



Network for Studies on Pensions, Aging and Retirement



FINANCIAL REPORT 2015

ANNUAL REPORT 2015

2015 FINANCIAL STATEMENTS

Income (x k€)	2014	2015	Expenses (x k€)	2014	2015
General funding	4,700	5,063	Network Development	164	233
Partner Contributions	2,842	5,005	Knowledge Development	2,490	1,467
Government funding	1,775	-	Knowledge Sharing	988	810
Other	83	58	Knowledge sharing – Events	247	142
Targeted funding	1,209	299	Knowledge sharing – Publications	151	125
<hr/>			Knowledge sharing – Expertise Centre	405	227
Total Income	5,909	5,362	Knowledge sharing – Education	185	316
			Management & Operations	729	469
			<hr/>		
			Total Expenses	4,371	2,979

NOTES TO THE 2015 FINANCIAL STATEMENTS

Programs

Netspar receives its funding based on four-year programs. Last year, it started on the latest four-year program, the 2015–2019 Action Plan. Obligations undertaken as part of this program do not exceed the funds committed. In addition, a reserve is being set aside for the unexpected event that the Netspar program is not extended beyond 2019. The reserve would then be used to complete any long-range projects still underway at that point.

The current annual figures include ongoing expenses related to the last program term for 2011–2015 and a small final outlay for the 2008–2011 program.

Additional Resources for Research

The budget for the 2015–2019 Action Plan has sufficient financial resources to fund new projects awarded in 2015, 2016, and 2017. A total of M€ 1.2 was allotted in 2015. The aim, however, is to be in a position to fund new projects in 2018 under the current program, as well. That would require at least an additional M€ 1.1. An additional donation received from the Foundation to Fund Continuation of Pension Insurance (FVP) raised the available discretionary budget (see Multi-year Financial Statement) to over M€ 1.3, paving the way toward realizing that ambition. The final decision on this will be taken this fall when the budget for 2017 and subsequent years is determined.

Fewer Expenses as Old Projects Expire

Particularly noticeable in the 2015 annual figures is a drop in M€ 1 in the expenses for knowledge development, compared to 2014. This was despite the fact that 2014 and 2015 had the same budget available for new research project grants. The difference can be explained by the expiration of several

large old projects that incurred no, or very few, costs under these items in 2015. More specifically, these were the international data project SHARE (on which over k€ 600 was spent in 2014) and Netspar projects from 2009 and 2010 (with expenditures that were over k€ 400 less in 2015 than in 2014).

Shifts over Time

The lower expenditure on events and the Expertise Center also require explanation. The number of events and participants at those events grew compared to 2014. However, by holding fewer large-scale events and opting instead for smaller working groups held on-site for the partners, overall costs were lowered. In addition, an international conference in the planning was postponed. The idea for 2016 and 2017 is that the need to boost the visibility of Netspar will be adequately served by organizing a few large-scale events. The capacity that was created in 2015 with the formation of the Expertise Center (policy advice) has not yet been employed, out of caution. However, achieving the aims outlined in the Action Plan, such as bringing in high-level talent, will require taking advantage of that liberty in 2016 and the years to come.

More Realistic Allocation

Finally, we present here a brief explanation for the lower costs for Management & Operations. These can be primarily attributed to a more rigorous allocation of the costs for staff and management according to Netspar's principal activities and to lower personnel liabilities for unemployment, leave, etcetera, in part as a result of legislative changes.

A more detailed explanation of the income and expenditure items follows below.

Income

On the income side, Netspar draws a distinction between general and specific income.

The "General Income" item refers to contributions from:

- **Partners**

Total contributions under this item were higher in 2015 than in 2014, due primarily to a higher contribution (over M€ 2) from the Foundation to Fund Continuation of Pension Insurance (FVP). The final contribution from FVP will be received in 2016. In addition, more income was received from the industry partners⁴ (+ k€ 163) because of the agreement to eliminate the discount related to in-kind contributions for contracts under the 2015–2019 Action Plan.

- **Government**

The Dutch Ministries of Social Affairs and Employment (SZW), Economic Affairs (EZ), Health, Welfare, and Sport (VWS), and the Interior and Kingdom Relations (BZK) are supporting the 2015–2019 Action Plan with contributions totaling M€ 3.2. The processing time for both drawing up and being awarded the first claim is somewhat lengthy. That means that none of the promised income was received in 2015 (this has since been paid in 2016), in the same way that the contributions for allocations in 2013 and 2014 were received in 2014 (– k€ 1,775).

- **Other Income**

In 2015, this item consisted solely of interest income; in 2014, it included both interest income (which was somewhat higher) and a contribution from the UWV for maternity leave (– k€ 25).

