the coming ten years. The Dutch Central Bank has to approve the plan before it can become final. We will adjust the plan every year according to the prevailing situation. Partial indexation is a measure that will contribute to the recovery of our pension fund. You can read more under Indexation policy. Or look under News for information about our recovery plan.

There is uncertainty about whether we will be able to index-link your pension fully in the coming years too. That will depend on our policy funding ratio.

Read this information too

- Read the pension regulations in layer 3. Article 17 describes how we adjust pensions.
- You can read the latest news on our financial situation and the funding ratio under News on our website.

This is what we do in case of a deficit

Our pension fund will do everything to be financially sound. Nevertheless, we may have a deficit. In that case we will not have enough money to pay all pensions in the future. Sometimes we have to take measures. Our pension fund carefully considers what the best solution would be. For example:

- Your pension will not grow entirely in line with prices.
- If the contribution is not sufficient you may accrue less pension.
- Your pension goes down. We only do this if there are no other options.

Our board may also take other measures.

We have not had to lower pensions in the last ten years
Neither were other measures necessary. Your pension did not fully grow in line with the prices, however. We will probably not need to lower your pension in the next few years either. That is what we expect. We will of course keep you informed.

Read this information too
- Our pension regulations in layer 3: Article 17 describes when and how we adjust pensions.
- The latest news about our financial situation: Look under News on rabobankpensioenfonds.nl.

What costs do we incur?

Our pension fund incurs costs in administering your pension plan:

- *Administration costs*
  For example for paying your pension and receiving your contributions. Or for providing you and your employer with proper information. This includes providing this Pensioen 1-2-3 and your Uniform Pension Overview. Your employer and we pay these costs.
- *Costs incurred in managing the money in the pension fund*
  We pay the parties who invest the money in the pension fund for us. We also incur transaction costs. We pay the stock exchange if we buy or sell shares or bonds. We deduct these expenses from the results of the investments.

Read more about our costs in our annual report in layer 3.

When do you need to take action?

If you change jobs

Are you starting a new job? With a new pension plan? Then you will be accruing pension in the new pension plan.

You can opt to take the pension you have already accrued with you.
This is known as value transfer. File a request for this with your new pension fund. Look at What should I do when… transferring value on rabobankpensioenfonds.nl.

If you change jobs in the future
Value transfer will not be necessary if you find a new job in a subsidiary of Rabobank or a company registered with our pension fund. You will continue accruing pension with us. This means that your pension plan will not change.

If you opt for value transfer
You can keep all your pension together. And in the future you will receive your entire pension from one single pension fund.

If you don't opt for value transfer
Then your accrued pension will remain with your former pension fund. You will no longer pay any contribution to them. You will also stop accruing pension there. Your previous fund will pay out that particular share of your pension in due time.

Think carefully whether value transfer is advisable for you
If your new pension fund asks you to transfer the value, you will first be sent a statement containing your old and new pension amounts. Don't just look at the amounts. Compare your old and new pension plans. You can do that with the help of Pensioen 1-2-3:

- What will you get and what will you not? For example, pension for your partner and children if you die.
- What is the financial situation of your old and new pension fund? Will your new pension fund give you more indexation than the old fund? In that case value transfer can be advantageous. Read more under How secure is your pension?
- The pension comparison calculator will help you make the right decision. Take a look at What are your options?

You can find the Pensioen 1-2-3 for the other pension fund on that fund's website. Do not decide whether or not to transfer your pension until you have considered all your options. Only then can you make the right decision. Not sure what to do? Consult a financial adviser.

If the financial situation is not sound, value transfer will not be immediately possible
The financial situations of your former and new pension funds must be sound. The policy funding ratio must be at least 100%. This has been regulated by law. This is the government's way of helping you to avoid risk.

Is the financial situation not sound? Then you can apply for value transfer, but your pension will remain with your former fund until the financial situations of both funds are sound again. After that, you will receive a statement. You can decide then if you really want to take your pension with you.

The funding ratio is the relationship between:
- the money our fund has available, and
- the money the fund needs to pay pensions now and in the future.

When the funding ratio is 100%, these two are equal. In that case, there will be exactly enough money for all the pensions.

