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Impact on Customers of
Zwitserleven from the Rise of the
Retirement Age due to the
Coalition Agreement Cabinet
Rutte-Asscher (VAP-Act)

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of the retirement age due to the coalition
agreement cabinet Rutte-Asscher (VAP Act)

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Abstract

This thesis discusses and analyses the impact on customers of Zwitserleven from the rise of the retirement age due to the coalition agreement cabinet Rutte-Asscher, also called the VAP Act. The purpose of this thesis is to find the optimal retirement age for participants of Zwitserleven for accrued pension rights and future pension accrual. This is being done by submitting a questionnaire with questions and statements to 7 representatives of departments of Zwitserleven. These respondents are not chosen randomly, but top-down in the organization of Zwitserleven. They answered the questionnaire mostly in the view of the participant. Empirical analysis seems to indicate whether the retirement age of accrued pension rights and future pension accrual should be on age 65 or age 67. This makes three scenarios. In the first scenario the retirement age will remain 65 for accrued pension rights and future pension accrual. In the second scenario the retirement age will remain unchanged at age 65 for accrued pension rights, but the future pension accrual will be with retirement age 67. In the third scenario the retirement age will change to 67 for both accrued pension rights and future pension accrual.

The empirical analysis does not directly indicate which scenario is optimal. The mean values and the standard deviation on the different statements, which concern the retirement age of participants, do not give a clear conclusion. Correlation coefficients are being used to determine whether there is unanimity within the organization of Zwitserleven on the discussion of the retirement age. The conclusion is that there is no unanimity within the organization, both for the correlation between the different statements, as well as between the different departments.

The respondents were also asked directly to choose the optimal scenario. Six out of seven respondents chose for scenario 2, which means that the retirement age of accrued pension rights remain unchanged, but future pension accrual should be on retirement age 67.

The announcements of Dutch competitors of Zwitserleven on the rising retirement age also gives a clear picture on the retirement age of accrued pension rights, which will remain unchanged at age 65. Changing the retirement age for future pension accrual to age 67 is for most pension insurers desirable, even though the general opinion of the pension insurers is that if not necessary, in the situation that the fiscal limits are not reached, the pension agreements will not be adjusted. The most important reason for this is that all pension agreements need to be adjusted again at 1st January 2015. This is also a recommendation for future research, when the policy of the government regarding the retirement age and the fiscal framework are finally known. Besides this, future research is possible in the view of the employer, the distribution partner, or with an internal focus of Zwitserleven.

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Chapter 1 – Introduction

Pension is becoming more and more a hot topic in the Netherlands. Not only because of the current (low) funding ratios of pension funds, but also in politics. After changes in the framework of Witteveen in 2004 and the “Wet aanpassing fiscale behandeling VUT/Prepensioen en introductie Levensloopregeling” (VPL Act) in 2006, the state pension age will gradually be raised to 66 in 2018 and 67 in 2021, and will subsequently be linked to rises in life expectancy.^{1,2} The ratio of pension assets to GDP in the Netherlands is the highest of the world with 156%.³ In 2011 the Dutch pension and insurance sector is the third largest of the euro area, with total assets of 1,200 billion euro.⁴

In the Netherlands it is possible to accrue pension rights at several different pension administrators; these are a corporate pension fund, an occupational pension fund, an industry-sector pension fund, a premium pension institution, and a pension insurer. The pension system in the Netherlands consists of three so-called pillars. The Dutch save for retirement in three layers: there is the state pension (AOW), in the so called first pillar, or layer. The benefit is a flat-rate, not related to years of service or income, but related to years of residency in the Netherlands. It is related to minimum wages and financed as a pay-as-you-go system. In the second layer, employees build up pension rights at pension funds or insurance companies. In this layer pension is accrued on the pensionable salary minus the franchise. Another term for the franchise is the social security offset; the offset is used because the state pension is flat-rated. This offset or reduction replaces the part of the salary that is already covered by the state pension. The offset can also be a flat amount not related to the state pension. The third layer offers private pension products, and is assumed to provide retirement solutions for the self-employed and individuals who desire additional pension savings. This system is characterized by collective schemes, risk sharing, and efficiency.⁵

At the moment several governments in Western countries are contemplating how to change their pension systems so that these remain financially sustainable. Every year the Melbourne Mercer Global Pension Index is published. The pension system of the Netherlands was the best in 2010 and 2011. In 2012 The Netherlands lost their first place to Denmark. The retirement income systems are rated on three characteristics; adequacy, sustainability, and integrity. The Netherlands scored best on integrity.⁶

It is important to secure the state pension and the supplementary pensions for the younger generations. Because of the rapid demographic aging and an expected drop in the labour force, it is essential to guarantee the affordability and long-term viability of the state pension and supplementary pensions.

The structure of this thesis is as follows. In this chapter the Dutch pension system is described and the structure of this thesis.

In chapter 2 the changes in the last decade in the Dutch pension system are described. These changes are a result of the Witteveen Act and the VPL Act. Then the requirements to change a pension agreement are described.

In chapter 3 the Coalition agreement cabinet Rutte-Asscher is described. On 1st January 2014 the increase in state pension and retirement age act (in Dutch the “Wet Verhoging AOW- en Pensioenrichtleeftijd”, VAP Act) enters into force. This act also affects the customers of Zwitserleven in that the retirement age of accrued pension rights and future pension accrual could be changed. Also some special attention is given to the disabled participant.

In chapter 4 the impact of the rise in retirement age for customers of Zwitserleven is described. This is being done for three scenarios. In the first scenario the retirement age will remain 65 for accrued pension rights and future pension accrual. In the second scenario the retirement age will remain

¹ Rijksoverheid AOW (2013)

² Belastingdienst Pensioensite (2013a)

³ Gao and Yin (2013)

⁴ De Nederlandsche Bank (2011)

⁵ Reichert (2010)

⁶ Mercer (2013)

unchanged at age 65 for accrued pension rights, but the future pension accrual will be with retirement age 67. In the third scenario the retirement age will change to 67 for both accrued pension rights and future pension accrual. The three scenarios are being compared on seven different elements; communication, the conversion factor, cut or conversion of accrued pension rights, the height of the premium, old age pension benefits versus other benefits, the legal dismissal date, and deferral or earlier retirement. The customers of Zwitterleven, the external stakeholders, will be affected differently in the three scenarios. The external stakeholders are the participant, the employer, and, if applicable, the distribution partner. Also the departments of Zwitterleven, the internal stakeholders, are affected by the rise in the retirement age. The departments which will be affected and described are the actuarial department, the operational department (customer services), the legal department, the fiscal department, the marketing and sales department, the IT department, and the products department.

In chapter 5 a questionnaire is described, which is the basis of the empirical analysis of chapter 6. The questionnaire consists of 18 questions and statements, which are being answered by seven different representatives of the seven departments of Zwitterleven. For each statement it will be mentioned if it is about accrued pension rights and/or future pension accrual, the corresponding scenario described in chapter 4 and on which part of the scenarios this statement refers to. This could be on retirement age 65, 67 or a flexible retirement age. All of the seven different elements described in chapter 4 will be covered by the statements.

In chapter 6 an empirical analysis of the answers on the questionnaire is described. The answers on the questions and statements will be summarized and analysed in this chapter. For each statement the mean value and the standard deviation is shown. After the statistical values, the possible explanation or comments of the respondents is given. This could be what they wrote on the questionnaire or what they told me in the discussion after they completed the questionnaire. Also the correlation of statements 3 until 13 and 16 and 17 is calculated between the statements and between the departments. These correlations are being used to test whether there is unanimity within the organization of Zwitterleven on the discussion of the optimal retirement age.

The policy of Zwitterleven for existing pension agreements is to maintain the retirement age in the current pension agreements as long as they fit the new fiscal limits of the VAP Act. Pension contracts have to be renewed every 5 years. If the contract has to be renewed by the 1st January 2014, the pension agreement will be changed to a retirement age of 67 for future pension accrual. In both situations the retirement age of accrued pension rights remains unchanged, so Zwitterleven leaves accrued pension rights unaffected.