Specific Income

The "Specific Income" item refers to contributions received from third parties for specific, earmarked objectives. In 2015 this pertained to projects for Institute Gak, Mopact, SHARE, and CEPAR. The reduction in income in 2015 compared to 2014 under this "Specific Income" post (– k€ 910) was caused primarily by the fact that two large, externally funded projects were completed as expected and no (or very little) more income was received for them. These were a project on behalf of the Netherlands Organization for Scientific Research (NWO–MaGW) that involved executing the Social Infrastructure Agenda (– k€ 748) and activities related to SHARE (– k€ 264), for which the final payment was received in 2015. On the other hand, higher contributions were received from Institute Gak in 2015 than in 2014 for the sponsorship of two endowed pension chairs and associated research projects (+ k€ 48) and more income came in from the EU MOPACT project (+ k€ 94).

⁴ For 2015–2019, Achmea, Aegon, APG, a.s.r., Autoriteit Financiële Markten, Cardano, De Nederlandsche Bank, Ortec Finance, Nationale Nederlanden, PGGM, Robeco, and Sociale Verzekeringsbank are each furnishing a fixed annual sum to fund Netspar's core activities. In addition, for the 2012–2016 period, Netspar receives an annual contribution of € 200,000 from Tilburg University based on having been designated an Excellence Center.

Expenses

On the expense side, Netspar draws a distinction between its three main functions:

- Network development;
- Knowledge development;
- Knowledge sharing (events, papers, and education).

Costs are allocated as much as possible to each of these three primary role categories. There is also an item for Management & Operations.

Network Development

Netspar plays both an initiating and facilitative role in bringing together industry, government, and academic parties to address the issues of retirement and aging. It pursues a variety of activities to accomplish that, including hosting the annual Netspar Anniversary Meeting and annual Matchmaking Event, where researchers can test out their research proposals ahead of time with industry parties. It also holds partner visits as part of its relationship management efforts and maintains a strong base of communication forums, such as the Newsflash email newsletter, Netspar Magazine, and Netspar website.

The material expenses for network development in 2015 were higher than in 2014 (+ k€ 69). This can be attributed to higher personnel costs (caused by both a more accurate accounting of costs and replacement staff necessitated by a prolonged absenteeism), on the one hand, and higher expenses for revamping the website, along with additional costs related to the anniversary event, including the special magazine issue, on the other.

Knowledge Development

The expenses related to knowledge development derive from the grants⁵ that Netspar awards each year to various types of research projects, as well as from projects that Netspar executes with funding from third parties.

These cover the costs of the research itself and its coordination, as well as incidental costs for the data.

Compared to 2014, the expenses for knowledge development were lower in 2015 (- M€ 1), due primarily to the planned completion of the SHARE project (- k€ 633) and anticipated end to other old projects awarded in 2009 (grant of M€ 3.5) and 2010 (grant of M€ 2) (- k€ 461).

Here follows a more detailed summary of the payments made for the projects conducted in 2015.

⁵ Appendix 1 lists the projects awarded for 2015, for which payments were made in 2014 and 2015 and/or will be made in coming years.

Theme Projects⁶

In order to carry out its research agenda, Netspar funds up to 50% of select three-year social science research projects for a maximum of between € 250,000 and € 500,000 per project. Project teams are generally composed of diverse scholars and team members employed by one of the industry partners. Members of the project team participate in working groups and present the research results at Netspar events. Agreements are also reached with regard to a number of industry-specific papers to be drafted.

(Amounts in € 1,000)	Grant Amount	Payments											
		Until 2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Granted in 2009	3,500	489	658	793	564	293	362	-	-	-	-	-	-
Granted in 2010	2,000	-	-	401	467	409	241	142	80	-	-	-	-
Granted in 2012	1,500	-	-	-	-	173	331	295	325	355	-	-	-
Granted in 2013	750	-	-	-	-	-	108	146	171	91	176	-	-
Granted in 2014	750	-	-	-	-	-	-	62	165	207	136	180	-
Granted in 2015	990	-	-	-	-	-	-	-	153	264	264	108	201
	9,490	489	658	1,194	1,031	875	1,042	645	894	917	576	288	201

Granted in 2015

- **Elisabeth Brüggem and Thomas Post (UM)**
Engaging Pension Plan Participants: How Emotions, Peer Effects, and Life Events Influence the Effectiveness of Pension Communication
- **René Maatman and Mark Heemskerk (RUN)**
Pension Rights and Ownership: A Legal Analysis in an Economic Context
- **Eddy van Doorslaer and Erik Schut (EUR)**
Optimal Saving and Insurance for Old Age: The Role of Public Long-term Care Insurance

Individual Research Grants⁷

In the Individual Research Projects, Netspar funds up to 50% of the costs for a PhD candidate, or the equivalent sum for a postdoc researcher, for a maximum of three years. The PhD student or postdoc is required to write two industry-specific papers and participate in Netspar events.

