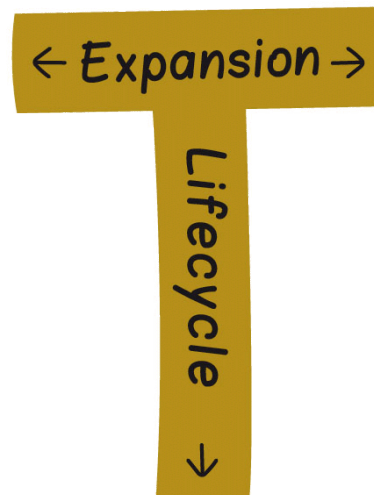


Pensions in Transition

2019–2023 Netspar Action Plan



May 2018

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Summary

Pensions and retirement are in transition. The issues involved in adequately financing old age have become broader and more complex in the face of developments such as rising life expectancy (in good or poor health), a more flexible labor market, governments shifting greater responsibility onto their citizens, digitization and big data, globalization, and the growing influence of the EU on laws and regulations. In such an environment, sound, policy-oriented research matters. Moreover, the vast, wide-ranging interests in play also necessitate that structure be introduced to the pension debate, so that the discussion can be carried out on the basis of facts.

In the Netherlands, Netspar has built a reputation as a singular knowledge network, performing meaningful, high-quality, and independent academic research on pensions, retirement, and aging since 2005. It has been incredibly effective at developing and assembling knowledge and translating it into usable concepts for innovation and policy. Netspar provides an indispensable knowledge base and has assumed a pivotal, objectifying role in the pension debate in the Netherlands, having an impact without driving solutions. Recent evaluations performed by the government, private partners, and Netspar's international Scientific Council have all reaffirmed, independent of one another, the network's scientific and social relevance and underscored the valuable role it plays as an *"honest broker"* in the transfer of knowledge between science and practice.

The primary piece of advice from the evaluation committees was essentially for Netspar to continue along its current path. The main recommendations from these committees were also largely similar:

- **Preserve and reinforce the solid knowledge base** by promoting in-depth, long-range research into the issues of tomorrow as a foundation for policy-oriented research
- **Engage in a targeted expansion of the economic research into the other domains needed** to understand and solve the comprehensive retirement problem, as one of the key issues under the Dutch National Science Agenda's Towards Resilient Societies route
- **Maintain the emphasis on international knowledge exchange** aimed at learning from the experiences of other countries, with particular attention paid to the significance of the European dimension in financing old age in the Netherlands
- **Further improve the effectiveness of the contributions to the pension debate** by making the knowledge more directly accessible to the entire pension community, including pension fund managers

The Netspar partners also had three specific recommendations:

- **Preserve the network's independent identity:** highlight a range of visions
- **Organize more midsize to large events according to a particular topic,** instead of multiple small-scale gatherings, allowing room for substantive discussions and incorporating variation in the disciplines engaged
- **Investigate how the partners could be more effectively implicated in strategic (and other) decisions about the research programming**

In keeping with the recommendations from the evaluations, Netspar's mission remains to contribute as a knowledge network and think tank to the continued improvement of the options for financing "old age" in the Netherlands. Its partners would like to see the mission continue and have advised that the organization and activities should continue to reflect this in practice.

These recommendations are also in line with the areas for improvement identified in the SWOT analysis and self-evaluation, are compatible with the formulated research agenda and strategic aims, and help strengthen Netspar as a whole.

The following ambitions have been formulated for the 2019-2023 period for each of Netspar's three primary functions, whereby the yet-to-be-determined budgetary criteria will have to be taken into consideration:

- **Knowledge Development: Intensify in-depth research efforts**
 - o Preserve the balance between in-depth and applied research
 - o Recruit top researchers in various disciplines, with a focus on more youth involvement and diversity
- **Knowledge Sharing: Enhance effectiveness and visibility**
 - o Further improve the effectiveness of the contributions to the pension debate through better outreach to the entire pension community, including pension fund managers
 - o Organize more midsize to large events of sufficient substance, with a grouping together of activities and targeted research strategy
 - o Preserve and intensify clout in the realm of policy advice
 - o Intensify international knowledge exchange, with a focus on the significance of the European dimension in financing old age in the Netherlands
- **Network Development**
 - o Targeted enhancement and expansion of the network
 - o Focus on ways to more effectively implicate partners in strategic (and other) decisions about the research programming

With its 2019-2023 Action Plan, Netspar is building on its achievements of the past 13 years in the fields of knowledge development, knowledge sharing, and network development. It is essential that this strong, unique position as a unifier of academia, industry, and government and a platform for co-creation and easy-access knowledge sharing be preserved. In the new action plan, the "individual" (or "participant") in retirement will continue to be of central importance and micro-economics and behavioral science will assume important roles in the research, along with finance and macro-economics. Meanwhile, a greater focus will be placed on pre-retirement stages and the influence of the life cycle as a whole on pensions and retirement. This will involve further enhancing the associations with lifetime saving and investment behavior, retirement behavior, the significance of home ownership, and the importance of investing in human capital ("long-term job proficiency") in a changing labor market.

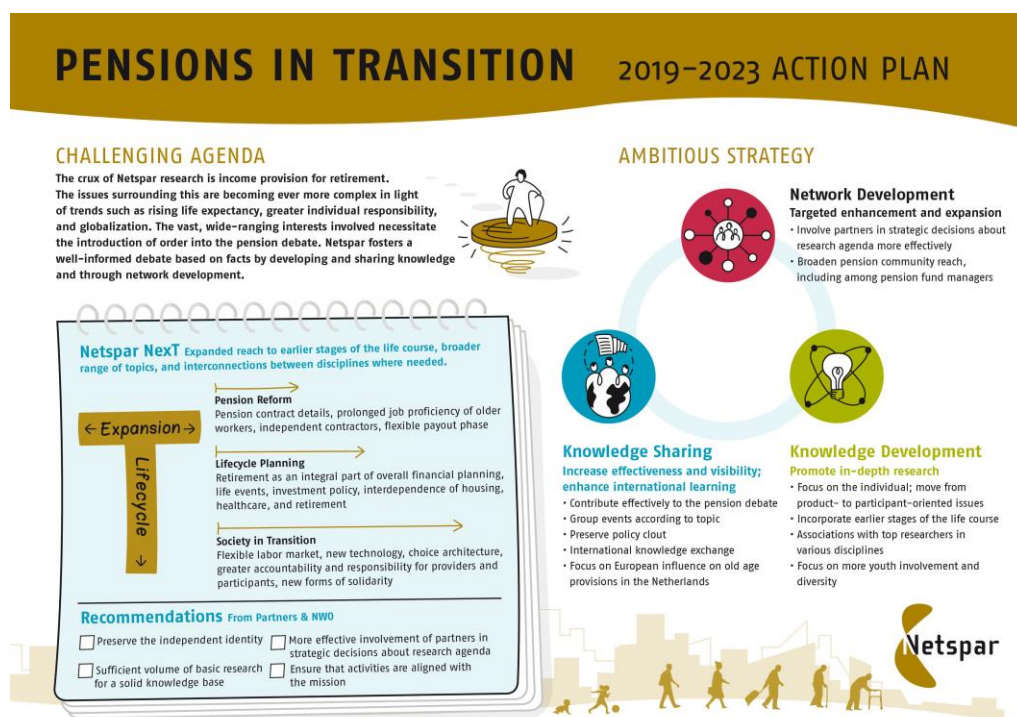


Figure 1: 2019-2023 Action Plan Infographic (see also Appendix III)