The results of the empirical analysis can be used to answer the research question of this thesis: "The introduction of the VAP Act in 2014 has impact on the customers of Zwitterleven: participants, employers and distribution partners. What is the optimal retirement age for participants of Zwitterleven, divided in accrued pension rights and future pension accrual?"

The findings of the empirical analysis is that the optimal retirement age for accrued pension rights needs to be maintained at age 65. But for the future pension accrual it is hard to make a choice between 65, 67 or a flexible retirement age, equal to the state pension age.

But the answers on questions 15 and 18 give an almost unanimous conclusion. In line with the policy of Zwitterleven on contract renewals, this is also the optimal scenario for the participants in the opinion of most respondents. This means that the retirement age of accrued pension rights remains unchanged at age 65, but the retirement age of future pension accrual changes to age 67.

The conclusion based on the correlation coefficients between the statements of the questionnaire and between the departments of Zwitterleven is as follows. There is no unanimity within the organization of Zwitterleven, both for the correlation between the different statements, as well as between the different departments.

For the correlation between the statements there are more positive correlation coefficients than negative correlation coefficients. But on the other hand more strong negative correlation coefficients are present than strong positive correlation coefficients. The correlation coefficients between the departments are mostly positive, but most of them do not have a strong relationship. To ensure the anonymity of the respondents, the departments of Zwitterleven are evaluated as numbers instead of their real names. This causes the problem that it is not possible to draw any conclusions based on the individual departments of Zwitterleven.

In chapter 7 the company Zwitterleven and announcements of Dutch competitors on the rising retirement age is described. This gives a clear picture on the retirement age of accrued pension rights, which will remain unchanged at age 65 for all pension insurers. Changing the retirement age for future

pension accrual to age 67 is for most pension insurers desirable, even though the general opinion of the pension insurers is that if not necessary, in the situation that the fiscal limits are not reached, the pension agreements will not be adjusted. The most important reason for this is that all pension agreements need to be adjusted again at 1st January 2015.

In chapter 8 this thesis is being summarized. Then the conclusion of this thesis will follow. Finally, this thesis ends with recommendations for Zwitterleven and for future research.

In this thesis the assumption is made that the retirement age of earlier (before 2014) accrued pension rights is 65 years old. And also the retirement age of future pension accrual in current pension agreements is 65 years old.

Chapter 2 – Changes in the Dutch pension system in last decade

This chapter describes the changes in the Dutch pension system in the last decade which had the largest impact on the retirement age: the Witteveen Act and the VPL Act. Also the requirements to change a pension agreement will be explained.

2.1 Witteveen Act

The Witteveen Act entered into force at 1st June 1999. It covers both employees and directory / majority shareholder. The pension agreements had to be compliant by 1st June 2004. The pension agreements need to meet fiscal and legal aspects. If the pension agreement is not changed and so not compliant anymore, the pension agreement doesn't exist fiscally seen. This means that the pension premiums are taxed as wages and, if applicable, employee contributions are no longer deductible. It is important to change this on time; otherwise the tax authorities might tax the whole pension entitlements.

In the same period another aspect changed, namely that men and women need to be treated equally in pension schemes. Also in this period employers cannot distinguish their employees anymore on the type of employment contract they have, equal treatment is mandatory for temporary and permanent contracts.

2.2 VPL Act

The VPL Act is in Dutch “Wet aanpassing fiscale behandeling VUT/Prepensioen en introductie Levensloopregeling). It is the act which treated the abolition of voluntary early retirement and pre-pension and introduction of the life cycle scheme. Article 38 in the Wet op de Loonbelasting 1964 (in English: act Wage withholding tax 1964) treats the VPL Act. This act is the second act after the Witteveen framework which affects the retirement age. All accrued pension rights until 1st January 2005 remain unchanged, and even until 1st January 2006 if the pension plan already exists before the 31st December 2004. The pension rights of people who already receive pension payments before 1st January 2006 and people who are older than 55 at the 1st January 2005 are not affected too. The accrued pension rights in early retirement schemes can be converted into old age pension. This conversion needs to be done actuarially fair. Another requirement that must be satisfied is that the pre-pension after conversion is maximized on 100% of final salary. If it is converted to old age pension at the state pension age, this maximum is not binding anymore. This law applies to pre-pension (prepensioen), early retirement (vroegpensioen), and a state bridging pension (overbruggingspensioen).⁷

2.2.1 Life Cycle Scheme and transitional legislation

The designers of the VPL Act tried to compensate the restrictions on pre-pension, early retirement, and state bridging pension by introducing the “Levensloopregeling” (in English the Life Cycle Scheme). In this scheme it was possible to save for a period of unpaid leave, such as care, parental, or study leave, a sabbatical, and early retirement. Employees save in this scheme a maximum amount of 12% of their annual salary, except for people between the age of 50 and 55 at reference date 1st January 2005, who are allowed to save more. The total amount is capped at 210% of annual salary. The scheme is attractive because of the tax relief. The tax paid on the benefits is reduced by € 205 times the number of years someone participated in the scheme.⁸ This scheme has been abolished on 1st January 2012 with transitional arrangements until 1st January 2022.⁹

The transitional legislation is divided into two groups, one with a balance larger than € 3,000 and the other with a balance to an amount of € 3,000. If the balance is smaller than € 3,000 at reference date 31st December 2011, it is paid out in 2013. The amount saved in 2012 is completely taxed and before 31st December 2011 is being taxed 80%. Also the tax relief of € 205 per year of participation is being reduced. If the balance is larger than € 3,000 at reference date 31st December 2011, there are two

⁷ Article 38, Wage withholding tax 1964

⁸ Belastingdienst Levensloopregeling (2013)

⁹ Rijksoverheid Levensloopregeling (2013)

options. The first is the same as if the balance is smaller than € 3,000. So withdraw the balance, pay tax on the amount saved in 2012 and 80% on the balance on 31st December 2011. Then the life cycle scheme ends. The second possibility is to withdraw parts of the balance during the continued participation of the scheme until 31st December 2021. At that date the life cycle scheme ends definitively and the (remaining) balance is being paid out, even without taking leave.¹⁰ If the state pension age or the retirement age is achieved before 2022 and there is a remaining balance on the life cycle scheme, it is paid taking into account the tax relief.

In 2013 the “Vitaliteitsregeling” (in English Vitality Scheme) was introduced instead of the life cycle scheme and the “Sparloonregeling” (in English Salary Savings Scheme). It was possible to convert the balance of the life cycle scheme without taxation to the vitality scheme. The vitality scheme was designed for employees and entrepreneurs (including freelancers) to save with favourable tax conditions. The contributions in the vitality scheme are tax deductible, but the payments will be taxed. In this scheme a maximum amount of € 5,000 is allowed to be saved yearly. The total amount is capped at € 20,000. After the age of 62 the payments out of this scheme is limited to € 10,000 per year.¹¹ The cabinet Rutte-Asscher decided not to introduce this scheme.

2.3 What are the requirements to change a pension agreement?

The change of the pension agreement is mentioned in Article 19 of the Pension Act.¹² It states that: *“An employer may change the pension agreement without the approval of the employee if the power to do so is included in the pension agreement and also the substantial interest of the employer is larger than the importance of the employee that would be affected by the change, according to standards of reasonableness and fairness.”*

The pension scheme is an agreement between the employer and the employee. As stated in article 19 of the Pension Act, it is not allowed to change this agreement unilaterally. In most schemes a reservation is included which makes it possible to make changes in the event of significant circumstances. Changing the pension scheme due to the mandatory (tax) legislation, such as Witteveen or VPL, is possible without approval of the employees.

A (downward) adjustment of the pension scheme due to Witteveen or VPL can be offset by widening the plan at another point. For example, a compulsory reduction in the defined contribution rate for the youngest cohort of the contribution scales can be offset by lowering the maximum Witteveen franchise. Another possibility to offset the compulsory reduction in the defined contribution rate is to increase the accrual rate in the higher age groups. An employer has to neutralize a downward adjustment as much as possible. That is the reason why, if present, the Works Council always needs to be consulted and create support at their adherents.

