



Network for Studies on Pensions, Aging and Retirement



FINANCIAL REPORT 2016

ANNUAL REPORT 2016

2016 FINANCIAL STATEMENTS

| Income (x k€) | 2015 | 2016 | Expenses (x k€) | 2015 | 2016 |
|------------------------|--------------|--------------|--------------------------------------|--------------|--------------|
| General Income | 5,063 | 2,253 | Network Development | 233 | 257 |
| Partner Contributions | 5,005 | 1,623 | Knowledge Development | 1,467 | 1,814 |
| Government Funding | - | 600 | Knowledge Sharing | 810 | 730 |
| Other Income | 58 | 30 | Knowledge sharing – Events | 142 | 138 |
| Specific Income | 299 | 418 | Knowledge sharing – Publications | 125 | 141 |
| <hr/> | | | Knowledge sharing – Expertise Centre | 227 | 171 |
| Total Income | 5,362 | 2,671 | Knowledge sharing – Education | 316 | 280 |
| | | | Management & Operations | 469 | 463 |
| | | | <hr/> | | |
| | | | Total Expenses | 2,979 | 3,265 |

NOTES TO THE 2016 FINANCIAL STATEMENTS

Summary

Netspar receives its funding based on four-year programs laid out in advance. It started executing the Action Plan for the most current four-year program, "Better Prepared for Old Age," in 2015.¹ The policy and activities mobilized to that end in 2015 were further pursued in 2016.

Additional Resources for Research

The budgeting for the 2015–2019 Action Plan originally included sufficient financial resources for awarding new projects in 2015, 2016, and 2017. A total of €1.3 million was allotted in 2016.

The ultimate aim, however, is to be in a position to fund new projects in 2018, as well, under the current program. As a result of contributions in 2015 and 2016 from the Foundation to Fund Continuation of Pension Insurance (FVP), along with a drop in expenses those two years, the financial leeway has been created for launching new research in 2018. In determining the budget for 2017 and onward, a provisional allotment of €1.1 million is being set aside for a few grants to be awarded in 2018.

¹ Obligations undertaken for this program do not exceed the resources committed. In addition, a reserve is being set aside for the unforeseen event that the program is not extended in 2019. The reserve would then be used to finish up any long-range projects still underway. The current annual figures include ongoing expenses related to projects from the previous action plan for 2011–2014.

Less Income Due to Shifts in Timing

The 2015–2019 Action Plan is based largely on the revenue from guaranteed funds pledged by various parties. The actual amount of revenue received can vary per year. Particularly noticeable in the 2016 annual figures is a drop in revenue in the amount of €2.691 million compared to 2015. This is due primarily to the fact that some revenue was received early, in 2015, while the receipt of other revenue for 2016 was delayed until 2017.

Higher Expenses Due to More Activities

The program executed by Netspar is reasonably steady in terms of the number of grants awarded, publications issued, and events organized. Expenses can nevertheless fluctuate year to year, due primarily to shifts in the timing of the projects.

Compared to 2015, expenses increased by €286,000. In particular, the expenses related to knowledge development went up. This was compensated by a decrease in the costs for knowledge sharing. There were somewhat fewer working groups, but more industry events, albeit executed at a lower cost overall. Moreover, despite an increase in activities, the Expertise Center (policy guidance) did not completely fill its staffing capacity. It did hire a senior researcher in the fourth quarter (0.4 FTE), who will be responsible for boosting the visibility of the micro research efforts.

The expenses for management and operations remained essentially unchanged.

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

Income

General Income

The revenue in the "Partner Contributions" category was lower than in 2015 (–€3.382 million, 67%). That is due primarily to the fact that two FVP installments were received in 2015. FVP then paid a final, smaller installment in 2016.

"Government Funding" was higher than in 2015 (+€600,000) because the contributions for 2015 were not received until last year. For that matter, payment of the government contributions for 2016 was also delayed a year.

The total for "Other Income" was lower (–€28,000, 48%) as a result of receiving less interest income from TiU.