1. Introduction: Toward a New Action Plan for 2019-2023

Broad Retirement Agenda Requires Sound Knowledge Base

Pensions and retirement are in transition. Developments such as rising life expectancy (in good or poor health), a more flexible labor market, governments shifting greater responsibility onto their citizens, digitization and big data, globalization, and the growing influence of the EU on laws and regulations are raising a host of new issues. Equally importantly, the Netherlands stands on the cusp of a major pension reform that will inevitably generate many attendant additional questions.

Answering all those questions will require establishing connections with other research domains, academic disciplines, and private and public entities. This augmentation and the resultant interconnections foster deeper thinking about the institutions needed in a resilient society to protect citizens and their organizations, while at the same time making them more adaptable. The issues surrounding financing old age are becoming broader and more complex. In such an environment, sound, policy-oriented research matters.

The vast, wide-ranging interests in play also necessitate, moreover, that structure be introduced to the pension debate, so that the discussion can be carried out on the basis of facts. In the Netherlands, Netspar has built a reputation as a singular knowledge network, performing meaningful, high-quality, and independent academic research into pensions, retirement, and aging since 2005. It has been incredibly effective at developing and assembling knowledge and translating it into usable concepts for innovation and policy.

New 2019-2023 Action Plan Informed in Part by Recommendations from Evaluations

Netspar is currently executing the 2015-2019 Action Plan, which expires in April 2019. As part of the preparations for the new 2019-2023 Action Plan, a self-evaluation was performed in the summer of 2017 that included a SWOT analysis, which served as a basis for three subsequent evaluations by Netspar's international Scientific Council; the Netherlands Organization for Scientific Research (NWO), acting on behalf of the Dutch government; and the so-called Korte Commission acting on behalf of the Netspar partners. The recommendations from all three evaluations formed the basis for the latest action plan. In addition, a new research agenda was drawn up under the title Netspar NexT. This agenda was discussed with the Partner Research Council, the Foundation Board, and the Supervisory Board. Finally, in November 2017, the Netspar Board of Directors formulated five strategic aims that were reviewed in the partner evaluation.

All three evaluations were very positive. Their recommendations were in line with the areas for improvement identified in the SWOT analysis. The aims and



recommendations have been translated into the 2019-2023 Action Plan before you. This action plan sets the framework for the annual plans and activities for the coming period, to be worked out accordingly.

Reader's Guide

This document outlines the action plan in greater detail. The next chapter briefly discusses the SWOT analysis and recommendations from the various evaluations. Subsequent to that, we present the research agenda, mission, strategy, and plans for further implementation of the action plan.

2. Recommendations

The SWOT analysis and recommendations from the evaluations by the Scientific Council, NWO, and Netspar partners were largely in line with one another. The evaluation committees primarily advised Netspar to continue on its current path but indicated the following areas for improvement, as summarized:

- **Preserve and reinforce the solid knowledge base** by promoting in-depth, long-range research into the issues of tomorrow as a foundation for policy-oriented research
- **Engage in a targeted expansion of the economic research into the other domains needed** to understand and solve the comprehensive retirement problem, as one of the key issues under the Dutch National Science Agenda's Towards Resilient Societies route
- **Maintain the emphasis on international knowledge exchange** aimed at learning from the experiences of other countries, with particular attention paid to the significance of the European dimension in financing old age in the Netherlands
- **Further improve the effectiveness of the contributions to the pension debate** by making the knowledge more directly accessible to the entire pension community, including pension fund managers, and by continuing to invest in boosting Netspar's visibility

The Netspar partners had the following three recommendations in particular:

- **Preserve the network's independent identity:** highlight a range of visions.
- **Organize more midsize to large events according to a particular topic,** instead of multiple small-scale gatherings, allowing room for substantive discussions and incorporating variation in the disciplines engaged
- **Investigate how the partners could be more effectively implicated in strategic (and other) decisions about the research programming**

The Netspar Board of Directors concurs with the recommendations from the evaluations and believes they will contribute to the overall enhancement of Netspar. They have thus been incorporated into the action plan for 2019-2023.

2.1 SWOT Analysis: Intensify In-depth Research Efforts

In the middle of 2017, a SWOT analysis was carried out from the vantage point of researchers and the network as part of the self-evaluation that was to serve as a basis for the strategic planning and the evaluations on behalf of the government and Netspar partners. The results of the SWOT analysis were shared with the Foundation and Supervisory Boards. In summary, the following areas for improvement were identified:

- *Researchers*
 - Sustain and intensify top academic research
 - Strengthen non-economic disciplines
 - Fund larger grants to recruit top researchers
 - Evaluate stipulated obligations and matching in relation to the size of the grants
- *Network*
 - Reinforce network with new partners from existing fields of interest
 - Expand with new partners, while retaining recognizability for existing partners
 - Stakeholder analysis: engagement and retention of partners
 - Replace expiring funding from FVP
 - Expand and reinforce research base by exploring renewed funding options through NWO and the Dutch National Science Agenda and from Instituut Gak
 - Keep social partners in Netspar governance structure

2.2. Evaluation by the Scientific Council

Netspar was evaluated by the Scientific Council (SC) in the summer of 2017. Its members had very positive things to say about the network's relevance: *"NETSPAR triggers research that would potentially not happen otherwise in an important domain that affects the lives of millions."* The SC also praised the close cooperation among disparate actors that Netspar has managed to foster: *"Netspar has been able to attract and to mobilize the best Dutch researchers in their domain to think about and to work to improve existing pension systems. Compared to other European countries where pension research is basically non-existent, the Netherlands is now a bright spot for top pension experts around the world."*

Its major recommendations pertained to the need for more comparative international research, in diverse disciplines, and recruiting more researchers from outside the Netherlands. The SC also urged Netspar to continue its partnership with SHARE in order to safeguard the collection of long-range, multidisciplinary data on people over the age of 50 in the Netherlands.