Besides Article 19 of the Pension Act, the change of the accrued pension rights is mentioned in Article 20 of the Pension Act. It states that: *“If the pension agreement changes, the accrued pension rights until the date of change of the entitlement beneficiaries cannot be changed, except for the cases described in Article 76, 78, 83 and 134.”*

This means that the accrued pension rights cannot be changed, except for value transfers or a cut of pension rights by pension funds. So a change of the legal framework is not mentioned as exception to change the accrued pension rights.

¹⁰ Elsevierfiscaal (2012)

¹¹ Toledo (2012)

¹² Pensioenwet (2013)

Chapter 3 – Coalition agreement cabinet Rutte-Asscher (VAP Act)

This chapter describes the coalition agreement cabinet Rutte-Asscher, which is also called the VAP Act. Also special attention is given to the disabled participant.

3.1 Coalition agreement cabinet Rutte-Asscher

On the 12th September 2012 elections were held in The Netherlands. This resulted in the cabinet Rutte-Asscher, who formed a coalition between People's Party for Freedom and Democracy (VVD) and Labour Party (PvdA).¹³ The theme of this new coalition-agreement is building bridges. Everyone has to contribute to help The Netherlands out of the current crisis. Several major reforms are planned in health care, the housing market, the labour market, foreign policy, and the energy sector. This also means that social security and income policy must change. On 1st January 2014 the act increase in state pension and retirement age enters into force.¹⁴ This act has impact on all the pillars of the pension system in the Netherlands. The first pillar in the state pension (AOW), the second pillar in the act Wage withholding tax 1964, and the third pillar in the act Income tax 2001. The motivation of the government for this new act is to retain workers longer to work.

This means that

1. the retirement age will gradually be raised to 66 in 2018 and 67 in 2021, and will subsequently be linked to rises in life expectancy.
2. to keep the pension system affordable and long-term viable a drop of 0.4% in the accrual rate is required. The drop is only 0.1% if the regulatory retirement age changes from 65 to 67.

In table 3.1 the situation is shown before the VAP Act was introduced. In table 3.2 the situation is shown after the introduction of the VAP Act if also a partner's pension is included in the pension scheme. Table 3.3 is also the situation after the introduction of the VAP Act, but without partner's pension in the pension scheme, so only old age pension is included in the pension agreement. In table 3.1 the accrual rates for ages 66 and 67 were not yet available, because the regulatory retirement age was 65. With the VAP Act the regulatory retirement age increased to 67 and so the accrual rates for retirement age 66 and 67 were necessary. In table 3.1 the maximum accrual rate for final pay pension agreements is 2.00% if the retirement age is 65. Within the VAP Act this accrual rate is dropped to 1.90% for retirement age 67 and for retirement age 65 it even dropped more to 1.68% with partner's pension and 1.63% if only old age pension is agreed. This is a drop of 0.10% if the retirement age increases to 67 and a drop of 0.32%/0.37% if the retirement age remains 65. For the average pay the maximum accrual rate drops from 2.25% with retirement age 65 to 2.15% with retirement age 67. Keeping the retirement age constant at 65 the accrual rate becomes 1.90% with partner's pension and 1.84% without partner's pension. This also means a drop of 0.10% of the accrual rate from retirement age 65 to 67, and even a drop of 0.35%/0.41% when the retirement age remains 65. If comparing the accrual rates with retirement age 60, the drop in the accrual rate is from 1.38% to 1.26%/1.15%. The drop with retirement age 60 is smaller, 0.12%/0.23%, compared to retirement age 65.

Table 3.1. Accrual rates of Witteveen Framework

Regulatory retirement age	Maximum final pay accrual rate	Maximum average pay accrual rate
67	n.a.	n.a.
66	n.a.	n.a.
65	2.00	2.25
64	1.85	2.08
63	1.71	1.93
62	1.59	1.79
61	1.48	1.67
60	1.38	1.55

¹³ Rutte and Samson (2012)

¹⁴ Rutte and Samson (2012)

Table 3.2. Accrual rates of VAP Act, if the partner's pension is 70% of old age pension

Regulatory retirement age	Maximum final pay accrual rate	Maximum average pay accrual rate
67	1.90	2.15
66	1.78	2.02
65	1.68	1.90
64	1.58	1.79
63	1.49	1.69
62	1.41	1.59
61	1.33	1.51
60	1.26	1.43

Table 3.3. Accrual rates of VAP Act, only old age pension

Regulatory retirement age	Maximum final pay accrual rate	Maximum average pay accrual rate
67	1,90	2,15
66	1,76	1,99
65	1,63	1,84
64	1,52	1,72
63	1,41	1,60
62	1,32	1,49
61	1,23	1,39
60	1,15	1,30

The accrual rate for the partner's and orphan's pension is independent of the applied retirement age. This means for partner's pension with a final pay (1.4% to 1.33%) and with an average salary (1.58% to 1.51%) pension scheme a drop of 0.07% in the accrual rate. The accrual rate of the orphan's pension is almost negligible with only 0.01% on final pay (0.28% to 0.27%) and 0.02% on average salary (0.32% to 0.30%) pension schemes.

Table 3.4: Accrual rates of the surviving dependants' pension

Maximum accrual rate:	Witteveen framework & VPL		VAP Act	
	Final pay	Average salary	Final pay	Average salary
Partner's pension	1.4	1.58	1.33	1.51
Orphan's pension	0.28	0.32	0.27	0.30

No change is needed if the retirement age is earlier than 67 years old. For most pension agreements the partner's pension is 70% and the orphan's pension is 20% of the accrual rate for old age pension.

Related to the drop of the accrual rate in defined benefit pension agreements is the (downward) adjustment of the percentage of the defined contribution pension agreements. Several defined contribution tables/scales are available, because of differences in:

- actuarial rate: 3% or 4%
- cost loading: gross or net contribution
- starting age of first age cohort: 18 or 21 years old
- the accrual rate of the defined benefit pension agreement it is derived from: average salary pension scheme with accrual rate 2.25%, 2.15%, 2.05% or 1.95%.
- content of the pension agreement:
 - * only old age pension
 - * old age pension and deferred accrued partner's pension
 - * old age pension and directly starting accrued partner's pension
 - * old age pension and directly starting reachable partner's pension

To give an indication of the impact of the VAP Act only one kind of defined contribution scale

is shown here, because it is confusing to show all kinds of defined contribution tables mentioned above:

Table 3.5: Defined contribution table

	Witteveen framework & VPL	VAP Act
	Percentage of the pensionable salary (accrual derived from defined benefit 2.25% per year of service)	Percentage of the pensionable salary (accrual derived from defined benefit 2.15% per year of service)
Age-cohorts	Old age pension and deferred accrued partner's pension	Old age pension and deferred accrued partner's pension
15 until 19	6.3%	5.5%
20 until 24	7.2%	6.3%
25 until 29	8.8%	7.6%
30 until 34	10.7%	9.3%
35 until 39	13.0%	11.3%
40 until 44	15.9%	13.8%
45 until 49	19.5%	16.9%
50 until 54	24.0%	20.8%
55 until 59	29.7%	25.6%
60 until 64	37.2%	32.0%
65 until 66	n.a.	37.6%

The left column of table 3.5 is the defined contribution percentages in the situation before and the right column is the situation after the VAP Act is introduced. The same as for the defined benefit percentages the last cohort with age 65 and older is not available in the situation before the VAP Act. The accrual rate from defined benefit with which the table is derived from decreased from 2.25% to 2.15% per year of service because of the higher retirement age. As of January 2015 all defined contribution pension agreements must be changed to net contribution percentages. This means that the pension provider is only allowed to include investment costs and not anymore for actual costs of administration and a premium for waiver of premium in case of disability. The right column of table 3.5 is derived from the net contribution percentages and calculated with 10% (multiplied with 1.1) for actual costs of administration and 8% (divided by 0.92) for waiver of premium in case of disability. The maximum contribution scale is dictated by the act Wage withholding tax 1964 and published by the Ministry of finance. The contribution scale commonly uses age categories of 5 years.¹⁵

These changes are a further austerity of the Witteveen Framework, which are the statutory framework governing tax-advantageous pension-saving arrangements.

3. a maximum income to accrue pension in a tax-advantageous manner will be introduced. The maximum income will be three-times the average income, which is € 100,000.

In the next section I will sum up the changes which are described in the coalition-agreement and have a link with pensions.