(Amounts in € 1,000)	Grant Amount	Payments					
		2011	2012	2013	2014	2015	2016
Granted in 2011	354	18	94	107	66	-	27
Granted in 2012	65	-	10	21	23	11	-
Granted in 2013	260	-	-	27	39	98	96
	679	18	104	155	128	109	123

Granted in 2015

- In order to be successful, a call for Individual Research Grants must be well timed to take the job market dynamics for junior researchers into account. That means it should ideally be issued in December. In late 2014, however, the decision was made to refrain from allocating the amounts budgeted for individual research in 2015 and determine, instead, whether funds would be needed for expanding the research platform with associated disciplines as desired by the partners. Effectively, that meant that there was no call for Individual Research Grants in 2015. Romke van der Veen (Sociology, EUR) was hired part-time as an additional research coordinator in 2015.

⁶ Up until 2011, all large projects were referred to as Theme Projects. In 2011, the terms Large and Medium Vision Projects were introduced for large and medium-sized projects. As of 2015, however, we returned to the name "Theme Projects" for this class of projects.

⁷ Starting in 2015, the Small Vision Grants were renamed Individual Research Grants.

Topicality Projects

The objective of the topicality projects is to formulate solutions for clearly delineated topical issues on the Netspar agenda; these projects are aimed at fostering collaboration between scholars and professional experts.

(Amounts in € 1,000)	Grant Amount	Payments					
		2011	2012	2013	2014	2015	2016
Granted in 2011	193	30	82	48	-	-	-
Granted in 2012	100	-	24	68	8	-	-
Granted in 2013	100	-	-	18	48	14	-
Granted in 2014	170	-	-	-	92	42	36
Granted in 2015	180	-	-	-	-	122	58
	743	30	106	134	148	178	94

Granted in 2015

- Peter Schotman (UM), Bas Werker (TiU), and Roderick Molenaar (Robeco)
What Is a Good Default Life Cycle?
- Theo Nijman (TiU)
Added Value of Inter-generational Risk Sharing
- Kène Henkens (NIDI) and Harry van Dalen (NIDI)
Pension Freedom of Choice
- Casper van Ewijk (TiU), Roel Mehlkopf (TiU), Sara van den Bleeken (AFM), and Chantal Hoet (AEGON)
What Options Are Desirable from the Participant's Perspective?
- René Maatman (RUN), Mark Heemskerk (RUN), and Bas Werker (TiU)
Legal Ownership Rights and the Transition to New Pension Forms
- Michael Visser (TiU), Gerrie Dietvorst (TiU), and Bastiaan Starink (TiU)
Tax Issues and Retirement

- Marcel Lever (CPB) and Koen Caminada (RUL)
Dynamics and Wage Profiles of the Labor Market and the Adequacy of Retirement Savings
- Raun van Ooijen (RUG), Marike Knoef (RUL), Jochem de Bresser (RUG), and Mart van Megen (RUG)
Quantitative Research into Expenses for Elder Care and Support
- Joost Dankers (UU)
One Hundred Years of Pension Legislation (1919–2019): Visions and Policy

Comparative Research Grants⁸

Researchers who are not already being funded by Netspar are eligible to apply for a Comparative Research Grant of up to k€ 10. The condition for this is that they write a Netspar Discussion Paper to be presented at the International Pension Workshop.

(Amounts in € 1,000)	Grant Amount	Payments				
		2011	2012	2013	2014	2015
Granted in 2011	70	21	49	-	-	
Granted in 2012	49	-	15	21	13	
Granted in 2013	66	-	-	20	39	7
	185	21	64	41	52	7

Granted in 2015

- No Comparative Research Grants were awarded in 2015; instead, the budget regularly allocated to them (k€ 70) was reserved for an international comparative conference.

⁸ Starting in 2015, the Research Grants were renamed Comparative Research Grants.

PhD Position

This instrument has not been used to fund research since 2012. In 2015, the final payment was made for a PhD position that was awarded in 2011 and started in 2012.

(Amounts in € 1,000)	Payments				
	2011	2012	2013	2014	2015
Granted in 2010	201	204	128		
Granted in 2011		12	38	44	30
	201	216	166	43	30

Senior & Junior Faculty

The funding of individual positions was dropped from Netspar's portfolio in 2010. In 2014, final payments were made to two researchers (Melthem Daysal and Kène Henkens) previously hired. No more payments were made in 2015.

(Amounts in € 1,000)	Payments				
	2011	2012	2013	2014	2015
Senior Faculty	72	56	23	10	-
Junior Faculty	172	141	115	34	-
Total	244	197	138	44	-

Institute Gak (social venture equity fund)

Three research projects were launched in 2015 in association with the two endowed pension chairs: Investment Results on Illiquid Assets in the Long Term; The Deliberation between Costs, Ambitions, and Risk in Pension Contracts; and The Adequacy of Pensions. One PhD position and two traineeships were made available for these. There were no expenses in this category in 2014 (+ k€ 175).

CEPAR

In 2015, an international comparative study of the Dutch and Australian pension systems was started together with CEPAR, an Australian research center (with funding from the Australian Research Council, a government organization). Given that there were no expenses related to this category in 2014, the expenses for 2015 are higher (+ k€ 21).