2.3. Evaluation by NWO on Behalf of the Government

At the end of the summer of 2017, Netspar was evaluated by NWO. That evaluation was performed on behalf of the following Dutch ministries: Social Affairs and Employment (SZW), Economic Affairs (EZ), Health, Welfare and Sport (VWS), and Interior and Kingdom Relations (BZK). It consisted of a substantive final evaluation of the 2011-2014 Pension Innovation Program and an interim evaluation of the 2015-2019 Action Plan.

The commission's findings were positive: it determined that Netspar had done a good job of achieving the wide-ranging goals of the 2015-2019 Action Plan within the means afforded to it. The network channels and coordinates knowledge, adopts an independent position, and manages to *“expressly objectify knowledge and scrutinize assumptions amidst varying opinions.”* The findings published by Netspar carry the weight of authority, yet at the same time it guards against ever expressing its own opinion. Moreover, the partner involvement makes the research relevant to the industry.

Netspar was rated *“very good”* on scientific relevance: *“Netspar has given a boost to Dutch research on issues related to pensions and retirement and associated matters. The diverse research results have produced new understandings that have garnered international attention.”* In terms of both societal relevance and national significance, Netspar was impressively rated as *“outstanding”*. *“The research (...) has contributed substantially to answering social questions.”* (..) *“All of the important seekers of knowledge have access to the institute's (i.e., the network's) knowledge and can directly apply it.”* The knowledge transfer efforts were rated as *“very good to outstanding.”*

One of the commission's recommendations was to more clearly define the individual, especially in policy- and industry-related documents. In addition (touching upon a point Netspar itself had included in its self-evaluation), the commission called attention to the importance of maintaining a good balance between preserving a solid foundation of knowledge (based on in-depth research) and performing *“profitable”* (i.e., policy-oriented) research. The commission also identified as an opportunity for Netspar *“the need for identifying/predicting trends related to pension problems: so-called scenario research.”*

The commission warned that the envisaged expansion of disciplines should be in service of the pension research and not an objective in and of itself. It also supported the efforts aimed at further developing a strategy for targeted knowledge exchange with other countries. The commission further encouraged Netspar to share more information on the gender balance in appointments, grant awards, and authorship. Finally, it remarked that *“Netspar is a lean organization in its operations. While that is, to a certain extent, part of the network's strength, the commission also recognizes that this could pose a risk. The evaluation commission believes that such a vulnerable but valuable network deserves a certain level of protection.”*

2.4 Evaluation on Behalf of the Partners

In early 2018, a special commission evaluated Netspar's activities from 2015 to 2017 on behalf of the partners. This included a review of the strategy for 2019-2023. As summarized by the commission, *“the partners set great store by Netspar. Netspar's organization and systems, research, and knowledge exchange all received very positive ratings overall. The manner in which it has implemented the recommendations from the 2014 partner evaluation was also highly valued. (...) The partners would like to see the mission continue and have advised that the organization and activities should continue to reflect it in practice.”*

In the judgment of the partners, then, Netspar had generally managed to successfully implement the recommendations from the 2014 partner evaluation. It is seen as a professional and approachable organization that provides ample opportunity for partners and other stakeholders to have an impact. The scientific research at Netspar was considered authoritative, high-grade, and implementable. The education it offers is very good and feeds an important need on the part of the partners. Netspar's sector-specific papers make the scientific research more accessible. The partners did report that the quality varied but that it was usually good. They enjoyed attending Netspar events, which were well organized and generally had good material and discussions. Finally, the evaluation commission concluded that the partners approved of the proposed positioning and goals for the 2019-2023 period as a whole.

The commission made three main recommendations:

- 1. Preserve the independent identity: Highlight a range of visions**

Partners need an overview of the various perspectives in the debate, and they see Netspar as a valuable asset in this regard. They also expect to have variation in the disciplines and professions represented. They acknowledge the inherent tension that exists between boosting Netspar's visibility and preventing the perception that Netspar itself has an opinion.

- 2. Investigate how the partners could be more effectively implicated in strategic (and other) decisions about the research programming**

The partners desire greater applicability and recognition in the decisions made regarding research by the various governing bodies.

3. Ensure good mission alignment with compact, topic-driven activities

Partners believe it is important that network activities align recognizably with the mission (and the agenda). They feel this could be accomplished by working in a more concentrated and topic-driven manner. This would further bolster the quality of the research output and events.

The Netspar Board of Directors concurs with the recommendations of the above-listed evaluations and believes they will decidedly contribute to the overall enhancement of the network. They are in line with the ambitions formulated and have been incorporated into the 2019-2023 Action Plan.

3. Netspar NexT Research Agenda: Expanded Life-Cycle Focus and Broader Range of Topics and Disciplines

The Netspar NexT pamphlet contains a prognosis of the future research agenda and positioning of Netspar. The challenging agenda represents a decision to expand into other topics and disciplines from the existing core. Netspar NexT will build upon the strengths of today's Netspar as a knowledge platform in the field of pensions and retirement and financing old age, while incorporating new emphases on digitalization, a flexible labor market, choice architecture, and the European policy agenda.

The crux of Netspar research is a focus on forms of income provision for the individual in retirement. These provisions are accrued during a person's working years for use in retirement: two major phases of the life cycle. At the same time, however, a variety of ongoing developments require connections to other domains. The new research program has therefore been envisioned as a "T."

The T stands for "Transition." It refers to the transitions underway in the pension system and the labor market, along with the social transition to an increasingly digitalized world. The vertical stem of the T represents the life course, in which decisions are made about now and later. The horizontal arm of the T represents the expansion of old age concerns to include not only retirement provisions, but also health, care, housing, and general well-being. For the purposes of that expansion, we will be engaging other disciplines alongside the financial-economic core that remains at the heart of Netspar.