“State pension (AOW) for cohabiting partners to 50% of minimum wage

The state pension paid to every recipient living with one or more adults (including blood relatives to the first degree) will be set at 50% of the net minimum wage in 2015. This will apply to new recipients, recipients whose domestic situation changes and on the termination of the transitional entitlement for current recipients.”

If the first pillar state pension decreases, and the planned expenditures during retirement remains unchanged higher benefits are needed in the second or third pillar. So this change might result in higher pension accrual of pension funds and insurers.

“Transitional scheme for increase in state pension (AOW)

¹⁵ Belastingdienst Pensioensite (2013b)

A transitional scheme will be devised for people who as of 1st January 2013 are participating in an early retirement or pre-pension scheme and have not been able to make provision for the raising of the state pension age. The transitional scheme will apply to a participant whose income does not exceed 150% of the minimum wage and will feature a partner and assets assessment (which excludes home ownership and pension capital). Should it prove impossible in practice to introduce the transitional scheme before 1 January 2013, it will have retroactive effect to that date.”

“Abolition of state pension (AOW) advance payment scheme

The current state pension advance payment scheme for the raising of the state pension age will be abolished. It will no longer be necessary when the new transitional scheme takes effect.”

The people who could not prepare for the change of state retirement age, is given an option to bring forward part of state pension benefits. In some pension agreements this is also possible, which is called a “high-low benefit” construction. This construction is restricted to 100:75 in Article 63 of the Pension Act.¹⁶

“Continued-employment bonus/mobility bonus

Employees on a low income and aged 61 to 65 will be eligible for a bonus if they continue working (full time or part time). Those who continue working until the age of 65.5 will on average be able to retire 1.5 years earlier without losing out financially. Employees become eligible for the continued-employment bonus if they earn 90% of the statutory minimum wage or more. The maximum bonus is payable to employees earning 100% to 120% of the minimum wage and then decreases for those earning up to 175% of the minimum wage. The structural budget requirement of this measure is more than €200 million. Funds will also be made available for the current mobility bonus available under the Participation Act to encourage people to find or get back to work. Should it prove impossible in practice to introduce the transitional scheme before 1st January 2013, it will have retroactive effect to that date.”

This change is not applicable to pension insurers or pension funds, so I will not explore this further.

“Earlier increase in state pension (AOW) age

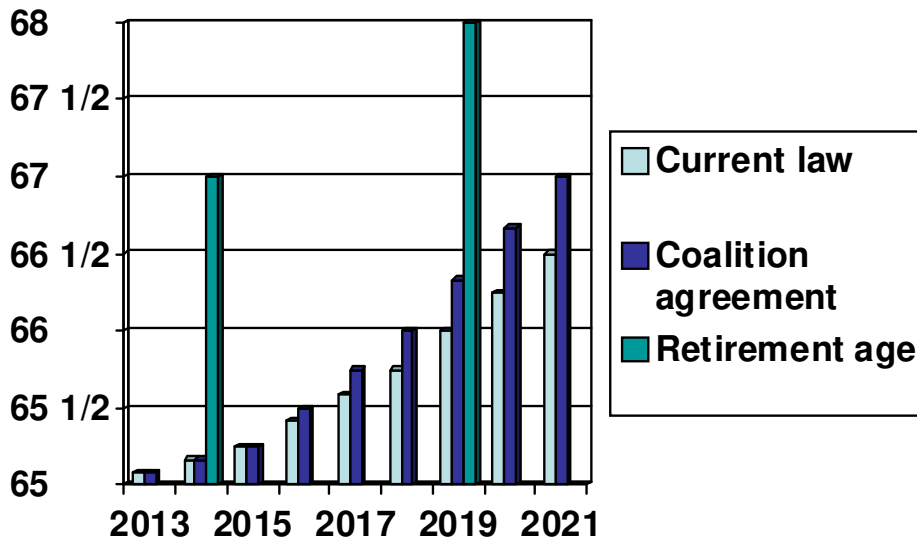
The state pension age will be raised after 2015 as shown in the table below. It will be raised to 66 in 2018 and to 67 in 2021.”

Table 3.6: new planned increases in state pension age (in months)

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Current law	1	2	3	5	7	9	12	15	18
Coalition agreement	1	2	3	6	9	12	16	20	24

¹⁶ Pensioenwet (2013)

Figure 3.1: State pension age in current law and in the coalition agreement and fiscal retirement age.



The state pension age increases faster than in the previous plan. Besides this, the fiscal target pension age will become 67 in 2014 and 68 in 2019. So the state pension age will not connect to the target pension age of pension funds and insurers.

“Abolition of young partner's allowance for state pension (AOW) > €50,000

The partner's allowance applicable to those entitled to a state pension will be restricted as of 1st July 2014. If the partners' combined income exceeds €50,000 (excluding state pension), they will no longer receive the partner's allowance. The measure will apply to new recipients and, following a transitional period, to current recipients. The measure will produce no structural savings because the Act to increase the state pension and raise the state pension age lays down that the partner's allowance will be abolished entirely for all new cases.”

This change will have the same effects as the State pension (AOW) for cohabiting partners to 50% of minimum wage.

“Reversal of cutbacks in respect of persons who do not receive a full state pension (AOW)

The measure adopted under the previous coalition agreement to withdraw entitlement to compensatory tax relief for older taxpayers for loss of purchasing power (MKOB, Mogelijkheid Koopkrachttegemoetkoming Oudere Belastingplichtigen) in respect of persons who have not accrued full pension rights will be reversed as of 1st July 2014. This means that MKOB will no longer be taken into consideration in the means test for those aged over 65 for entitlement to the supplementary income scheme for the elderly (AIO, Aanvullende Inkomensvoorziening Ouderen).”

This change affects mainly the poorer elderly. But it is not directly applicable to pension insurers or pension funds. Instead of the AIO, they can make use of assistance benefit.

To make this master thesis not too complex I will focus at the first policy change of the raise of the retirement age.

3.2 Disabled participant

The disabled participant deserves extra attention. The rise of the state pension age and the retirement age has consequences for the waiver of premium in case of disability and benefits of disability pension.

A (partially) disabled participant is according to the Pension Act an active participant. Then the question arises; does a disabled participant needs to be treated as an active participant? Is a disabled participant only treated equally to an active participant if the pension agreement is deteriorated or also if it is improved? This stems from the fact that there is no premium being paid for these participants anymore. So an improvement of the pension agreement is accounted for by the pension provider, while a deteriorating of the pension agreement is accounted for by the disabled participant or his/her survivors. If the disabled participant is not treated equally to an active participant, this is in conflict with the Equal Treatment act. The Dutch Association of Insurers gives all the insurance companies the freedom to create their own policy on this issue. But they state that a disabled participant might be treated different to an active participant, because there is no unauthorised unequal treatment.

To continue on this point and look to the future, the question arises: should the salary be capped at € 100,000 with a (partially) disabled participant from 1st January 2015? This is applicable for existing disabled participants before 2015. Disability insurance is not tax deductible anymore from € 100,000. The Dutch Association of Insurers expects that there will be transitional measures for this group, so there will be an exemption for their entire salary. And for new disabled participants the income is limited already in the new pension agreement.

Chapter 4 – Impact of rise in retirement age for customers of Zwitserleven

This chapter describes the impact of the rise of the retirement age for customers of Zwitserleven. This is being done by looking at customers of Zwitserleven, the external stakeholders. These are the participant, the employer, and, if applicable, the distribution partner. Also the departments of Zwitserleven, the internal stakeholders, will be described. These are the actuarial department, the finance department, the operational department (customer services), the legal department, the fiscal department, the marketing and sales department, the IT department, and the products department. After the stakeholders are known, three scenarios in which the retirement age remains unchanged at 65 or changes to 67 are described. This is being done for accrued pension rights and future pension accrual. For each scenario the advantages and disadvantages are being described. This is being done on seven different elements; communication, the conversion factor, cut or conversion of accrued pension rights, the height of the premium, old age pension benefits versus other benefits, the legal dismissal date, and deferral or earlier retirement.