MOPACT

Netspar has been participating in the EU MOPACT project (Mobilising the Potential of Active Ageing in Europe) since 2013. In 2015 there was a correction made for the charging on of wage costs from Tilburg University for 2014, so that expenses were lower than in 2014 (- k€ 99).

SHARE

Netspar's contributions to activities being conducted as part of SHARE were curtailed according to plan in 2014. Nevertheless, k€ 695 in expenses were posted in 2014, mostly from invoices received for activities that occurred in 2013. All activities were completed in 2015. The expenses were therefore lower in 2015 (- k€ 663).

Knowledge Sharing

It is essential that the knowledge developed with Netspar's support find its way to the industry and academia. Netspar has a variety of tools for accomplishing this that include events, papers, and education, as well as consultancy through its Expertise Center. The total costs for knowledge sharing declined compared to 2014 (- k€ 178). There were drops in the costs for events (- k€ 105), publications (- k€ 26), and the Expertise Center (- k€ 178). The costs for education were higher than in 2014 (+ k€ 131).

Events

Netspar hosts two kinds of events: academic events and industry events. As opposed to 2014, only one International Pension Workshop was held for academics (in Amsterdam), instead of two (in Amsterdam and Venice). The annual Pension Day for Dutch researchers was also organized. These events combined yielded 195 attendees.

There was a slight rise in both the number of industry events (39) and the number of participants (1,001) in 2015 compared to 2014. A list of all the events held in 2015 can be found in the appendices to this Netspar Annual Report. Of special note:

- SER recommendation on the future of supplemental pensions elucidated for pension managers, in conjunction with the Federation of Dutch Pension Funds and the Dutch Association of Insurers (February);
- Netspar Anniversary Meeting, "Old Age Has a Future," (March, 10-year anniversary);
- Consultation on DC schemes with variable payouts and pan-European Personal Pension Products (September);

- Maintaining Older Workers' Job Proficiency Requires Better HR Policy (September);
- Project group presentations: "Housing, Healthcare, and Pensions" and "Fiduciary Duty for Pension Products" (November).

Netspar was able to cut the costs for events through co-funding and by organizing more smaller events at the partners' places of business.

Publications

The knowledge developed culminates in both practical and academic papers.

The practice-oriented papers are edited by the Editorial Board, made up of both academics and pension professionals (delegated by the partners). A limited number of papers are still being printed at the request of the partners concerned. The industry and academic papers published in 2015 are listed in the appendices to this annual report.

A new medium was added to that list in 2014, based in part on the recommendations from the partner evaluation: the Netspar Brief. The purpose of these articles is to summarize the findings from recent pension research for a large group of pension professionals and more broadly publicize them. Three Netspar Briefs appeared in 2015, on the adequacy of pensions, an international comparison of funded pension systems, and job proficiency among older workers.

The publication expenses were lower in 2015 than in 2014 (- k€ 26). One reason for this was that there were fewer reimbursements to authors of papers from old, completed projects (- k€ 66). Meanwhile, the allocation for personnel costs was higher (+ k€ 38).

Expertise Center

The capacity of the Expertise Center was expanded in 2014 with the assignment of board members and junior and senior researchers. The Expertise Center provides advice to Netspar partners, in 2015, for instance, in regard to:

- Participation in the SER advisory committee on the future of the pension system;
- Retirement, Healthcare, and Housing Project Group;
- Communications and Fiduciary Duty Project Group.

Expenses were lower in 2015 than in 2014 (– k€ 178), due especially to a smaller charge-on for Lans Bovenberg, who was appointed to a different endowed chair but remains closely affiliated with Netspar, and a more precise accounting of research hours to the endowed chairs sponsored by Institute Gak.

Education

The educational activities occur on a couple of fronts. One of these concerns the Netspar tracks offered as part of four standard economics master's programs at Tilburg University. The other concerns the executive education provided under the Netspar-TIAS Academy.

The influx of students to the Netspar tracks remained stable, at about 60 students. Netspar organizes a community program for these students that includes company visits and internships at its partners, subject matter meetings, and an event at which they can present their draft thesis to other students and supervisors (Student Pension Day).

A total of 30 cycles of four master classes are available annually to Netspar partners through the Netspar-TIAS Academy, and 15 participants can produce final projects. Three of the four final presentations for the 2014–2015 school year were nominated for a Thesis Award. The master classes received good evaluations.

The costs for education were higher in 2015 than in 2014 (+ k€ 131). The costs for implementing the graduate education, including the community program, were higher than in 2014 (+ k€ 52), primarily as a result of a more precise accounting of personnel costs. The costs for the executive education were also higher than in 2014 (+ k€ 79). The difference arose because the figures for 2014 incorporated a credit note from TIAS for 2013 (k€ 93) and additional places were purchased for participants.