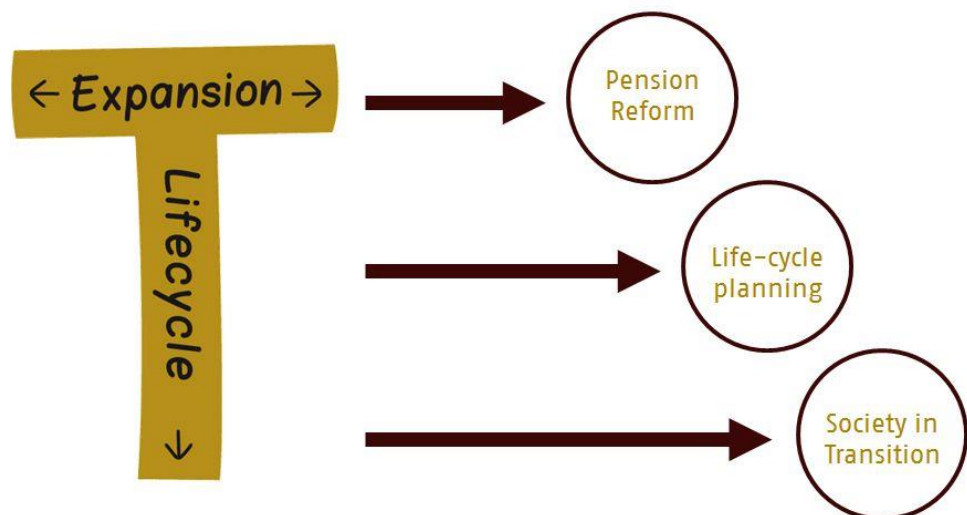


Figure 2: Research agenda

It is essential for us to conduct research now on topics that will come into play in the short, medium, and long term:

- Short term: Pension reform
 - Pension contract (implementation and transition)
 - Prolonged job proficiency and social security entitlement age (disparities in earning ability and healthy life expectancy)
 - Promoting retirement saving by independent contractors
 - Influence of EU on pensions in the Netherlands
 - Greater flexibility in payout phase
- Medium term: Life-cycle planning
 - Flexible transition between accrual and initial years of payout phase
 - Working life and connections to housing, household composition, and human capital
 - Retirement stage: Connections to housing, care, and quality of life
- Long term: Society in transition
 - More flexible labor market, specifically the changing relationship between employers and employees
 - Growing responsibility for providers and participants
 - Digitalization and big data
 - Choice architecture
 - Risk sharing and redistribution

Further details on the research program can be found in the “Netspar Next” pamphlet (Appendix I).

4. Mission Remains Expressly Focused on Financing Retirement in the Netherlands

In keeping with the recommendations from the evaluations, Netspar's mission remains to contribute as a knowledge network and think tank to the continued improvement of the options for financing "old age" in the Netherlands. It accomplishes this through:

- Network development;
- Formulating and executing scientific research programs, including sharing knowledge with other countries; and
- A related program for transferring knowledge within the Netherlands.

The network partners have requested that the mission expressly be retained to set parameters for the research agenda and research priorities, international knowledge exchange, and efforts to expand the disciplines and strengthen the network.

Netspar hopes to promote a better understanding of the economic and social repercussions of pensions, retirement, aging, and "old age" in the Netherlands and aims to thereby contribute to ensuring that the pension debate in the Netherlands is conducted based on facts and insights from scientific research.

It provides a research infrastructure in which public and private parties in the service sector can partner with researchers in the social sciences efficiently and purposefully. Netspar thus stimulates social innovation and an expansion of the pension industry's research and development capacity.

Key Values: Independent, Accessible, and Open

Netspar upholds the key values of being independent, accessible for newcomers, and open to dialogue and interaction with stakeholders. It recognizes the value of all sorts of knowledge, from a broad range of disciplines and methodological approaches. The network does not take a particular position on policy issues but is dedicated, instead, to promoting a wider understanding of the economic and social implications of pension systems and retirement. It works toward the productive dissemination of unbiased research output among public policymakers, professionals, and managers and administrators at financial institutions, as well as in the academic community.

5. Strategy: Intensify In-depth Research Efforts Using Diverse Disciplines and Boost Visibility

Netspar has set five main ambitions for 2019-2023. These have been formulated to conform to the network's three primary functions.

Knowledge Development

1. *Individual remains the priority, expansion of disciplines, and incorporation of earlier stages of the life cycle*

Multidisciplinary, cross-domain research, with a greater focus on pivotal moments in the individual life course prior to retirement (e.g., buying a home, income uncertainty caused by unemployment, decisions about when to retire, and divorce or the death of a spouse). Including focus on social transitions in terms of more care, housing, the labor market, digitalization, solidarity, the growing influence of EU laws and regulations to the extent they impact old age issues in the Netherlands, and other such matters. All with an additional focus on the role big data plays in communications, choice, and customization.

2. *Recruit top researchers in various disciplines, including a focus on more youth involvement and diversity*

Enhancing the top academic research performed is an essential foundation for preserving quality, high-grade applied research. The basic research foundation will continue to be economic, but it will be more strongly linked to other disciplines, as relevant for solving issues related to financing old age in the Netherlands.

Depending in part on the available resources, the aim is to develop a full-fledged multidisciplinary network. Finding, recruiting, and keeping top researchers from various disciplines requires active scouting and a more targeted use of larger and smaller research grants in greater numbers, while maintaining a good balance between the funding a researcher receives and the commitments asked for that. The integration of new disciplines demands a special level of attention for collaboration, orientation in the respective fields of knowledge, and the matching up of researchers and professionals from different backgrounds.

Knowledge Sharing and Active Involvement in Research

3. *Further improvement of the effectiveness of contributions to the pension debate through:*

- a. *More targeted focus on sharing knowledge with pension fund managers* and other decision makers by, among other things, offering (in conjunction with the SPO educational institute) knowledge sharing specifically for pension fund managers. Additionally, investing to boost *visibility in national media* (newspapers, news sites, Buitenhof, Nieuwsuur) and mostly corporate social media.
- b. *Retention and enhancement of policy clout* by bolstering the flexible non-core workforce of directly affiliated top researchers in a variety of domains.

4. *Retention of international knowledge exchange efforts* aimed at learning lessons that might be relevant for the Netherlands, with a particular focus on the importance of Europe in financing old age in the Netherlands, by for instance strengthening the comparative international research efforts and preserving and enhancing the international knowledge position.

Network Development

5. *Targeted enhancement and expansion of the network* by attracting new partners within the existing domain (pension providers, pension funds, insurers) and branching into convergent domains to attract partners as needed to solve the issues related to financing old age in the Netherlands, while preserving the original identity for existing partners.

Realization Dependent upon Budget

The degree to which all these ambitions can be achieved depends to a large extent on the financial footing for the new action plan. In particular, enhancing the level of top academic research, the multidisciplinary expansion into more complex domains, and the augmentation of the knowledge exchange efforts with a focus on European issues will require a sizable increase in the annual budget compared to the current level of funding.

6. 2019-2023 Action Plan in Greater Detail

Here follows a more concrete description of the individual components in the action plan.

A. **Knowledge Development: Intensify In-depth Research Efforts**

- *Expand into earlier stages of the life cycle and broaden the list of topics and disciplines for issues related to old age*
- *Recruit top researchers in various disciplines, with a focus on more youth involvement and diversity*

A.1 Working with the various governing bodies, an investigation will be made as to be best way to act on the recommendation from the partner evaluation that a strategic research agenda be enacted that concentrates on the fundamental issues, as supported by the partners.