4.1 Impact of rise in retirement age for customers of Zwitserleven

These policy changes have impact on the pension income of the Dutch. These changes in social security also influence the pension scheme participation¹⁷. Because significant uncertainty about future pension policies exists, it is good to understand what this does to people. For instance the policy change of a higher eligibility age for the state pension causes more accrual in voluntary pension schemes, so that the possibility of retiring at the same age remains.

The rise of the retirement age might cause uncertainty for customers of Zwitserleven. A gap arises between the end-date of the temporary survivor pension (NOVP) and the ANW-survivor benefit payment and the state pension age. The “Algemene Nabestaanden Wet” (In English General Dependents Act) might provide a statutory state benefit for the surviving partner and/or children. The surviving partner is eligible if he or she is younger than 65, born before 1950, has a child under the age of 18 or is occupationally disabled for more than 45%. The amount of the ANW-survivor benefit for the surviving partner is dependent on the income of the partner, but not for the ANW-survivor benefit for the children. Also a gap arises between the end-date of the WIA-disability insurance and the state pension age. The “Wet Werk en Inkomen naar Arbeidsvermogen” (In English Work and Income according to Labour Capacity Act) provides a statutory state benefit for employees who are more than 2 years occupationally disabled for more than 35%. The Dutch Tax administration already confirmed that the disability payments (WIA) will be prolonged to the new state pension age. This is not the case for disability insurances (disability benefit and waiver of premium in case of disability) of Zwitserleven which are granted.

The periodical benefits to retirees become more complicated, because the state pension age is not equal for everyone, and so the income tax is different. The general tax credit is for instance in 2013 before the state pension age € 2.001 and after the state pension age € 1.034. On the other hand the payroll taxes contribution is lower after state pension age.¹⁸

¹⁷ Wiel (2008)

¹⁸ Belastingdienst Inkomstenbelasting (2013)

Table 4.1: graded tax system payroll taxes

Grade	Annual wages	Payroll taxes contribution	
		up to 65 years	65 years and older before 2013
1	up to and including € 19,645	37,00%	19,10%
2	€ 19,646 untill € 33,363	42,00%	24,10%
3	€ 33,364 untill € 55,991	42,00%	42,00%
4	€ 55,992 and higher	52,00%	52,00%

The payroll taxes contribution is different in the first two grades if someone reaches the state pension age in 2013, because they do not have to pay state pension premium anymore. Grade 3 and 4 remain unchanged.

Table 4.2: graded tax system payroll taxes if reaching state pension age in 2013

Reaching the state pension age in 2013 in the month:	Grade 1	Grade 2
	Annual wage up to and including € 19,645	Annual wage € 19,646 untill € 33,363
January	19,10%	24,10%
February	20,59%	25,59%
March	22,08%	27,08%
April	23,57%	28,57%
May	25,06%	30,06%
June	26,55%	31,55%
July	28,05%	33,05%
August	29,54%	34,54%
September	31,03%	36,03%
October	32,52%	37,52%
November	34,01%	39,01%
December	35,50%	40,50%

As seen in table 4.2 the payroll tax contribution for employees reaching the state pension age in 2013 changes every month. This might make it rather complicated for participants, but also for pension administrators.

The impact for Unit linked pension schemes is not so large, because at the moment of retirement the units will be sold and with that money periodic pension payments will be purchased. The only things which might change is the investment horizon and the choice between defer in a current or an actual guarantee fund.

On the other hand it is more complicated for traditional pension schemes. Therefore the choice must be made between converting all accrued pension rights and future accrual to the new pension age (conversion of accrued pensions=>"invaren/omrekenen"). It is also possible to keep the accrued pension rights at the current retirement age and only change the retirement age to 67 for future accrual (cut=>"knippen").

If the state pension age is earlier than 67 and the accrued pension rights are converted to 67, what factor is used to forward the accrued pension rights to the earlier date? Is this dependent on the moment of forwarding, or is a guarantee been given to convert it back to prevent losing pension just because of conversion? What is the term this guarantee is given?

These questions will be answered in the following sections summing up the advantages and disadvantages of three scenarios:

1. Scenario 1: *No changes => not changing the retirement age of accrued pension rights and future pension accrual*
In this scenario the pension agreement is not being changed. This means that the retirement age of the accrued pension rights and the future pension accrual remains 65.
2. Scenario 2: *Cut => not changing the retirement age of accrued pension rights, but changing the retirement age of future pension accrual to 67*
In this scenario the pension agreement has to be changed, because the future accrual will be with retirement age 67 instead of 65. But the accrued pension rights remain unchanged, so a participant will have more than one retirement age, 65 and 67.
3. Scenario 3: *Conversion => changing the retirement age of accrued pension rights to 67 and changing the retirement age of future pension accrual to 67*
In this scenario the pension agreement is also being changed, because both the future pension accrual and the accrued pension rights will be with retirement age 67 instead of 65. The accrued pension rights are converted to the new retirement age 67.

This is being done in the view of several external and internal stakeholders. The external stakeholders are the customers of Zwitserleven: the participants, employers and, if applicable, their distribution partner. The distribution partner can be an intermediary or a fee consultant. The internal stakeholders are several departments of Zwitserleven who are influenced by this change: the actuarial department, the finance department, the operational department (customer services), the legal department, the fiscal department, the marketing and sales department, the IT department, and the products department.

The scenarios and stakeholders are schematically shown in table 4.3.

Table 4.3: Overview of scenarios and stakeholders

Stakeholders	Scenario 1: no changes	Scenario 2: cut	Scenario 3: conversion
Participant			
Employer			
Distribution partner			
Actuarial department			
Finance department			
Operational department			
Legal department			
Fiscal department			
Marketing and sales department			
IT department			
Products department			

First the different external and internal stakeholders are described and then the advantages and disadvantages of the three scenarios are reviewed in seven different elements; communication, the conversion factor, cut or conversion of accrued pension rights, the height of the premium, old age pension benefits versus other benefits, the legal dismissal date, and deferral or earlier retirement.

4.2 Customers of Zwitserleven (external stakeholders)

4.2.1 Participant

A participant is someone who receives pension benefits now or in the future. This could be an active participant, employee or directory / majority shareholder. Or this could be a former participant, someone whose pension rights are contributory or someone who already receives benefits. Communication is the most important issue for participants. They need to understand what kind of product they bought. For standardised documents this is defined in the Pension Act: Article 21 for the

Introductory letter (Startbrief), Article 38, and paragraph 2 for the Uniform Pension Overview, and Article 49 for Electronic communication.¹⁹

4.2.2 Employer

The employer wants to arrange a good pension agreement for its employees, but at the same time keep costs under control. This makes it complicated to describe the employer as stakeholder. The kind of pension agreement also determines the advantages and disadvantages of the different scenarios. The cost structures are different for Defined Benefit and Defined Contribution pension agreements; or a combination of both, such as Collective Defined Contribution (CDC). The accrual is like a defined benefit, but the premium is calculated as a fixed percentage of the total wage bill. Or the target pension scheme (Streefregeling), a capital is being insured but the level of the benefit is defined. The employee contribution might also differ, from a fixed percentage of the pensionable income to a percentage of the costs.

4.2.3 Distribution partner

The distribution partner is the link between the pension provider on the one side and the employer and the participant on the other side. The distribution partner can be an intermediary or a fee consultant. The difference between an intermediary and a fee consultant is that an intermediary has a more continuous role; they take care of all tasks in commercial management, giving advice and communication. A fee consultant is generally limited to the intake and advice and assistance in choosing a pension provider and product and it ends with the implementation of the pension scheme. Before the abolition of the closing provision the intermediary receives his compensation for his work as closing provision of the pension provider. In contrast the fee consultant charges the employer directly with hourly invoices.

In some part the role of the distribution partner is comparable to the employer. Arrange a good pension agreement for the employees and answer questions of them. The company pays compensation directly or indirectly via the pension provider to the distribution partner. For this the distribution partner, in most cases the intermediary, gives advice to their employees. Mainly due to the ban on closing provision the independence of pension providers became larger and the intermediary is more on the side of the employer and employee.

4.3 Departments of Zwitserleven (internal stakeholders)

Zwitserleven has to minimize the impact of the change of the retirement age for the external stakeholders. But there are also several internal stakeholders, who are limited in their possibilities. This makes it necessary to look at the different departments of Zwitserleven in the three scenarios.

