

Compensation for the Elimination of Uniform Contributions

“Implementation of the pension agreement will require targeted compensation”

Chantal de Groot – Ortec Finance **Dick Boeijen** – PGGM **Mark Heemskerk** – Held/RU
Niels Kortleve – PGGM **René Maatman** – De Brauw Blackstone Westbroek/RU

The pension agreement specifies that pension accrual will become age-dependent. This change is beneficial for future participants, but without compensatory action, it will lead to lower pension prospects for today’s 40-to-50-year-olds. A sound, well-reasoned system reform along with targeted compensation would help increase support for the new pension system and limit the risks related to claims.

Principal Findings

- The introduction of age-dependent pension accrual results in lower pension prospects for some age groups. Workers in these groups could be compensated by applying an extra premium or redistributing the pension fund buffers.
- Targeted compensation is necessary as part of an accompanying government policy so that the system reform is balanced as a whole and enjoys public support. Compensation could prevent individual participants from being disproportionately impacted by the system change.
- Without compensation, the pension agreement has little chance of success. With compensation, the claims risk associated with the pension agreement is small, as long as legislators work together with social partners to adequately explain the system reform, substantiate the advantages and disadvantages, and objectively justify the age group differences.

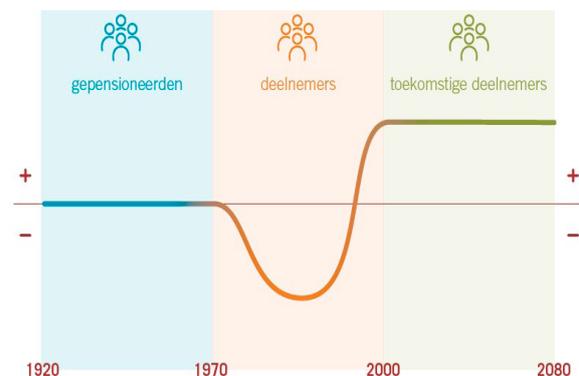


Figure: 40-to-50-year-olds, in particular, will be negatively affected by elimination of the system of uniform contributions

Key Takeaways for the Industry

- Pension funds, the government, and employers can foster support for the system reform through a balanced consideration of everyone’s interests and targeted compensation.
- The claims risk is small with compensation, as long as legislators work together with social partners to adequately explain the system reform, substantiate the advantages and disadvantages, and objectively justify the age group differences.



Want to know more?

Download the paper ‘[Compensation for abolition of the uniform contribution system](#)’