A.2 The *expansion of disciplines* will be further pursued to the extent allowed by the budgetary constraints. The cooperation of researchers from other disciplines will be sought, alongside economists, when studying topical policy issues, with special attention devoted to legal, sociological, and psychological disciplines, as well as communications and linguistics and health sciences. In addition, an attempt will be made to find core researchers who not only lead and coordinate the associated projects and activities, but also represent them on behalf of Netspar.

A.3 To prevent the *fragmentation of scarce resources* and ensure that there is sufficient room for both in-depth and policy-oriented research, research funds will be distributed among a more limited number of lead researchers. At the same time, it is important to ensure that the available resources be sufficiently distributed across the various research themes and associated disciplines.

A.4 In recruiting top researchers for Netspar and populating the administrative bodies, an explicit *effort will be made to include younger members and introduce diversity*.

A.5 *Balance between in-depth and applied research.* New investments in in-depth research by top researchers are needed to preserve the knowledge base. Such a knowledge base is a prerequisite for performing premium applied research. Netspar plans to further augment its knowledge base by subscribing to the Dutch National Science Agenda (NWA in Dutch) and the agendas of the so-called top sectors.

The Netspar research agenda aligns closely with the Towards Resilient Societies route of the NWA and the knowledge and innovation agenda of the top sector for the creative industry, aimed at "Design for Change" (motivating people to take part in system transitions), among other things. The network provides an infrastructure through which researchers from various disciplines can share knowledge with one another and the industry, thus prompting cooperation. At the same time, it helps enhance multidisciplinary data acquisition in the area of pensions and retirement and aging (including as part of SHARE).

B. Knowledge Sharing: Boosting Visibility and Strengthening International Learning

- *Further improving the effectiveness of the contributions to the pension debate through a more targeted outreach to the entire pension community, including pension fund managers*
- *Intensifying international knowledge exchange, with a focus on European influence on the financing of old age in the Netherlands*

B.1 Honest broker. Netspar wants to help foster a well-informed debate on pensions and retirement. It channels and coordinates knowledge and attempts, amidst varying opinions, to expressly objectify knowledge and scrutinize assumptions without taking any specific standpoint. That is the only way to safeguard its independent position. Netspar will continue to maintain and reinforce this position by continuing to invest in high-grade applied research and further boosting its visibility.

B.2 Applicability. In terms of communications, the emphasis remains solidly on making the research accessible, translating it applicably into policy and products, and conveying Netspar's added value in the form of concrete achievements (publications, events, etc.).

B.3 Overview. By more expressly reviewing the added value of a given publication or event in terms of the papers previously published or previous meetings, an attempt will be made to ensure a more comprehensive, and thus more effective, supply of relevant information. Efforts will also be made to explore the options for grouping activities more frequently and organizing larger, yet suitably informative, events.

B.4 *Easy access to knowledge.* Dissemination will continue through proven instruments such as the Netspar Briefs (with video interviews and promotion in the national media), on-site knowledge seminars, conferences, working groups, sector-specific paper series, Netspar Magazine, monthly Newsflash newsletter, and website. With the papers, extra attention has been devoted to providing quality summaries in two languages as a means of reaching a broader audience. In a similar vein, short informative videos are being deployed to make relevant research easily accessible to pension fund managers and other interested parties.

B.5 *Proactive communications.* A communications and media strategy will be drafted once a year aimed at disseminating the research in a targeted manner through the media to a wide-ranging audience with a professional interest in the financing of old age.

B.6 *More notable researchers.* The number of figureheads will be expanded, and visibility thus increased, by tying the leaders of large projects to Netspar for longer periods of time by means of providing adequate funding and room for in-depth research and more expressly involving them in the communication of preselected research themes on Netspar's behalf. A communication plan will be drawn up with the researchers at the start of all long-range projects.

B.7 *Revamping of Netspar tracks.* To fulfill the ambition of having approximately 30 students successfully complete one of the Netspar tracks at Tilburg University, thereby supplying the industry with relevant specialists, efforts will be made to revamp the master's program and also improve marketing.

B.8 The Netspar *internship program* meets a need on the part of both students and partners. Two separate starting points per year have already been implemented. At the same time, developments such as changes in education financing that have caused students to be less inclined to pursue internships and an increase in the number of non-Dutch-speaking students have resulted in a decrease in the number of suitable candidates for interesting internship positions. The goal is to have at least 50% of the Netspar track students complete an internship with a Netspar partner.

B.9 The *executive education* program that Netspar contracts with TIAS to conduct has been thriving for some time now. The benefits to the individual participants and the Netspar network as a whole have been amplified since enrollees have been directed to complete the entire cycle, including a final project. An alumni day has also been added to the program.

Together with the Partner Research Council, we will be exploring in 2019 the desirability of contracting out the program as a way of continuing to provide an executive program with tremendous added value. An important point in that consideration is that the program become more focused on a comprehensive approach from the perspective of the individual than is now the case.

B.10 Strengthening the international pensions and retirement research network.

Efforts already underway in the area of collaborations with researchers from Australia, Canada, Denmark, the U.S., and other countries in global partnerships on retirement research will be continued. Netspar plans to work more intensively with researchers in Europe, as well, to foster better knowledge exchange. It is also important that the existing operational contacts with EU institutions be kept alive and the well-tested tactic of collaboration through policy events, with the direct involvement of the partners, be carried on. Finally, Netspar will be investigating options for strengthening the network in the realm of PhD education; a consortium has been formed and an application is being submitted to the EU for funding under its Marie Skłodowska Curie Actions program.

C. *Strengthening the Netspar Network*

- *Targeted enhancement and expansion of the network*
- *A focus on more effectively implicating partners in strategic (and other) decisions in the research programming*

C.1 Continuing commitment from existing partners and expansion of research program.

The partner evaluation concluded that the partners fully support the mission and ambitions for 2019-2023. Our goal is to secure commitment from the existing partners and other sponsors for the 2019-2023 Action Plan before July 1, 2018. Discussions are underway with the Dutch ministries already involved in funding the programs – SZW (system reform, labor market), EZ (Dutch economy), VWS (long-term care), and BZK (housing) – regarding their continued support. In addition, the Ministries of Finance (financial and economic effects) and Education, Culture and Science (OCS; life-long learning) are being approached about possible participation.

C.2 Interconnections: Continuing the Netspar project groups. The Netspar project groups have proven to be an effective way of substantively connecting partners and researchers to address relevant topics in the pension debate, with the state of the discussion being then summarized for the industry in an event and paper. The project groups are an excellent forum for highlighting the perspectives from various disciplines.