4.3.1 Actuarial department

The actuarial department of Zwitserleven consists of three teams; products & risk management, accounting, and value reporting. These teams are responsible for evaluating and implementing policies on the insurance technical reserves. The solvency requirements are also included, which are covered by Solvency II. The Solvency II framework monitors the relationship between capital requirements and risk management. This is subdivided in quantitative requirements, qualitative requirements, such as risk management and supervision, and requirements for supervisory reporting and disclosure of information.²⁰

The actuarial department is also concerned with product development and profit testing of new and existing products: pricing, product change and profitability. They also make analyses on reinsurance and investments in shares and bonds.

4.3.2 Operational department (customer services)

The operational, or administrative, department is part of customer services, split in corporate clients, small and medium-sized enterprises, and DGA/ZZZP (directory, majority shareholder/freelancer). The

¹⁹ Pensioenwet (2013)

²⁰ European Commission Solvency II (2013)

client relationship manager is responsible for contact with employees, employers, and intermediaries. They answer incoming questions, but also assist employers in prolonging or changing their pension agreements. The administrative assistant takes care of changes in the administration system, such as adding new participants in the pension scheme, changing salary or part-time percentage, processing dismissals, marriage or divorce and individual changes of the retirement age.

Important objectives of the operational department is increasing the data quality, resolving compliance issues and processing changes in the administration correct and on time.

4.3.3 Legal department

The legal department accompanies with product development in the area of insurances and other financial products; conversion projects; distribution policy and cooperation with intermediaries; implementation of new legislation and regulation; and give advice and litigation on policy disputes and other disputes with customers and intermediaries in the implementation and development several insurance products. The legal department also gives advice in the field of regulatory law, civil law in general and the pension and contract law in particular. These activities include development and completion of pension contracts, the implementation of new pension legislation, cooperation with intermediaries, legal implications of new strategies and other issues are dealt with in the execution and development of the pension business.

The legal department is affected in the preliminary phase of this project. They have to prevent Zwitterleven on receiving complaints or even claims.

4.3.4 Fiscal department

The fiscal department takes care of the fiscal assistance of banking- and insurance products, both internally for the following departments: sales, marketing, product management and several back offices, and externally by providing workshops on fiscal knowledge. They keep an eye on the latest fiscal news, such as legislation and regulations and jurisprudence. Finally they participate in fiscal workgroups of the “Nederlandse Vereniging van Banken” (In English the Dutch Banking Association) and the “Verbond van Verzekeraars” (In English the Dutch Association of Insurers).

4.3.5 Marketing and sales department

The marketing and sales department is responsible for selling products and services of Zwitterleven. Branding is an important part of marketing. Many people associate the name Zwitterleven with “Het Zwitterlevengevoel” (in English the Zwitterleven feeling). This word is even included in the Dutch dictionary Van Dale. This confirms that the marketing of the brand Zwitterleven is done well in the past.

The marketing and sales department is subdivided in sales intermediary, marketing, sales corporate clients, and investment support.

4.3.6 IT department

The IT department takes care of the achievement of changes (development) and the management of IT-systems and processes (maintenance). The IT department is the provider of services in the field of processes and IT-systems that allow the other internal stakeholders to perform their daily job optimally or make changes within the organization. They also provide knowledge and expertise on organization, processes, and systems. This covers for instance the administrative systems with the pension rights of the participants. They also develop and maintain several other tools to help the customers of Zwitterleven, such as the intranet (for internal stakeholders) and internet sites (for external stakeholders). Examples of websites are www.zwitterleven.biz for the intermediary and www.mijnzwitterlevenpensioen.nl for the participant. The IT department also ensures that the data for the website www.mijnpensioenoverzicht.nl is properly supplied. This website shows all pension benefits accrued in The Netherlands and is a partnership between the Sociale Verzekeringsbank²¹ (SVB, the organization that implements national insurance schemes in the Netherlands) and all the Dutch pension providers.

²¹ SVB (2013)

4.3.7 Products department

The objective of the products department is to develop and maintain profitable products which meet three criteria. First, the products have to be appropriate to the market, secondly they have to be able to be sold by the Marketing and sales department and third, they have to be able to be administrated by the customer services department. The products department has the substantive and qualitative responsibility of the process of product development and future product development. The main tasks of this department are:

- The delivering of technical specifications of new products, the insurance management and possible conversion rules and factors of existing to new products, with which the introduction to the market and the organization will be prepared;
- Ensuring the profitability and consistency of the products (consistency of input from various disciplines), insurance conditions, tariffs and requirements of approval, as well as ensuring that the products can be operated break-even by the customer services department;
- Actively managing the products in the market. This means that market movements and regulatory and organizational requirements are being anticipated and amendments are prepared and executed;
- Controlling of portfolio management; to ensure that the product development process of Zwitserleven is auditable;
- Acting as owner of technical products or product line;
- Providing information to employees of Zwitserleven and intermediaries and fee consultants through presentations, trainings, and workshops.

The products department also takes care of the Product Approval and Review Process (PARP) for the AFM. The AFM requires the providers to periodically check whether their products still take into account the interest of customers. This is covered by the theme Central Focus on Client Interests and has to satisfy four requirements: cost-efficient, useful, safe, and understandable products.²²

The seven products Zwitserleven is selling at this moment are:

- “Het Zwitserleven I-Pensioen”
- “Het Zwitserleven Exclusief Pensioen”
- “Het Zwitserleven Pensioen”
- “Het Zwitserleven Privilege BedrijfsPensioen”
- “De Zwitserleven Collectieve Risicoverzekering”
- “Zwitserleven voor Grote Werkgevers”
- “Zwitserleven Risico Herverzekering”

Besides these products Zwitserleven is having a lot of non-selling products, for example resulting from many of his legal predecessors such as Winterthur, AXA Nederland, Zurich Nederland and DBV Verzekeringen.

4.4 Scenarios

In this section the three scenarios are described and for each stakeholder the advantages and disadvantages will be reviewed. Of course there are a lot of conflicts of interest, because the value of the pension rights is a cost on the one hand for the insurance company but a benefit on the other hand for the participant. But it is in the interest of all stakeholders that the participant receives the highest possible pension benefits.

4.4.1 Scenario 1: no changes => not changing the retirement age of accrued pension rights and future pension accrual

In this scenario the pension agreement is not being changed as long as the fiscal limits are not reached. This means that the retirement age of the accrued pension rights and the future pension accrual remains 65. The fiscal framework of defined benefit pension agreements decreases with approximately 0.4%. The fiscal department of Zwitserleven is mainly affected by the rise of the retirement age because of the deterioration of the fiscal framework. This department states that it is advantageous not changing the pension agreement if it is not necessary, so leave the retirement age 65 if the accrual rate is not too high. There is no legal basis for adjustment of the pension agreement as long as maintaining the current agreement is possible within the fiscal limits of the VAP Act.

²² AFM (2012)

4.4.1.1 Communication

In this scenario the retirement age of accrued pension rights and future pension accrual doesn't change. So communication to participants might be easier to understand. But the state pension age is already increasing since 2013 and if other pension providers do change the retirement age, it might give confusion. It might be more complex and harder to get good insight into future pension benefits. In particular because pension rights are being deferred at age 65 and not earlier. Some pension agreements even do not have the option to defer pension rights. This might give difficulties if a person is assigned to a disability or unemployment benefit. Because the old age benefits of insurers/pension funds will be deducted on this state benefits. For most participants, the old age benefits do not fit the starting date of the state pension benefits.

If other pension administrators change their retirement age, many questions of employees will end up with the employer. If the employer cannot give the answer to the questions of the employee, they might pass them through to the intermediary or fee consultant. So also for the intermediary and fee consultant it is important that the introduction of the VAP Act is not raising too much questions. In this scenario the retirement age remains 65, this is only possible if the fiscal limits are not exceeded. The advantage for unit linked pension products is that the investment portfolio and investment horizon are not affected. Besides the upcoming change of the retirement age to 68 in 2019, also the transition in the defined contribution scale from gross contribution percentages to net contribution percentages is planned for the year 2015. This might result again in changes of the pension agreement, so it looks like it is the most convenient solution to postpone the changes in the pension agreement as of 2014 to a later moment. Otherwise, participants are facing changes in their pension agreement over and over again in the upcoming years.