Specific Income

The "Specific Income" amount is higher than it was in 2015 (+€119,000, 40%); this item refers to contributions received from third parties for specific, earmarked objectives. Specifically for 2016, this pertains to the two endowed chairs, including three projects, for Instituut Gak (social venture capital fund) and to MOPACT and CEPAR funding. The higher revenue in this category derives from a greater level of activity within the projects concerned.

Expenses

On the expense side, Netspar draws a distinction between its three primary roles:

- 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 (theme for 2016: Confidence in Change) and annual Matchmaking Event (where researchers can test out the relevance of their research proposals ahead of time with industry parties). In addition, partner visits are held at various levels in the context of relationship management.

Netspar also maintains a strong base of communication forums, such as the Newsflash newsletter, Netspar Magazine (Spring issue, Confidence in Change; Fall issue: Improved Defined Contribution Scheme) and the Netspar website.

The expenses for network development were higher in 2016 than in 2015 (+€24,000, 10%) due in part to the costs of revamping the website (to make the research more easily accessible to a broader audience) and the production of an animated video about Netspar.

Knowledge Development

The expenses related to knowledge development derive from the grants² 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 any incidental costs for the data.

The expenses for knowledge development were higher in 2016 than in 2015 (+€347,000, 24%). This can be attributed to the greater level of activity for the externally funded projects (Instituut Gak, CEPAR, MOPACT). Meanwhile, some expenses for ongoing projects funded by Netspar were also higher.

We refer you to Appendix II for a more detailed explanation of the expenses for the various categories of projects.

Knowledge Sharing

It is essential that the knowledge developed with Netspar's support find its way to the industry and academia. Netspar accomplishes this by holding events, publishing papers, and providing education, among other things, as well as through the advisory services of its Expertise Center.

Expenses related to events remained essentially unchanged. There were fewer working groups than in 2015 but more industry events, though these were executed at a lower cost. The costs for publications rose in 2016

(+€16,000, 13%). Although expenses for the Expertise Center were lower than in 2015 (-€56,000, 25%), the center did hire a senior researcher at the end of 2016 part-time (0.4 FTE) to boost the visibility of its micro research efforts. Despite a slight increase in enrollment in the executive education program, the education costs also went down compared to 2015 (-€36,000, 11%), primarily because of lower implementation costs.

Management & Operations

The Management & Operations category contains costs that cannot be directly allocated to one of Netspar's three primary functions (i.e., network development, knowledge development, and knowledge sharing) and 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.

Total costs for management and operations remained relatively unchanged between 2015 and 2016. On the one hand, the costs for IT and HR were lower and the allocation to the liquidation provision was smaller; on the other, there had been a one-time release of unused leave time in 2015. Accordingly, the expenses for management and operations for 2016 as a whole were comparable to those in 2015.

2016 Results

For 2016, expenses (€3.265 million) exceeded income (€2.671 million) by €594,000; this amount was deducted from the general reserves.

² Appendix I lists the projects awarded in 2016, for which payments were made in 2015 and 2016 and/or will be made in coming years.

IN KIND/MATCHING STATEMENTS

One of the essential preconditions for an effective exploitation of the knowledge developed by Netspar is active participation on the part of Netspar's partners in its development and transfer. That participation ensures that the research aligns with professional practice and the knowledge generated flows back to the industry. In 2016, 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" category includes the matching contributions from partners who participated in Netspar's general activities. The matching contributions listed under "Specific Income" pertain primarily to those from partners, universities, and other institutions for current research projects.

In kind Report 2016

| Income - In Kind (x k€) | In kind 2015 | In kind 2016 |
|----------------------------------|---------------------|---------------------|
| General Income | 259 | 272 |
| Specific Income | 1,319 | 1,412 |
| Total Income | 1,578 | 1,684 |
| Expenses - In Kind (x k€) | In kind 2015 | In kind 2016 |
| Network Development | 7 | 2 |
| Knowledge Development | 1,234 | 1,327 |
| Knowledge Sharing | 208 | 211 |
| Management & Operations | 129 | 144 |
| Total Expenses | 1,578 | 1,684 |