Every fund measures its funding ratio over the last 12 months. We take the average of that. This is called the policy funding ratio. The policy funding ratio is measured every month. You can read more about our financial situation under News.

If you start a new job abroad
Are you moving to a job in another country? You can sometimes take your pension with you. This depends on the pension system in that country and the pension plan of your new employer. Want to know more? If so, discuss this with your employer.

If you are planning to cohabit, or if you are getting married or become registered partners abroad

If you get married, or become registered partners, your partner will receive partner's pension if you die.

Check the amounts and conditions carefully
for example in your Uniform Pension Overview, or under Mijn pensioen. To see your total pension and State old age pension, look at mijnpensioenoverzicht.nl.

Register your partner if you live abroad
If you live in the Netherlands, you don't need to register your partner if you are married or are registered partners. Your municipal authority will inform us. Do you live abroad? Then you do need to register your partner with us. You can do this through What should I do when… getting married or partner registration on rabobankpensioenfonds.nl.

Also register your partner if you are cohabiting
If you are cohabiting, then your partner will not automatically receive partner's pension when you die because this is subject to conditions. For example:

- You have cohabited for at least 6 months.
- You have entered into a cohabitation agreement that you executed before a civil-law notary.
- In it, you agreed that you have a duty of care towards each other.
- You have registered your partner with us.

Be sure to register your partner with us. You can do this under What should I do when… cohabiting on the website. Read more in the brochure *Getting married or cohabiting* in layer 3.

If you divorce, no longer cohabit, or if your registered partnership stops

If you split up, you have to make financial arrangements together. Your divorce or separation also has consequences for your pension with us.

Your ex-partner is entitled to retirement pension
Your ex-partner is entitled to half of the retirement pension you accrued during your marriage or registered partnership. You may make different arrangements with your ex-partner. These need to be recorded in a divorce agreement.

Please let us know what arrangements you have made
You or your ex-partner must inform us of your divorce within two years and about the arrangements you have made. That way, you will be sure that we make proper arrangements in respect of your pension.

Were you cohabiting? Then your ex-partner is not entitled to retirement pension. You may make different arrangements with your ex-partner. You then divide your pension without involving our pension fund.

Your ex-partner is also entitled to partner's pension
Your ex-partner will also be entitled to the partner's pension accrued until the date of your divorce, or until the discontinuation of your registered partnership. You do not need to take any action yourself. We will inform you of the division.

Please let us know your arrangements in these situations

- If you do not want your ex-partner to receive a pension, enter into good agreements in your divorce agreement. The divorce agreement will state that your ex-partner waives his/her entitlement to the partner's pension. Make sure you notify us of this.
- Have you cohabited in the past? And did you have a cohabitation agreement? Your ex-partner is then probably also entitled to partner's pension unless you and your ex-partner have made other arrangements. Always notify us if you split up and let us know what arrangements you have made, because your municipality authority will not inform us automatically.

You can read more in the brochure on Divorce in layer 3. Find out how to notify us of your arrangements on the website. See What should I do when … divorce or … no longer cohabiting.

If you move to another country

Are you moving house within the Netherlands? Then the municipal authorities will inform us. If you are moving to a foreign country, or to another address abroad, please inform us of your new address. You can do this through the website. Go to What should I do when… moving house. We can then keep you informed about your pension.

If you wish to know how moving abroad will affect your pension, please do not hesitate to contact us. This may also have consequences for your State pension.

Your State pension depends on the number of years you have lived or worked in the Netherlands. For more information, please contact the Social Insurance Bank (SVB). Or go to svb.nl. .

If you start working more or fewer hours

If you are going to start working more or fewer hours, your salary will change. The contribution for your pension will also change, because the amount of your contribution depends on your salary.

You will start working fewer hours
If you start working fewer hours, you will probably receive a lower salary. As a result, you will accrue less pension for yourself. And your partner and children will receive less pension when you die. You will also pay less contribution.

If you are working 100% now, and want to start working 80%, you will also only accrue pension on 80% of your present salary until your retirement date. As a result, you will receive less pension than if you continue to work full-time.

You will start working more hours
If you start working more hours, you will probably receive a higher salary. As a result, you will accrue more pension for yourself. And your partner and children will receive a higher pension when you die. You will also pay more in contributions.