Management & Operations

The Management & Operations item contains costs that cannot be directly allocated to one of Netspar's three primary functions (i.e., network development, knowledge development, and knowledge sharing). This pertains primarily to the cost of managerial and administrative staff, auditing, office accommodations, IT, and HR, including reserves for such things as leave and working hour reductions.

Compared to 2014, the costs for Management & Operations show a slight drop (– k€ 260). This was caused primarily by a better allocation of the costs for staff and management according to Netspar's main activities (– k€ 95), lower material expenses (– k€ 34), and lower personnel liabilities for unemployment, leave, etcetera, in part as a result of legislative changes (– k€ 71).

2015 Results

For 2015, income (k€ 5,362) exceeded expenses (k€ 2,979) by k€ 2,383. Based on the agreement between the Netspar Foundation and Tilburg University, k€ 50 has been added to the mandatory liquidation reserve. An amount of k€ 2,383 was added to the general reserves.

IN KIND/MATCHING FINANCIAL STATEMENTS FOR 2015

One of the essential preconditions for an effective exploitation of the knowledge developed is active participation on the part of Netspar's partners in its development and transfer. It is through that participation that we can ensure that the research aligns with professional practice and the knowledge generated flows back to the industry. In 2015, a substantial share of Netspar's expenses was matched by its industry and academic partners. The Netspar Board of Directors is grateful to the partners for that.

The "General Income" item includes the matching contributions from partners to Netspar's general activities. The matching contributions listed under "Specific Income" pertain primarily to those from partners, universities, and institutions for current research projects.

In kind Report 2015

Income - In Kind (x k€)	In kind 2014	In kind 2015
General funding	243	259
Targeted funding	1,671	1,319
Total Income	1,914	1,578

Expenses - In Kind (x k€)	In kind 2014	In kind 2015
Network Development	4	7
Knowledge Development	1,456	1,234
Knowledge Sharing	173	208
Management & Operations	134	129
Total Expenses	1,914	1,578

MULTI-YEAR FINANCIAL STATEMENT

NOTES TO THE MULTI-YEAR FINANCIAL STATEMENT

Multi-year financial statements as of 31/12/2015

Expected income and assets		Expected expenditure and liabilities	
Confirmed sources of income		Commitments	
Partner contracts	4,055,000	Ongoing projects, events and education	3,135,032
Government Financing	3,200,000	Personnel employed	3,221,651
Targeted subsidies	1,049,477	Reserves (personnel)	674,947
Other sources of income	1,190,000		
Liquid assets	8,291,256		
Unconfirmed income		Not yet allocated	
Still to procure	2,500,000	Program 2015-2019	9,392,672
		Unforeseen	3,861,431
	20,285,733		20,285,733

Netspar started executing its "2015-2019 Action Plan" in 2015. As of 31/12/2015, over M€ 20 had been budgeted to execute that action plan and meet obligations stemming from earlier programs. This includes making provisions through 2021 for a possible liquidation and winding-up of operations, in the unexpected event that funding for a new program after 2019 cannot be secured.

Over 85% of the long-range income budgeted is covered financially through contracts and commitments; approximately 15% must still be raised. The statement as of the end of 2015 does not yet reflect additional funding pledged by the Foundation to Fund Continuation of Pension Insurance (FVP) in the amount of k€ 135. In terms of the projected long-range expenditures, almost 35% involves existing obligations. In addition, 46% has been earmarked for allocation to the 2015-2019 Action Plan. This occurs each year when the budget is adopted. An important part of that process is the principle that obligations entered into not exceed the guaranteed amount of income. Assuming that the remaining income is indeed secured, that leaves 19% of the long-range income (M€ 3.8) for unforeseen expenses and/or the continuation of operations after 2019. If those needed funds are not secured, then the unforeseen events item would amount to 7% of the long-range income (M€ 1.3).

Expected Income and Assets

The various kinds of income and assets are briefly described underneath.

Partner Contracts

Partners from the pensions and insurance industry, including supervisory organizations, have committed to funding the 2015–2019 Action Plan, including the jointly drafted research agenda, for four years through fixed annual contributions. In 2014, a new financial sponsor was also recruited, FVP, which has since contributed long-range financial support to the Netspar program.

Government Financing

The Netspar program for 2015–2019 is supported by a consortium of four government departments. These are the Dutch Ministries of Social Affairs and Employment (SZW) and Economic Affairs (EZ), joined by those of Health, Welfare and Sport (VWS) and the Interior and Kingdom Relations (BZK) in connection with the broadening of the platform to include housing and healthcare.

Targeted Subsidies

Netspar carries out several projects financed by outside funding agencies. The monies are budgeted for specific, previously agreed-upon purposes. These resources include those for a European project (MOPACT), a comparative international project with Australia (CEPAR), and two endowed academic chairs in the pensions field, including traineeships and postdocs, financed by Institute Gak.

Other Sources of Income

This item pertains to partner contributions for 2015 that have been invoiced but not yet received, as well as interest owed by Tilburg University for 2016 through 2019.