Multi-year financial statements as of 31/12/2016

| Expected Income and Assets | | Expected Expenditure and Liabilities | |
|------------------------------------|-------------------|--------------------------------------|-------------------|
| Confirmed sources of income | | Commitments | |
| Partner contracts | 2,580,000 | Current projects and education | 3,359,680 |
| Government funding | 2,600,000 | Personnel under contract | 2,545,653 |
| Targeted subsidies | 710,063 | Project winding-up scenario | 1,200,000 |
| Other income | 891,557 | Reserves (personnel costs) | 530,484 |
| Liquid assets | 8,022,445 | | |
| Unconfirmed income | | Not yet allocated | |
| Still to procure | 1,500,000 | 2015-2019 Program | 6,193,310 |
| | | Unreserved balance | 2,474,938 |
| | 16,304,065 | | 16,304,065 |

Netspar started executing its "2015-2019 Action Plan" in 2015. As of 12-31-2016, the budget for that action plan, combined with the ongoing obligations associated with previous programs, was over €13.8 million. This includes making provisions through 2022 for a possible liquidation and winding-up of operations in the unexpected event that funding for a new program after 2019 cannot be secured.

With regard to the long-range income budgeted (€6.8 million), 80% is covered financially through contracts and commitments; 20% must still be procured. In terms of the projected long-range expenditures, almost 48% involves existing obligations. In addition, 37% has been budgeted for allocation to the 2015-2019 Action Plan. That allocation occurs each year when the budget is adopted, whereby an important part of the process is the principle that obligations entered into not exceed the guaranteed amount of income. Assuming that the remaining funding needed is indeed secured, there would be an "Unreserved Balance" left of 15% (€2,500,000). If the remaining funding is not secured, then the amount left in the "Unreserved Balance" category would be €974,000.

³ The figures presented reflect the situation as of 12-31-2016.

Expected Income and Assets

We briefly describe the various kinds of revenue and assets below.

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.

Government Funding

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. 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 Income

This item pertains to partner contributions for 2016 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" item refers to the balance of income and expenditures from previous years.

Still to Procure

The "Still to Procure" item pertains to uncertain income from the Netherlands Organization for Scientific Research (NWO) based on indications it made regarding continued involvement on the part of Netspar in executing the Social Infrastructure Agenda. Other potential revenue sources, such as new partners or funders, are not included.

Projected 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 or operations.

Continuing commitments are categorized under the following liability items:

Liabilities

• Projects Underway 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 aggregated in this item. These pertain to payments owed to projects that receive monies each year based on previously agreed-upon schedules, adjusted as necessary according to an annual accounting of activities. This item also includes obligations starting 12.31.2016 as part of a multi-year contract with TIAS for providing executive education on behalf of Netspar.

- **Contracted Personnel for 2016–2019**

Most of the staff working in the Netspar office are under a permanent employment contract. The figures presented are based on the assumption that operations will continue through at least until April 1, 2019.

- **Project Winding-up Scenario**

In the unexpected event that funding cannot be found for continuing the program with the 2019–2023 Action Plan, provisions have been made for winding up and liquidating operations. This would take four years to complete (2019–2022) and include an annual budget of €300,000 for papers, a few events, and a minimal staff.

- **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 includes setting aside reserves for leave and to cover a share of the severance payments for the 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, with the exception of costs pertaining to the Netspar office staff (see Contracted Personnel). Every year, a budget is drafted that determines the amount of monies available for new research and related activities. Because the research is long-term in scope, the decision-making process always includes taking any future expected expenses into account.

The reference date for the "Multi-year Financial Statement" is 12–31–2016; the allocated research funds for 2017 are thus still noted as "discretionary" on that 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, 2016, that item amounted to €2.4 million. This includes the income under the "Still to Procure" item (€1.5 million). If that uncertain income is left out of the equation, then the remaining unreserved balance is €974,000. That balance serves as a buffer for any unforeseen setbacks. It also provides the financial leeway for starting new research projects in 2018 and perhaps even more new ones in 2019, in line with our ambitions. Decisions in this regard will be made in the fall of 2017 when the budget for 2018 and beyond is drawn up.