If you are working 50% now, and want to start working 80%, you will also start accruing pension on your new salary. As a result, you will receive a higher pension than if you continue to work 50%.

Think carefully how this decision will affect your pension
Would you like to know exactly what working more or fewer hours will mean for your pension? You can calculate your pension using the pension planner on rabobankpensioenfonds.nl. Your HR department can also advise you. Or check your HR portal.

Perhaps you can take measures yourself if you are going to work fewer hours, for example by accruing additional pension for later. Consult your financial adviser to see whether you need to make extra arrangements.

If you take unpaid leave

If you take unpaid leave, then you will continue to accrue pension for 50% at first. Your employer will pay your contribution. After 26 weeks the accrual of your pension will stop. Don’t forget to make agreements with your employer about your wishes.

You may continue to accrue 100% pension.
If you wish to continue to accrue a full pension, you will need to contribute towards the costs. During the first period you and your employer will each pay 50% of the contribution. Will you be on leave for more than 26 weeks? Then you will pay the full contribution yourself from that moment on. This will be possible for a maximum period of 52 weeks.

Do you wish to know exactly how much contribution you need to pay? We will gladly make a calculation for you.

You will continue to be insured for disability pension
If you become disabled while on unpaid leave you may receive benefit from the government. Read more on uwv.nl. It may be that we supplement the State benefit with a disability pension. Whether you receive this and the amount you receive will depend on what extent you continue to work. If you are completely disabled, we will supplement your State benefit up to a maximum of 80% of your income. Read more in our brochure Your pension in a nutshell in layer 3. Your pension will continue to be properly taken care of during your period of unpaid leave.

You will also remain insured for partner's and orphan's pension
If you die while on unpaid leave, your partner and children will also receive a pension in that event.

If you have Surviving Dependants Act (Anw) shortfall insurance through your employer, your partner will also receive a supplementary partner's pension. So it does not matter whether you are on unpaid leave.

You can read all the rules in our pension regulations in layer 3. Your HR department will be happy to tell you more about the Surviving Dependant's Act Shortfall insurance (ANW-*hiaatverzekering*). Or check your HR portal.

If you become unemployed

If you become unemployed, then this will affect your pension.

You will no longer accrue any pension
If you have not made any arrangements yourself, your pension upon retirement will be lower. Please bear in mind that the pension for your partner and children will also be lower. Their pension will then be based on the retirement pension you have accrued up to the moment that you became unemployed.

You may start to accrue pension again with a new employer later, but you can also take other measures yourself. For example by taking out insurance.

The pension that you accrued earlier will be kept in our reserves for you
You will receive this pension on your retirement date. Your partner and children will still receive a pension when you die. This is the pension you accrued until leaving employment.

You do not need to let us know if you become unemployed. Your employer will inform us.

Check mijnpensioenoverzicht.nl at least once a year

You will see exactly how much State old age pension you will receive in the future and how much pension you have accrued with various pension administrators. You can also see what the net amounts will be. You can find your pension with our pension fund under Mijn pensioen on rabobankpensioenfonds.nl.

If you want to make your own decision in respect of your pension

You have various options for your pension in our pension fund:

- Have you accrued pension elsewhere? You can transfer it into our pension fund.
- You can accrue additional pension for yourself.
- You can accrue additional pension for your partner. Your partner will then receive more pension when you die.
- You can convert your partner's pension into additional retirement pension for yourself,
- You retire early.
- You take partial retirement.
- You opt for higher pension in the first period. After that, you will receive a lower pension.

Read more under Which options do you have?

If you make a choice on your retirement date, you may communicate your choice only once. You may not reverse your decision at a later date. Make sure you have all the information before you decide.

Further questions

Feel free to phone us if you have questions about your pension. Your pension is important! Our phone number is +31 306 693 777. We can be contacted from Monday to Friday from 8.00 am to 6.00pm. You can also look on rabobankpensioenfonds.nl. Or put your question under Contact.

Want to know more about….

... your pension with us? Go to layer 3. You will find a lot of information and many answers on the website.

... … your own pension amounts? Look under Mijn pensioen

... your total pension? Take a look at mijnpensioenoverzicht.nl