Liquid Assets

The liquid assets (balance of income and expenditures from previous years) are available for implementation of the Netspar program.

Still to Procure

The 2015–2019 Action Plan does not include provisions for funding research grants (long-range or otherwise) in 2018 and 2019. Achieving that goal, as well as expanding the network and securing the continuity of operations beyond 2019, will require raising additional funds. To that end, several promising alternatives have been identified.

Expected Expenses and Liabilities

On the expenses side, it is important to distinguish between continuing commitments and monies that are not yet committed to specific projects. Continuing commitments are categorized under the following items.

Liabilities

- **Projects Underway, Planned Events, and Education**

Besides the projects under the 2015–2019 Action Plan, there are still some ongoing projects from the two previous program periods (2008–2011 and 2011–2014). The obligations arising from those are combined in this item.

These pertain to payments owed to projects. Projects receive monies each year based on previously agreed-upon schedules, adjusted as necessary on the basis of a mandatory annual accounting of activities. In addition, as of 31/12/2015, Netspar had committed to funding an academic event that was already planned and providing executive education under the terms of a multi-year contract with TIAS.

- **Contracted Personnel for 2016–2019**

Most of the staff working in the Netspar office are under a permanent employment contract. This item is based on total payroll costs under the assumption of continuation of the activities through April 1, 2019. Added to this are the costs (through 2021) for phasing out operations in the unexpected event that funding for the program beyond 2019 is not secured.

- **Reserves for Personnel Costs**

By law, and on the basis of an implementation agreement with Tilburg University, Netspar is obligated to put aside certain reserves for personnel costs. This pertains to reserves for leave and redundancy pay and a share of the severance payments for Netspar office staff in the event of liquidation.

Monies Still to Be Allocated

- **2015–2019 Program**

Future costs related to executing the 2015–2019 Action Plan fall under this item. The costs pertaining to Netspar staff are excluded (see previous item). A budget is drafted yearly, and the amount of monies available for new research and program-related affairs is determined. Because research is long-term in scope, future expenses are always weighed in the current

decision-making. The reference date for the “multi-year financial statement” is 31/12/2015; the allocated research funds for 2016 are thus still noted as “freely allocable” on this statement.

- **Unreserved Balance**

Upon execution and completion of the 2015–2019 Action Plan, a balance of funds will remain that is “unreserved.” As of December 31, 2015, that item amounted to M€ 3.8. This includes the income under the “Still to Procure” item (M€ 2.5). If that item is left out of the calculations, the unreserved balance totals over M€ 1.3. That balance serves as a buffer for unforeseen setbacks, on the one hand, while providing financial leeway for starting new projects in 2018, in line with our ambitions. Decisions in this regard will be made in the fall of 2016, when the budget for 2017 and beyond is drawn up.

APPENDIX I: GRANTS AWARDED IN 2015

This appendix provides a list of all the grants awarded for 2015, for which payments were made during 2014 and 2015 or will be made afterward.

1. Theme Projects (previously Large and Medium Vision Projects)

Granted in 2009

- Peter Schotman (UM): *Balance Sheet Management of Pension Funds and Insurance Companies*
- Eddy van Doorslaer (EUR) and Maarten Lindeboom (VU): *Health and Income, Work and Care across the Life Cycle II*
- Michel Vellekoop (UvA): *Reconciling Short-term Risks and Long-term Goals for Retirement Provisions*
- Peter Kooreman (TiU) and Jan Potters (TiU): *Economics and Psychology of Life Cycle Decision-making*

Granted in 2010

- Thomas Dohmen and Andries de Grip (UM): *Human Capital and Aging*
- Casper van Ewijk (CPB): *Multi-pillar Pension Schemes and Macroeconomic Performance*
- Andrew Ang (Columbia Business School): *Portfolio Strategies: Aspects of Long Horizon, Illiquidity, and Long-run Tail Risk*
- Rob Alessie (RUG) and Adriaan Kalwij (Utrecht School of Economics): *Pensions, Savings, and Retirement Decisions II*
- Johan Mackenbach (Erasmus MC): *Rising Life Expectancy: Causes and Consequences in the Netherlands*

Granted in 2012

- Benedict Dellaert and Bas Donkers (EUR): *Interactive Pension Communication and Decision Making*
- Michel Vellekoop (UvA): *Risk Management in Funded Pension Systems*
- Frank de Jong (TiU): *Robust Models for Supervision of Pension Funds and Insurance Companies*
- Mauro Mastrogiacomo (VUIDNB): *Second-and-a-Half Pillar for the Self-Employed?*

Granted in 2013

- Andries de Grip (UM): *Retirement, HR and Worker Behavior*
- Rob Alessie (RUG) and Marike Knoef (RUL): *Pension Savings and Consumption Needs of Current and Future Retirees*
- Marcel Lever (CPB): *Optimal Design of the Dutch Multi-Pillar Pension System: Lessons from an International Comparison*