4.4.1.2 Conversion factor

In this scenario no conversion of accrued pension rights is done. So there will be no questions about which exchange factor is used and also no questions about what factor is used to convert the pension rights to an earlier date. Also there is no discussion on which guarantees needs to be given on the conversion factor and for what period this guarantee needs to be valid.

4.4.1.3 Cut or conversion of accrued pension rights

For this scenario the accrued pension rights remain unchanged. No ambiguity on cutting or converting the accrued pension rights to a later retirement age. This is for the moment easier for the actuarial department. But the disadvantage of this scenario is that the actuarial department has to maintain a larger actuarial administration with many retirement ages, especially when this is done for active, contributively rates. Also no guarantees have to be given to convert pension rights back to earlier retirement ages. The development of mortality risk is in this scenario for the participant or his/her survivors.

4.4.1.4 Premium

The future pension accrual remains the same as long as the fiscal limits are not exceeded. This also means that the pension premiums remain unchanged. But the fiscal limits decrease if the retirement age remains 65. This might result in lower premiums for the employer and therefore also the employee contribution might reduce.

4.4.1.5 Old age pension benefits versus other benefits

In this scenario the retirement age for future pension accrual remains 65. This causes a gap with the state pension age for participants who become 65 in or after the year 2013. The end date of government benefits, such as the ANW, WIA and WW are being adjusted the same as the starting date of the state pension. But insured benefits, such as waiver of premium in case of disability, disability benefits, will not be adjusted to a later state pension age. This will cause a gap.

4.4.1.6 Legal dismissal date

For the employer it is objectively justified to dismiss employees when reaching the state pension age. So until 2022 it is easier to fire someone before the age of 67 if the retirement age of the pension agreement remains 65.

4.4.1.7 Deferral or earlier retirement

Participants, employers or intermediaries will ask individual example calculations with a later retirement age, to connect the retirement age to the state pension age. And a couple of months before the age of 65, after the example calculations, many individual deferral requests will follow. This might cause a lot of extra manually work for the operational department.

If the retirement age remains 65 there might occur unequal treatment of personnel. This is because the retirement age of the pension agreement is earlier than the legal dismissal age. The accrual of pension rights is part of the primary condition of employment and so also people of 65 and older who continue working until the state pension age must be able to accrue pension rights in the pension scheme. The pension accrual is therefore different for employees of 65 and older compared to employees who stop working earlier. This is in conflict with the Equal Treatment act.

4.4.2 Scenario 2: cut => not changing the retirement age of accrued pension rights, but changing the retirement age of future pension accrual to 67

In this scenario the pension agreement has to be changed, because the future accrual will be with retirement age 67 instead of 65. The fiscal framework of defined benefit pension agreements decreases with approximately 0.1%. The accrued pension rights remain unchanged, so a participant will have more than one retirement age, at least 65 and 67.

4.4.2.1 Communication

In this scenario only the retirement age of new future pension accrual changes. Communication to participants might be harder to understand and a participant might not have a good overview about his future pension benefits. The retirement age of their accrued pension rights remains 65, the future pension accrual will have a retirement age of 67 and the state pension age rises between 2013 and 2021 between the age of 65 and 67. So a participant will have at least three ages on which an old age benefit will start. This will cause the largest confusion of all scenarios. Questions of employees, about different retirement ages of their pension rights, end up by the employer. The intermediary receives the questions of the participants which could not be answered by the employer and wants to be able to answer them. The advantage of this scenario is that a participant will keep the guarantee on accrued pension rights; there is no chance of having lower pension rights because of conversion of the pension rights.

The same as in the previous scenario, some pension agreements do not have the option to defer pension rights. This might give difficulties if a person is assigned to a disability or unemployment benefit. Because the old age benefits of insurers/pension funds will be deducted on this state benefits. Not all administration systems can handle more than one pension age, so possibly several uniform pension overviews (UPO's) are needed, which might cause confusion.

Every active participant in a pension scheme will have two different retirement ages. For the part of the accrued pension rights it remains 65 (or an earlier retirement age), but for future pension accrual the retirement age will become 67. This will cause double administration for the operational department on manually changes, such as divorces and value transfers. Even some changes will become unachievable, such as final pay calculations and the calculation of the limit for surrendering of small pension rights. This limit is set to € 451.22 in 2013. For unit linked pension schemes there are two lifecycles and also two investment horizons. In some administration systems it is not possible to have more than one retirement age on a policy, so this makes it necessary to give one participant more than one policy. And as a result of this, a participant will receive two uniform pension overviews. With more than one retirement age, none of them equal to the state pension age, it is unavoidable that almost everyone will bring forward or defer their retirement date.

4.4.2.2 Conversion factor

In this scenario no conversion of accrued pension rights is done. So there will be no questions about which exchange factor is used and also no questions about what factor is used to convert the pension rights to an earlier date. Also there is no discussion on which guarantees needs to be given on the conversion factor and for what period this guarantee needs to be valid.

For the intermediary and fee consultant two things are really important. Give transparency and no ambiguity about the conversion factors. And give guarantees to all the employees to convert the pension rights back.

4.4.2.3 Cut or conversion of accrued pension rights

For this scenario the accrued pension rights remain unchanged. No ambiguity on cutting or converting the accrued pension rights to a later retirement age. This is for the moment easier for the actuarial department. But the disadvantage of this scenario is that the actuarial department has to maintain a larger actuarial administration with many retirement ages, especially when this is done for active, contributively rates. Also no guarantees have to be given to convert pension rights back to earlier retirement ages. The development of mortality risk is in this scenario for the participant or his/her survivors.

4.4.2.4 Premium

In this scenario the limit of the fiscal framework will become approximately 0.1% lower for defined benefit pension agreements. The part of the pension premium which is intended for saving, will decrease and therefore the costs of the pension agreement for the employer decreases. The employee contribution also decreases. In contrast, the employee contribution might increase because of the risk premiums for decease or disability. But if the pension agreement deteriorated and the company is large enough to have a Works Council (Ondernemingsraad) it is not possible to change the pension agreement without permission. The act which has to be dealt with on the change of the retirement age is the "Wet op de ondernemingsraden"²³ (WOR, in English Works Council Act). A company in which in general 50 people are employed is required to have a works council. If the pension agreement is changed the works council has to give advice. If the retirement age is not changed, the works council is not involved. Only in the situation that the pension agreement is above the new limits of the VAP Act, the works council needs to give advice on how to compensate employees on lower pension accrual. In the scenario of changing the pension agreement the advice process of the works council is needed. A light advice process is needed if only future pension accrual is affected. If the change of the pension agreement for future accrual is due to the legal changes, the expectation is that the works council will accept this.

4.4.2.5 Old age pension benefits versus other benefits

In this scenario the retirement age for the accrued pension rights remains 65, and for future pension accrual it will change to 67. This will cause partially a gap with the state pension age for participants who become 65 in or after the year 2013. The end date of government benefits, such as the ANW, WIA and WW are being adjusted the same as the starting date of the state pension. But insured benefits, such as waiver of premium in case of disability, disability benefits, will not be adjusted to a later state pension age if the benefits are already being paid or if the waiver of premium is (partially) being granted. This will cause (partially) a gap. The advantage of this scenario is that future pension accrual and also the risk components, such as temporary partner's pension, disability benefits, or waiver in case of disability, will be insured and paid out until the new retirement age of 67 years old.

4.4.2.6 Legal dismissal date

For the employer it is objectively justified to dismiss employees when reaching the state pension age. So until 2022, when the state pension age is earlier than 67 years old, it is harder to fire someone before the age of 67 if the retirement age of the pension agreement is changed to 67.

²³ Wet op de ondernemingsraden (2013)

4.4.2.7 Deferral or earlier retirement

With more than one retirement age, none of them equal to the state pension age, it is unavoidable that almost everyone will defer or early their retirement date. Participants, employers or intermediaries will ask individual example calculations with a later or an earlier retirement age, to connect the retirement age to the state pension age. And a couple of months before the age of 65 and just before reaching the state pension age, many individual deferral requests and requests for earlier retirement ages will follow. This might cause a lot of extra manually work for the operational department.