Netspar is involved with a number of topics that are also high on the agenda of the AFM. The future of our pension system, of course, but also increasing the involvement of participants in their retirement and restoring trust in the pension system. As a supervisor, we think that providing more insight into their personal situation, is a first step to making people more involved in retirement. But insight alone is not enough to encourage participants to take action. In Netspar connection, useful research is conducted on how insights into consumer behavior can help participants to think about their retirement and the need to take additional measures. Netspar is a nice meeting place where scientists, policymakers and supervisors meet. There is much room for the development of new ideas that also help us to further innovate our supervision. For the near future, I also see a role for Netspar in how we can use big data – which is becoming increasingly available – to increase involvement of participants.

Watch the video.

Femke de Vries, Autoriteit Financiële Markten (AFM)
“Netspar is an important meeting place, which offers a lot of room for developing new ideas”



APPENDIX I – GRANTS AWARDED

This appendix provides a list of all the grants awarded for 2016, for which payments were made during or after 2015 and 2016 or will be made going forward.

1. Theme Projects (Large and Medium Vision Projects until 2014)

Granted in 2010

- Thomas Dohmen and Andries de Grip (UM): *Human Capital and Aging*
- 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 (VU/DNB): *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 Interactive Pension Communication and Decision Making*
- 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*

Granted in 2015

- Lisa Brügger and Thomas Post (UM): *Engaging pension plan participants: How emotions, peer effects, and life events influence the effectiveness of pension communication*
- Rene 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*

2. Individual Research Grants (Small Vision Projects until 2014)

Granted in 2011

- Louise Nell (UU): *Choosing Better with Comprehensible Pension Overviews*

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 2013

- Irmgard Borghouts (TiU): *Werk naar Werk Arrangementen voor Oudere Werknemers: Leren van Zweden?*

Granted in 2014

- René Maatman (Radboud), Mark Heemskerk (RU) and Dick Boeijen (PGGM): *Beëindiging van de doorsneesystematiek*

- Anja De Waegenaere (TiU) and Bertrand Melenberg (TiU): *Systematisch langlevensrisico*
- Adriaan Kalwij (UU), Rob Alessie (RUG), Jonathan Gardner (Towers Watson) and Ashik Anwar Ali (RUG): *Consumption needs of pensioners and the inflation measure for pension indexation*
- Antoon Pelsser (UM), Ramon van den Akker (TiU) and Mark Brussen (PGGM): *Economische waardering*
- Marike Knoef (RUL), Kees Goudswaard (RUL), Koen Caminada (RUL) and Jim Been (RUL): *Verwachte pensioeninkomens in internationaal perspectief*
- Arno Riedl (UM), Jan Potters (TiU) and Paul Smeets (UM): *Definitie van risicobereidheid/ risicoperceptie*

Granted in 2015

- Theo Nijman (TiU): *Meerwaarde van intergenerationele risicodeling*
- Peter Schotman (UM), Bas Werker (TiU) and Roderick Molenaar (Robeco): *Wat is een goede default lifecycle?*
- Casper van Ewijk (TiU), Roel Mehlkopf (TiU), Sara van den Bleeken (AFM) and Chantal Hoet (AEGON): *Welke keuzemogelijkheden zijn wenselijk vanuit het perspectief van de deelnemer*
- Rene Maatman, Mark Heemskerk (beiden RUN) and Bas Werker (TiU): *Juridische eigendomsrechten en transitie naar nieuwe pensioenvormen*
- Marcel Lever (CPB) and Thomas Michielsen (CPB): *Dynamiek en loonprofielen op de arbeidsmarkt en de toereikendheid van pensioenopbouw*
- Kène Henkens and Harry van Dalen (NIDI): *Willen we ons pensioen nog wel samen doen? Over keuzevrijheid en solidariteit in aanvullend pensioen*
- Bastiaan Starink (TiU): *De fiscaliteit en pensioen: Naar een nieuw fiscaal pensioenkade*

- Raun van Ooijen (RUG): *Kwantitatief onderzoek naar uitgaven aan ouderenzorg en ondersteuning*
- Joost Dankers (UU): *Honderd jaar pensioenwetgeving (1919–2019): visies en beleid*

4. PhD Positions

Granted in 2011

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

5. Comparative Research Grants (previously called Research Grants)

Granted in 2013

Timm Böhnke, Daniel Kemptner and Holger Lüthen: *The Introduction of Disincentives for Early Retirement and its Effect on Labor Market Participation.*

APPENDIX II – PROJECT EXPENSES IN 2016

Here follows a more detailed summary of the payments made for ongoing projects in 2016. Payments were made for the following projects last year.

