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Network for Studies on Pensions, Aging and Retirement

Transfer of entitlements by pensions funds under new Dutch pension law: economic and legal aspects

"Various ambiguities need to be resolved to ensure a balanced transition"

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With the introduction of the new Dutch pension law, current pension entitlements must be converted into defined contribution schemes before 2028. This is a delicate process because the new law requires a fair transition; in other words, the distribution of risks and benefits should be fair across generations. Therefore, the default for pension funds is that all existing entitlements should be converted into 'personal wealth'. In this paper, we analyse the legal and economic significance of these requirements, identify various ambiguities, and provide seven recommendations to clarify this pension bill.

Principal Findings

- The testing of disproportionate disadvantage and unbalanced disadvantage between cohorts is unclear.
- Assessment moments and the consequences of non-compliance need to be clarified.
- Bandwidths and frameworks for the multi-criteria assessment of balance should be elaborated in further regulations to achieve greater clarity.

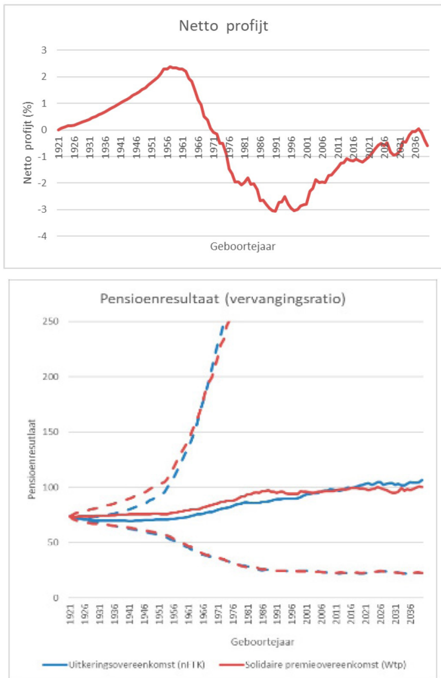

Figure 2a/2b: Different measures of balance between generation effects (difference with FTK contract)

Key Takeaways for the Industry

- Include the interests of future generations in the assessment of balance.
- Clarify when social partners do not have to submit an entry request.
- Expand the grounds for refusal by pension funds and broaden the role of the transition committee.

Want to know more? Read the paper
'Invaren of niet invaren door pensioenfondsen: economische en juridische aspecten' (in Dutch)