Granted in 2014

- Dorly Deeg (VUMC): *Changes in Retirement Policies and Cohort Differences: Their Impact on Age at Retirement, Income, Health, and Mortality*
- Leo Lentz (UU) and Adriaan Kalwij (UU): *Preparing for Retirement: Tailoring, Literacy, and Effective Pension Communication*
- Daniel van Vuuren (CPB): *Flexible Combinations of Work and Retirement*

2. Individual Research Grants (previously Small Vision Projects)

Granted in 2011

- Niels Vermeer (TiU): *Non-Financial Determinants of the Individual Retirement Age*
- Yang Zhou (TiU): *Guarantees in Pension Plans*
- Jordana Liberali (EUR): *Designing Risk Profile Questions that Help Consumers to Better Understand Pension Risks*
- Louise Nell (UU): *Choosing Better with Comprehensible Pension Overviews*
- Ivor Witte (VU): *Supervision Rules: Contribution to or Prevention of Better Pension Protection*

Granted in 2012

- Job Krijnen (TiU): *Procrastinating Pension Planning*

Granted in 2013

- Marleen Damman (NIDI): *The Role of Productive Activities in the Lives of Retirees: A Sociological Perspective*
- Wiebke Eberhardt (MU): *Adapting Pension Communication to the Heterogeneous Characteristics and Needs of Participants*
- Lexmy van den Boogaard (VU): *Home Equity and the Demand for and Cost of Long Term Care*
- Hailong Bao (TiU): *Intergenerational Risk Sharing in Collective DC*

3. Topicality Projects

Granted in 2012

- Alfred Slager (TiU) and Kees Koedijk (TiU): *Van Droom naar Daad: Hoe Innovaties in Wonen, Arbeid, Pensioen en Kennis een Zet in de Juiste Richting te Geven (From Dream to Deed: How Innovations in Housing, Jobs, Pensions, and Knowledge Push Us in the Right Direction)*

Granted in 2013

- Irmgard Borghouts (TiU): *Werk naar Werk Arrangementen voor Oudere Werknemers: Leren van Zweden? (Appropriate Work for Older Employees: Can We Learn from Sweden?)*
- Erik Lutjens (VU), Jolanda van den Brink (VU), and Ivor Witte (VU): *Uitvoeren van het Reële Contract door Verzekeraars (Real Contract Execution by Insurers)*
- Marike Knoef (RUL), Arjen Hussem (PGGM), Arjan Soede (SCP), and Jochem de Bresser: *Pensioeninkomens, Consumptiebehoeften en Ouderenzorg (Pension Income, Consumption Needs, and Elderly Care)*
- Juan Carlos Rodriguez (TiU): *Managing Conversion Risk in Defined Contribution Plans*

Granted in 2014

- Kène Henkens (NIDI-KNAW, UvA) and Harry van Dalen (NIDI-KNAW, TiU), NEA Paper 58: *Confidence in the Pension Industry*
- René Maatman (Radboud), Mark Heemskerk (RU), and Dick Boeijen (PGGM), Design Paper 35: *Ending Uniform Contributions*
- Anja De Waegenaere (TiU) and Bertrand Melenberg (TiU), *Systematic Longevity Risk*

- Adriaan Kalwij (UU), Rob Alessie (RUG), Jonathan Gardner (Towers Watson), and Ashik Anwar Ali (RUG), Design Paper 43: *Consumption Needs of Pensioners and the Inflation Measure for Pension Indexation*
- Antoon Pelsser (UM), Ramon van den Akker (TiU), and Mark Brussen (PGGM), *Economic valuation*
- Marike Knoef (RUL), Kees Goudswaard (RUL), Koen Caminada (RUL), and Jim Been (RUL), Design Paper 41: *Expected Retirement Income in an International Perspective*
- Arno Riedl (UM), Jan Potters (TiU), and Paul Smeets (UM), *Definition of Risk Appetite/Risk Perception*

4. PhD Positions

Granted in 2011

- Zorka Simon: *The Real Bond – Nominal Bond Arbitrage: Evidence from G7 Countries*

5. Comparative Research Grants (previously Research Grants)

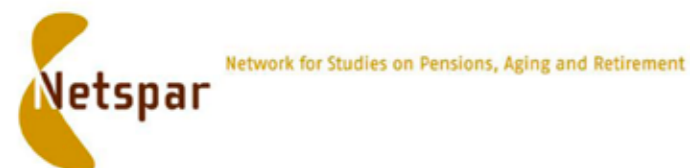
Granted in 2012

- Ludovic Phalippou and Mark Westerfield: *Commitment Risk*
- Amelie Wuppermann, Sebastian Bauhoff, and Markus Grabka: *The Price Sensitivity of Health Plan Choice among Retirees: Evidence from Natural Experiments in the German Social Health Insurance*