Theme Projects⁴

As part of 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 the number of industry papers that are to be drafted.

| Total Grant Amount (Amounts in € 1,000) | 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 |
| Granted in 2016 | 990 | - | - | - | - | - | - | - | - | 250 | 250 | 250 | 250 |
| 10,490 | 489 | 658 | 1,194 | 1,031 | 875 | 1,042 | 645 | 885 | 1,289 | 754 | 538 | 451 | |

Granted in 2016

- Marike Knoef (RUL): *Uncertainty over the Life Cycle: Implications for Pensions and Savings Behavior*
- Benedict Dellaert (EUR): *Individuals' Choices of Comprehensive Pension Plans*
- Andries de Grip and Raymond Montizaan (UM): *Work, Health and Retirement*

Individual Research Grants⁵

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

| Total Grant Amount (Amounts in € 1,000) | Payments | | | | | | | | | |
|--|-----------|------------|------------|------------|------------|------------|-----------|-----------|-----------|----|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | |
| Granted in 2011 | 354 | 18 | 94 | 107 | 66 | - | 11 | - | - | - |
| Granted in 2012 | 65 | - | 10 | 21 | 23 | 11 | - | - | - | - |
| Granted in 2013 | 260 | - | - | 27 | 39 | 98 | 88 | - | - | - |
| Granted in 2016 | 176 | - | - | - | - | - | 12 | 98 | 91 | 27 |
| 855 | 18 | 104 | 155 | 128 | 109 | 111 | 98 | 91 | 27 | |

⁴ 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 Project for this class of projects.

⁵ Starting in 2015, the Small Vision Grants were renamed Individual Research Grants.

Granted in 2016

- Anne Balter (TiU): *Contract Specifications for New Pension Deals*
- Damiaan Chen (UvA/DNB): *Valuation of Index-linked Assets in Incomplete Markets*
- Jaap Oude Mulders (NIDI): *Confronting Responses of Employees and Employers*

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.

| | Total Grant Amount | Payments | | | | | | |
|----------------------|--------------------|-----------|------------|------------|------------|------------|------------|-----------|
| | | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| (Amounts in € 1,000) | | | | | | | | |
| 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 | - |
| Granted in 2016 | 160 | - | - | - | - | - | 52 | 56 |
| | 903 | 30 | 106 | 134 | 148 | 178 | 132 | 56 |

Granted in 2016

- Casper van Ewijk (TiU), Joost van Valkengoed (PGGM), Loes Frehen (APG), and Johan Bonekamp (TiU): *Heterogeniteit in leeftijdsopbouw en de doorsneesystematiek (Heterogeneity in Age Structure and the System of Uniform Contributions)*
- Theo Nijman (TiU), Niels Kortleve (PGGM), and Agnes Joseph (Achmea): *Maatwerk en keuzevrijheid (Customization and Freedom of Choice)*
- Marijke van Putten (RUL): *Relevante informatie t.b.v. keuzes bij variabele uitkeringen en doorbeleggen na pensioendatum (Relevant Information in Decisions Related to Flexible Benefits and Reinvestment after Retirement)*
- René Maatman / Mark Heemskerk (RUN), Bas Werker (TiU), and Kees Kamminga (Aegon): *Welke ervaringen zijn er met het omgaan met bestaande aanspraken bij systeemwijziging? (What Has the Experience Been with Regard to Existing Arrangements When Systems Are Transformed?)*
- Marcel Lever (CPB): *Keuzevrijheden in de uitkeringsfase: hoe worden deze gebruikt in andere landen? (Freedom of Choice in the Payout Phase: How Is It Used in Other Countries?)*
- Lisa Brüggem and Thomas Post (UM): *Keuzearchitectuur (Choice Architecture)*
- Rob Alessie (RUG), Raun van Ooijen (RUG), and Marike Knoef (RUL): *Pensioenambitie (Retirement Goals)*
- Marike Knoef and Marijke van Putten (RUL): *Pensioenbewustzijn van jongeren verhogen (Increasing Pension Awareness Among Young People)*