C.3 *Continued relationship management.* Regular contact with individual partners and coordination with the entire collective, through the Partner Research Council, Foundation Board, and other platforms, is an essential part of continuing to do good things and do things well. The goal is to arrange partner visits once a year to address strategic and tactical matters, including an informative presentation on a pension-related topic by a researcher, if desired. Despite the fact that the Netspar team concept is in jeopardy, due in part to rationalizations on the part of the partner organizations, attempts will be made to encourage all staff of any given partner who are linked to Netspar's knowledge development or knowledge sharing to mutually exchange information and disseminate the knowledge within their organization.

C.4 *Relationship with social partners.* The social partners have been a part of Netspar since 2014, as a consequence of the funding received from the Foundation to Fund Continuation of Pension Insurance (Stichting FVP). Given the importance of the social partners in the pension debate, the aim is to retain their involvement in the governance of Netspar.

C.5 *Strengthening the network.* On April 1, 2018, the pension fund PGB joined the network as a partner. Netspar aims to both attract new partners from within its current domain (pension providers, pension funds, insurers) and expand into convergent domains (banks, health insurers/umbrella organizations, employability agencies) as necessary for solving the issues associated with financing retirement in the Netherlands, while still preserving the original identity for existing partners. By grouping together activities in larger events, Netspar can increase the networking opportunities for researchers and the industry.

*Appendix I***2019-2023 Netspar Research Program¹***Netspar's core mission remains ensuring income provisions for retirement*

The crux of Netspar research is a focus on forms of income provision for retirement. These provisions are accrued during a person's working years for use in retirement; two major phases of the life cycle. Various developments affecting both the working stage and the retirement stage now require that researchers make connections to other domains and branch out into more academic disciplines. We therefore envision the new research program as a T.

Expanded life-cycle focus and broader range of old age topics

The T stands for "Transition." This pertains to both the potential transition to a new pension system and the transition from a product-oriented pension industry to a participant- or customer-oriented one. Standard products can increasingly be designed to accommodate the circumstances and preferences of participants and customers. In addition, private citizens are being assigned greater responsibility in a job market that has become increasingly flexible and for giving and receiving long-term care. Many independent contractors in the pension system are responsible for their own retirement savings; when people switch jobs or industries more frequently, they are more frequently confronted with decisions about their pensions; and people have had to assume greater responsibility with regard to survivors pensions. Private citizens are expected to be self-reliant and make responsible decisions regarding their finances, careers, health, and insurance arrangements. How much responsibility can citizens handle, however? How can services best be designed so that they offer support to people through customization or an understanding of action prospects (with or without a reliance on digitalization and big data)?

¹ This research program was drafted based on Netspar NexT and discussions with the Supervisory Board, the Foundation Board, the PRC, and various partners.

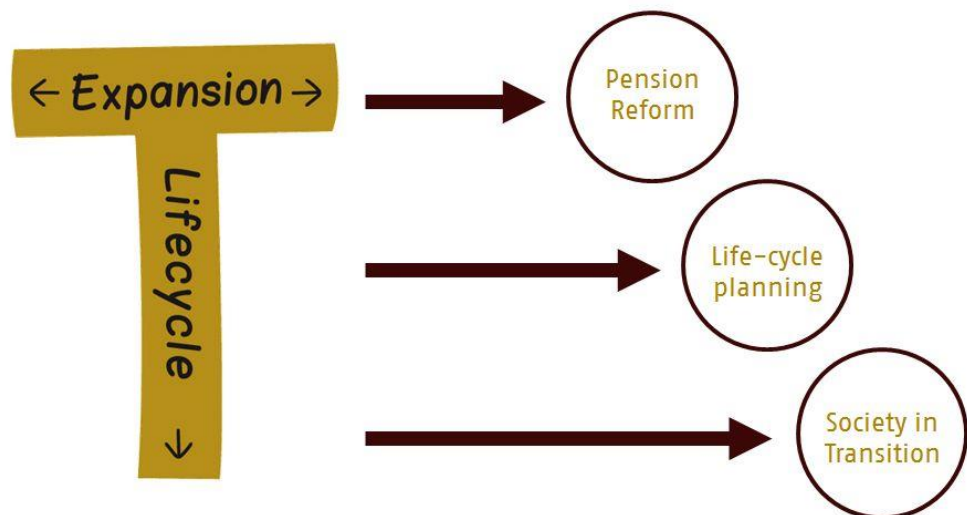


Figure 3: Research agenda

The vertical stem of the T represents the life cycle. Netspar plans to extend its focus to earlier stages in the individual's working life. Later phases of the retirement period will also be addressed, in connection with the increased responsibility for personal health and care. The horizontal arm of the T represents the expansion of old age concerns to include not only retirement provisions, but also health, care, housing, and general well-being. For the purposes of that expansion, we will be engaging other disciplines alongside the financial-economic core that remains at the heart of Netspar.

We discuss the central topics of the new research program below. We start by providing an inventory of the research questions that will be fleshed out in consultation with the partners. Many of these questions contribute to addressing the issues raised in the NWA's Towards Resilient and Productive Societies route and the Dutch government's Coalition Agreement. It is essential for us to conduct research now on topics that will come into play in the short, medium, and long term.

SHORT TERM

Prolonged Job Proficiency for Older Workers

Society is aging: whereas in 1950, there were seven people in the potential workforce for everyone over the age of 65, now there are only three, and by 2040, the number is expected to be only two. In an effort to improve the financial sustainability of its public finances, the Dutch government decided in 2015 to increase the social security entitlement age to 67 in 2021, with increases after that linked one-to-one to life expectancy. This curbed the rising social security expenditures, indeed making the public finances more financially sustainable. Overall social sustainability, however, is

not yet guaranteed: the increase in the normal retirement age raises the question of whether everyone will, in fact, be able to continue working to that higher age.

How can we ensure that people remain healthy and productive until they reach retirement? We want to avoid any accompanying increase in disability cases as the retirement age continues to rise. Moreover, large disparities exist between socioeconomic groups. What are the trends affecting differences in earning capacity and life expectancy (healthy or otherwise), and how can we accommodate these differences in our pension arrangements and disability insurance plans? What implications does all this have for our level of prosperity and social cohesion? What can employers, workers, the government, pension funds, and insurers do to minimize or insure against the risk of a shortened work life? In this regard, we are thinking about such things as: How can we improve lifestyles among the working population to keep workers fit? Do training and retraining help, and how do we stimulate that? And how can employers structure and distribute the work to keep older employees proficient as long as possible?

Pension Contract

The aging population is also putting pressure on the financial and social sustainability of our supplemental pension system. The number of participants paying contributions into company pension plans is declining compared to the number of retirees, and disappointing investment results can no longer be compensated by increasing premiums. To improve the low level of funding for meeting pension obligations, caused by the financial crisis and low interest rates, pension entitlements and benefits have not been indexed and have even been cut. This has damaged public confidence in our pension system.