Granted in 2013

- Johannes Binswanger, Adriaan Kalwij, and Arthur van Soest: *Time Use and Well-Being before and after Retirement: Collecting DRM Data in the Netherlands*
- Timm Böhnke, Daniel Kemptner, and Holger Lüthen: *The Introduction of Disincentives for Early Retirement and its Effect on Labor Market Participation*
- Hans-Martin von Gaudecker and Benjamin Enke: *Subjective Beliefs and Individual Risk Preferences in a Structural Model of Portfolio Choice*
- Michael Haliassos, Thomas Jansson, and Yigitcan Karabulut: *Culture and Household Financial Behavior*
- Robert Kosowski and Gonçalo Faria: *The Correlation Risk Premium: Term Structure and Hedging*
- Moshe Milevsky: *Longevity Risk and the Option to Annuitize: Historical Evidence from the Tontine of King William in 1693*
- Mariacristina De Nardi, Eric French, and John Jones (SUNY University at Albany): *Medicaid Insurance in Old Age*
- Aureo de Paula and Bo Honore: *Joint Retirement in Europe*
- Elena Stancanelli: *Retiring Together or Apart and Spousal Happiness Outcomes*

APPENDIX II: LETTER OF REPRESENTATION



Correspondence
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Netspar Foundation
Attn: Chair of the Supervisory Board
P.O. Box 90153
5000 LE Tilburg
The Netherlands

Tilburg, April 6, 2015
Re: Letter of Representation for the 2015 Financial Statements
Ref. No.: N2016.013

Dear Mr. Swank,

We hereby submit the 2015 financial statements and multi-year financial statement as of December 31, 2015, for approval to the Supervisory Board.

These are the financial statements and multi-year financial statement for the Netspar Center, part of Tilburg University. Stichting Netspar (the foundation) does not have its own financial statements. The commissioning contract concluded between Tilburg University and Stichting Netspar, dated August 27, 2012, specifies that Tilburg University is responsible for executing the Stichting Netspar multi-year program and for establishing an administrative body for that purpose (i.e., Netspar Center). Stichting Netspar is obliged to place any and all resources it receives from its partners and other sponsors for the purpose of achieving its objectives with Netspar Center, which must manage and use those resources in accordance with the instructions of Stichting Netspar. The aforementioned contract further stipulates that every year Tilburg University will provide Stichting Netspar with a financial annual report for Netspar Center by no later than April 1st, with the auditor's report.

Visiting address Faculty of Economics and Business Administration - Warandelaan 2 - Tilburg



The figures for the Netspar Center are part of the consolidated annual figures for Tilburg University, which include an auditor's report. To that end, the Netspar Center provides financial statements annually in accordance with the format prescribed by the Executive Board of Tilburg University. It bases these on the administrative systems designed and provided by Tilburg University. For 2015, the so-called decentralized financial statements (based on figures with a run date of 19-02-2016 and a freeze date of 17-02-2016), along with the requisite notes, were delivered to the Executive Board on March 4, 2015.

Netspar's Board of Directors considers the format that the Netspar Center must observe as a division of Tilburg University in drafting its annual figures poorly suited to providing its partners with a readily comprehensible overview of the income and expenses related to the principal functions Netspar performs. Netspar therefore also draws up more customized financial statements in its own format, which are included in its annual report, after first being approved by the Supervisory Board. The annual report is published on the Netspar website.

The figures listed in the 2015 financial statements for the annual report align as follows with the figures in the 2015 financial statements submitted to the Executive Board of Tilburg University.

	TU EB	Netspar AR
Income	3,048	5,362
Expenditure	2,999	2,979
Profit/Loss	50	2,383

Under the Tilburg University system, the financial statements for the Netspar Center are geared to obtaining a result that must be equal to the amount to be added to the agreed liquidity reserves (as stipulated in the aforementioned contract). Moreover, Tilburg University employs a system of "prepaid income" and "work in progress" for current projects.

The differences in income (€2,314,000) and expenses (€20,000) can be explained by the following:

- Income was decreased by €2,383,000 in compiling the financial statements according to the Tilburg University format in order to arrive at the necessary



result of €50,000 (the amount of the required addition to the liquidity reserve). This amount was posted to the balance sheet in its entirety as prepaid income.

- In addition, under the TiU format, income received from Tilburg University in the amount of €70,000 was recorded for internal secondment, corrections to the way costs had been charged on, and reimbursement for a course.
- On the expenses side, the allocation to the dismissal provision was recorded in the financial statements as a return under the TiU format and as an expense (€50,000) under the Netspar format. Finally, there were credit entries related to costs (€70,000) that were recorded as income under the TiU format.

This thus accounts for the entire difference in the two results.

We acknowledge our responsibility in drawing up the financial statements. These statements have our approval, and it is our belief that they constitute a fair representation of the results. We have accounted for or explained all applicable obligations in the financial statements. To the best of our knowledge, no events have occurred between the balance sheet date and the date of this letter that would present cause for amending the financial statements or the notes to the financial statements.

Sincerely yours,
On behalf of the Netspar Center Board of Directors,

Casper van Ewijk
General Director