Research Grants and Comparative Research Grants⁶

Researchers who are not already being funded by Netspar are eligible to apply for a Research Grant of up to €10,000. The condition for this is that they write a Netspar Discussion Paper to be presented at the International Pension Workshop.

| Total Grant Amount | | Payments | | | | | |
|----------------------|------------|-----------|-----------|-----------|-----------|----------|----------|
| (Amounts in € 1,000) | | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 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 2016

No research grants have been awarded since 2013. By 2016 a new instrument was added: Comparative Research Grants (k € 10-20). These grants have not yet been awarded in 2016.

PhD Positions

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 | 2016 |
| Granted in 2010 | 201 | 204 | 128 | | | |
| Granted in 2011 | | 12 | 38 | 44 | 30 | - |
| | 201 | 216 | 166 | 43 | 30 | - |

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. Funding for one PhD position and two traineeships was made available for these. These projects started in 2015 and ran throughout 2016 (+€75,000).

⁶ Starting in 2015, the Research Grants were renamed Comparative Research Grants.

CEPAR

In 2015, an international comparative study of the Dutch and Australian pension systems was started in collaboration with CEPAR (funded in part by the Australian Research Council [ARC], which is similar to the Netherlands Organization for Scientific Research [NWO]). Because a full-time researcher started on this project in 2016, the associated expenses for 2016 were higher (+€59,000).

MOPACT

Netspar has been participating in the EU MOPACT project (Mobilising the Potential of Active Ageing in Europe) since 2013. Due to a correction in 2015 to the charging-on of costs by Tilburg University (for wage costs from 2014), the expenses under this item were higher in 2016 than in 2015 (+€51,000).

SHARE

Netspar's contributions to activities being conducted as part of SHARE were curtailed according to plan in 2014. Nevertheless, €695,000 in expenses were posted in 2014, mostly from invoices received for activities that occurred in 2013. All activities were completed in 2015. There were no expenses related to this item in 2016, which is why there is a decrease for last year (-€62,000).

Bianca Tetteroo, Achmea

"It is extremely important that the pension debate is conducted based on facts"

The pension debate is very topical, especially the individualization of the pension system. It is extremely important that this debate is conducted based on facts in stead of on opinions. This is where Netspar as a scientific institution has an important added value. Also, as a knowledge network, Netspar brings together different stakeholders. Active participation in this network and in research is positive for the development of our employees. They take the different perspectives from the collaboration in the network, and bring them back to Achmea, where they are very useful for our product development. And by this, they also add value for our customers.

Watch the video.



APPENDIX III LETTER OF REPRESENTATION



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

Tilburg, April 18, 2017
 Re: Letter of Representation for the 2016 Financial Statements
 Ref. No.: N2017015

Dear Mr. Swank,

We hereby submit the 2016 financial statements and multi-year financial statement as of December 31, 2016, 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.

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 2016, the so-called decentralized financial statements (based on figures with a run date of 21-02-2017 and a freeze date

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of 21-02-2017), along with the requisite notes, were delivered to the Executive Board on February 26, 2017.

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 2016 financial statements for the annual report align as follows with the figures in the 2016 financial statements submitted to the Executive Board of Tilburg University.

| | TU EB | Netspar AR |
|--------------------|-----------|-------------|
| Income | 3.332 | 2.671 |
| Expenditure | 3.311 | 3.265 |
| Profit/Loss | 20 | -594 |

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 (€661,000) and expenses (€ 47,000) can be explained by the following:

- Income was decreased by €594,000 in compiling the financial statements according to the Tilburg University format in order to arrive at the necessary result of €20,000 (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 € 67,000 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



(€20,000) under the Netspar format. Finally, there were credit entries related to costs (€67,000) 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