The recent great recession demonstrated that our current pension plans amplify cyclical movements in the real economy. In a recession, the value of pension liabilities increases (due to a drop in interest rates) as assets decline (due to negative investment returns). This leads to higher premiums and/or lower benefits at a time when consumer expenditure is already under pressure. Conversely, in an economic boom, high interest levels and favorable investment returns create high funding requirements, so that funds can end up further stimulating consumer expenditure. The procyclical effects of our pension contract can negatively affect the economy and require reform.

A great deal of research has been conducted on how to improve the financial sustainability of our supplemental pensions, how to decrease the procyclical effects, and how to increase transparency and structure the system so that it better conforms to the changing labor market, with its greater mobility and higher number of

independent contractors. Netspar has played a critical role in that.² Although no definitive action has been taken yet on a new pension contract, the Dutch Social and Economic Council (SER) has explored many contract options, including one with personal pension savings "pots" and collective risk sharing. In the Coalition Agreement, the preference is also for personal pension assets with elements of collective risk sharing.

Many research questions will inevitably arise in the coming years regarding the details of any new pension contract. These might include concerns about the distribution of financial risks (e.g., equity and interest rate risk) between groups/age cohorts and the intergenerational sharing of systematic longevity risks that cannot, or just inadequately, be transferred to the financial markets. The transitional issues associated with adopting new pension plans also demand attention. Other vital points concern communications about pension arrangements new and old and the question of how we can increase people's faith in the pension system with a new pension contract.

And More...

Also in play in the short term are issues such as promoting retirement saving among independent contractors, introducing flexibility in the payout phase, and developments in Europe regarding product development and regulation. Although the wealth creation of independent contractors on average does not lag that far behind that of employed workers, it displays much greater variation. As a result, a relatively large number of independent contractors have very little savings. To encourage retirement saving among this group of the population, we need a better understanding of the influence of preferences, pension awareness, and behavioral motivations (e.g., procrastination) among it.

One of the plans in the Coalition Agreement involves introducing greater flexibility in the payout phase by allowing people to deduct a lump sum upon retirement. By analyzing regulatory changes in other countries, we can examine such variables as who took advantage of the lump sum option, what that money was used for, and whether this led to a form of selection. Research into the use of the option of deducting sizable amounts such as a lump sum, together with targeted experiments, could also provide insight into the question of how to best provide information and how choice architecture should be designed to increase the well-being of participants.

² Including I. Boelaars, L. Bovenberg, D. Broeders, P. Gortzak, S. van Hoogdalem, Th. Kocken, M. Lever, Th. Nijman, and J. Tamerus (2014), *Analyse van de duurzame vormgeving van het Nederlandse collectieve aanvullende pensioen* (Analysis of the sustainable design of the Dutch collective supplemental pension), Netspar Occasional Paper.

MEDIUM TERM

In addition to focusing on the transition between the final years of the accrual stage and initial years of the payout phase, Netspar plans to further expand its purview to include the initial phase of a person's working life and their later retirement years.

Working Life and Connections to Housing, Household Composition, and Human Capital

During the first half of a person's working life, the balance between pension and retirement savings and education, the housing market, and household composition is extremely important. Saving for retirement is particularly impeded at this stage in life because of greater flexibility in job contracts, higher costs of living (since mortgage interest is only deductible if the mortgage is annuitized), college debt, and the cost of raising children and investing in their future. This raises questions about the level of contributions to, and tax treatment of, various forms of pension and retirement savings, in combination with wealth creation through home ownership.

The creation of new pension contracts is also prompting new questions about how to harmonize investment policy with individual circumstances and preferences. Lines of research will include the best ways of dealing with investments in illiquid assets and integrating exposure to certain personal risk factors. We will also be examining people's preferences with regard to socially responsible investing and how sustainability might play a new role in investment policy. Other major fields of research will include the effects of Dutch and European legislation and policy discussions, including the solvency rules, and the desire for funds to invest more nationally.

People are vulnerable to risks such as divorce and widowhood. Moreover, the chance that someone will change spouses or partners in the course of their lifetime has grown considerably. This requires a robust design of the survivors pension and of the legislation pertaining to pensions and divorce to prevent financial problems for single people and blended families.

At the same time, investing in one's own job proficiency and career are essential throughout a person's working life. In the past decade, the age at which most people retire has increased steadily. Careers now last longer, and increasingly, a single degree earned at the start of one's working life is no longer sufficient. Greater occupational flexibility is being demanded of people, and career switches (compulsory or otherwise) will become more commonplace. This all produces greater income uncertainty, which in turn affects people's optimal saving behavior. The necessity of continuing education and training is growing, as well. This is currently left up to the people themselves and their employers. It tends to be pursued by people with a

relatively high education level and decreases with age. The question is what the roles of the government, the employee, and the employer should be in financing continuing education for different levels of the population so as to prevent underinvestment in human capital.

Currently, the transition from a working life to retirement tends to be rather abrupt. There is a great deal of ignorance about part-time retirement options, and almost a quarter of people over the age of 60 indicate that it is not possible for them to work fewer hours at their organization. The increase in the length of people's working lives and in the length of retirement could result in a demand for flexible retirement. Research has shown that part-time retirement does not lead to greater workforce participation as expected, because the additional length of time worked does not compensate for the lower number of hours worked per week. Nevertheless, greater flexibility in the transition to retirement could have positive effects on people's health and job/overall satisfaction. Additional research is required to determine the best design for ensuring a good form of flexible retirement.

Retirement Stage: Connections to Housing, Care, and Quality of Life

At the point in life at which people withdraw from the labor market, they experience great variations in life expectancy, social networks, and care needs. Rising costs for healthcare and long-term care mean there is a greater urgency to study the balance between self-sufficiency and collective care. One important research question in this regard is the extent to which private insurance plans and informal care can play a role in supplementing public wellness and healthcare services. The design of the financing for such arrangements plays an important role in this. What financing model could be used to sustainably and effectively promote the quality and accessibility of both institutional and informal care?

A growing number of older people want to continue living independently at home. What impact does that have on their quality of life? Social networks increase one's quality of life, but when people suffer from health problems, these ties can become weaker and that can lead to loneliness. Are there particular groups in need of professional attention so as to prevent loneliness? Many elderly people are eager to stay in their homes, but they are a heterogeneous group in terms of their ability to care for themselves. This has implications not only for them, but also their adult children. What effect does them staying in their homes for longer have on the well-being of their adult children? How able, and how obligated, are they to provide care for their aging parents? Is there evidence of excessive strain (especially at the bottom of society, where people cannot afford to purchase care), and if so, how can we improve matters?

LONG TERM

Labor Market Developments

The traditional employer–employee relationship has come under pressure in the labor market. This is due not only to the aging population, but also a growing volatility in the wake of technological developments and international competition, all of which are pushing risks increasingly onto individual households.

A growing group of workers is no longer bound to a single employer. People tend to work in ever-more varied, flexible working relationships (e.g., as independent contractors). These trends threaten the traditional social certainties and are causing workers to assume ever-greater responsibility for managing their own pensions and retirement affairs. There are also implications for pension providers, who now tend to communicate more directly with their members instead of primarily the employers.

Growing Responsibility for Providers and Participants

Ever-evolving changes in the employer–employee relationship are resulting in new arrangements. Consequently, providers of pension products could be given more responsibility for supervising their members. An important area of study in this regard is understanding what participants want and how the trust of participants from various strata of the population and various generations can be secured.

Opportunities Afforded by Digitalization and Big Data

Digitalization and big data provide opportunities for helping people cope with their growing responsibility. Big data make it possible, to an ever-increasing degree, to connect together various domains of life (such as housing, healthcare, job market conditions, social networks, and domestic conditions). One thing in need of consideration is to devise a financial infrastructure through which families could more easily obtain a comprehensive overview of their financial situations. Research is needed to determine how such a financial infrastructure and data (big and otherwise) could be used to make pension products and the related communications more personal and improve financial advice. These technological developments could also affect market structures. Will it lead to financial advice being provided by pension funds and insurers or will other parties start to assume a greater role?

Choice Architecture

Providing people with personal financial advice does not necessarily mean that they will make the right decisions. Freedom of choice requires scrupulous guidance to lead participants to the solutions that suit them best. That is why developing good choice architecture is so essential. This raises the issue of how much participants stand to gain from greater customization and freedom of choice, along with the questions of what types of arrangements should be offered and what kind of behavior that might lead to. At the same time, numerous governance and ethical questions come into play regarding fiduciary duty and other responsibilities on the part of providers toward

pension participants, privacy protection, and preventing misuse of the information. Fiduciary duty will increasingly be required in advance instead of afterward.

Risk Sharing and Redistribution

The growing availability of information about people is also affecting the extent to which risks, such as longevity risk, can be insured. Participants can always, after all, be segmented into homogenous groups. One vital research question, therefore, is how to structure solidarity in both primary insurance and predictable reinsurance for sharing risks in a society characterized by a greater degree of heterogeneity and freedom of choice. What role can employers, employees, pension funds, insurers, and the government play in protecting workers against risks and in uniting individuals in circles of solidarity? Special attention will need to be given to the more vulnerable groups of society.

Dutch National Science Agenda

This research program is aligned with various so-called cluster questions presented in the Dutch National Research Agenda (NWA).

NWA 034: How robust is the welfare state, given the changing composition of the Dutch population (e.g., including aging-related challenges)?

NWA 037: How has the most recent major recession impacted society, and how can financial systems be reformed to avert such crises in the future?

NWA 038: How do we strike the right balance between freedom and responsibility (individual and collective)?

NWA 041: What is the "inequality problem"? In other words, what social and economic inequalities exist in the Netherlands and what are the identifiable trends? Are there any systems we could develop that might promote greater equality and keep our level of prosperity high or even improve it, or is there an intrinsic incompatibility between equality and other goals we pursue such as economic growth? Too much inequality can undermine both economic growth and social cohesion.

NWA 048: How can we encourage self-reliance and social participation?

NWA 049: How can we ensure that our labor force and labor-market organizations remain robust and resilient as they face the challenges of the 21st century?

NWA 071: What do we mean by "quality of life"?

NWA 093: How can we promote innovativeness, quality, and accessibility in institutionalized and informal forms of care?

NWA 108: What social changes are imminent owing to advancing technology and how will they affect prosperity? ... Market structures are being heavily disrupted, creating new relations.

NWA 109: How are new technologies and big data impacting the effectiveness of public administration and the constitutional state?

Appendix II

Outline of the 2019-2023 Budget

- Structural annual expenditure in a "steady state"; that is, assuming a new start in 2019 with an allocation of research funding. This would thus do away with the liabilities and reserves of the past. Provisions have been made for the liabilities emanating from the programs running through 2018; associated expenses, which run through 2022, have been covered.
- The budget is based on running a completely multidisciplinary program (50% economics; 50% other disciplines), which will also be focused on expanding into the European domain. That requires additional investments in network development, program coordination, and especially grants for research into other disciplines. Effectively, that means that instead of the standard budget of EUR 4 million per year, the proposed future budget is EUR 6 million per year.

Ambition (incl. multidisciplinary and EU focus)		
Annual expenditure		
Network development		€ 250
Knowledge development		€ 3,500
Grants	€ 2,750	
Research coordination	€ 500	
Externally funded research	€ 250	
Knowledge sharing		€ 1,600
Expertise center	€ 850	
Events	€ 350	
Publications	€ 150	
Education	€ 250	
Governance and operations		€ 650
Total		€ 6,000

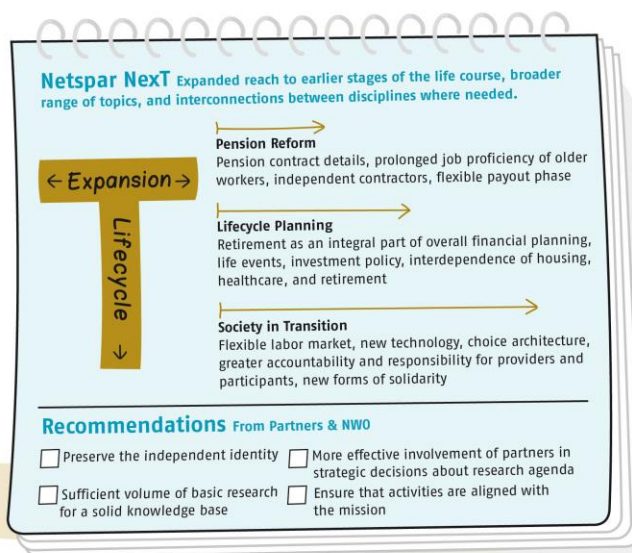
2019-2023 Action Plan Infographic

PENSIONS IN TRANSITION

2019-2023 ACTION PLAN

CHALLENGING AGENDA

The crux of Netspar research is income provision for retirement. The issues surrounding this are becoming ever more complex in light of trends such as rising life expectancy, greater individual responsibility, and globalization. The vast, wide-ranging interests involved necessitate the introduction of order into the pension debate. Netspar fosters a well-informed debate based on facts by developing and sharing knowledge and through network development.



AMBITIOUS STRATEGY