4.4.3 Scenario 3: conversion=> changing the retirement age of accrued pension rights to 67 and changing the retirement age of future pension accrual to 67

In this scenario the pension agreement is also being changed, because both the future pension accrual and the accrued pension rights will be with retirement age 67 instead of 65. The fiscal framework of defined benefit pension agreements decreases with approximately 0.1%. The accrued pension rights are converted to the new retirement age 67.

4.4.3.1 Communication

In scenario 3 the retirement age of all pension rights are equally set to 67. This makes communication easier to understand. The participant will receive one uniform pension overview with only one retirement age. Besides this, the retirement age is most realistic in comparison to the state pension age. Most people want to receive old age pension together with state pension.

Irrespective of the chosen scenario, participants can make use of mijnpensioenoverzicht.nl²⁴ (in English “my pension overview”). This website gives an overview of the state pension benefit and the accrued pension rights and future pension accrual of all pension providers. This website only shows the first two pillars, so private pension products in the third pillar will not be displayed.

Besides the website of the government, Zwitserleven also offers overview of the pension rights on the website mijnzwitserlevenpensioen.nl²⁵ (in English “my Zwitserleven pension”). This website only shows pension rights which are insured at Zwitserleven.

With these websites it is possible for customers to get a clearer overview of their total pension income. This makes it easier to compare all their pension schemes with possible different retirement ages. Nowadays it must be possible to make calculations with a tool to calculate the pension rights at the preferred retirement date.

Questions of employees, about different retirement ages of their pension rights, end up by the employer. The participants will have one retirement age and this could result in fewer questions to the employer.

The retirement age of all pension rights are equally set to 67. This makes communication easier to understand. The participant will receive one uniform pension overview with only one retirement age. All participants born after 1954 will have a state pension date after 2021, which will be 67 years old. This means that the retirement age connects to the state pension age.

Also the question arises, what to do with contributory pension rights? If those rights are also converted to retirement age 67, this will cause a heavy burden on the employees of Zwitserleven. On the one hand the administrative work could be done automatically, but every participant or former participant in a pension scheme needs to receive a new overview of their pension rights with retirement age 67. The communication to these people has to be outstanding in order to prevent a lot of questions and complaints. Moreover, it is not possible to charge an additional fee to the former participants and so this costs a lot of time and money for Zwitserleven.

4.4.3.2 Conversion factor

In this scenario conversion of accrued pension rights is done. So there might come up questions about which exchange factor is used and also questions about what factor is used to convert the pension rights to an earlier date. Also there might be discussion on which guarantee needs to be given on the conversion factor and for what period this guarantee needs to be valid.

For the third scenario there are two possibilities to convert the accrued pension rights from retirement age 65 (or an earlier retirement age) to a retirement age of 67 years old. A conversion factor is similar

²⁴ [Mijnpensioenoverzicht.nl](http://mijnpensioenoverzicht.nl) (2013)

²⁵ [Mijnzwitserlevenpensioen.nl](http://mijnzwitserlevenpensioen.nl) (2013)

for all accrued pension rights at Zwitterleven. The advantage of this methodology is that communication is a lot easier, because it is universal. But the disadvantage of this methodology is that there are unfair differences in actuarially interest rates, products and personnel structure. The other possibility is to differentiate on actuarially interest rates and mortality tables or between different separate accounts. Separate accounts have technical profit sharing which is specific for that separate account. Employers have to pay extra or get a discount dependent on the rate of return in a given year. So this seems to cause problems. The development of mortality risk is in this scenario for Zwitterleven.

For the intermediary and fee consultant two things are really important. Give transparency and no ambiguity about the conversion factors. And give guarantees to all the employees to convert the pension rights back. The intermediary receives the questions of the participants and wants to be able to answer them.

The largest risk on claims is for this scenario in which the accrued pension rights are converted. Approval is needed of the participant and his eventually partner. The VAP Act is not telling anything about accrued pension rights, so there is no legal authority to change the pension rights. Approval by means of negative option is not possible. In contrast to the accrued pension rights, the future pension accrual is described in the VAP Act. This ensures that a negative option is possible for a change in future pension accrual or a decrease of the partner's or orphan's pension if it is due to a mandatory change resulting from adapted legislation. The risk of claims occurs if this is done without precision. Problems with the Equal Treatment act also might occur if pension rights are converted to retirement age 67 and guarantees are given to convert it back only for a small group, such as people whose state pension age is earlier than 67 for people born before 1954.

Also the accrued pension rights will be affected and so the advice process of the works council is larger because they also have to monitor that there will not be any differences between age groups. With lifelong guarantees of converting the pension rights back to an earlier retirement age the works council might agree. But without any guarantees the expectation is that the works council will give a negative advice. In the case that the guarantee is only given to people whose state pension age is earlier than the age of 67 the advice of the works council might be negative. This is due to the fact that a limited group will get guarantees which could be so that the young is going to subsidise the elderly.

4.4.3.3 Cut or conversion of accrued pension rights

Conversion is at the moment more advantageous than later due to the rising life expectancy.²⁶ Conversion is future proof; the customer is better prepared for further rising of the retirement age to 68 or higher.

Other important choices to be made for this scenario is how to calculate the conversion factor, now and in the future and what to do with guarantees to convert the pension back to earlier retirement dates. One option is to give guarantee to participants whose state pension starts paying earlier than 67 years old. This might give a lot of debate, especially in the framework of the "Wet Gelijke Behandeling op grond van Leeftijd bij de arbeid" (WGBL, in English Equal Treatment act)²⁷ and media which are font of the financial business like RADAR.

If no guarantee is given the reputation of pension companies will be harmed again. A numerical example will make it more obvious: someone who has 100 euro of old age pension at a retirement age of 65 years old and defers it to 67 years and gets 120 euro old age pension. It is not possible to offer less than 100 euro when the pension is converted back to a retirement age of 65 years old. So, for participants the best option in this scenario is lifelong guarantee.

4.4.3.4 Premium

In this scenario the limit of the fiscal framework will become approximately 0.1% lower for defined benefit pension agreements. The part of the pension premium which is intended for saving, will decrease and therefore the costs of the pension agreement for the employer decreases. The employee contribution also decreases. In contrast, the employee contribution might increase because of the risk premiums for decease or disability. And especially the participants with earlier retirement ages than 67 will pay risk premium for a period they will never be working anymore. But if the pension agreement deteriorated and the company is large enough to have a Works Council (Ondernemingsraad) it is not possible to change the pension agreement without permission. Also in

²⁶ CBS (2012)

²⁷ Wet gelijke behandeling op grond van leeftijd bij de arbeid (2013)

this scenario the “Wet op de ondernemingsraden” plays a role. The pension agreement needs to be changed and the advice process of the works council is needed.

4.4.3.5 Old age pension benefits versus other benefits

In this scenario the retirement age for the accrued pension rights and for future pension accrual will change to 67. This will cause a gap with the state pension age for participants whose state pension benefits start earlier than their 67th birthday. The end date of government benefits, such as the ANW, WIA and WW are being adjusted the same as the starting date of the state pension. So until the year 2022 the state pension starts paying earlier than 67 years old and government benefits also stop paying. But old age pension is starting from the age of 67 and therefore they only receive state pension and not yet their old age pension benefits. Insured benefits, such as waiver of premium in case of disability and disability benefits, will not be adjusted to a later state pension age if the benefits are already being paid or if the waiver of premium is (partially) being granted. This will cause (partially) a gap. The advantage of this scenario is that future pension accrual and also the risk components, such as temporary partner's pension, disability benefits, or waiver in case of disability, will be insured and paid out until the new retirement age of 67 years old.

4.4.3.6 Legal dismissal date

For the employer it is objectively justified to dismiss employees when reaching the state pension age. So until 2022, when the state pension age is earlier than 67 years old, it is harder to fire someone before the age of 67 if the retirement age of the pension agreement is changed to 67.

4.4.3.7 Deferral or earlier retirement

The conversion of accrued pension rights is a lot of work for the operational and the IT department at the beginning of 2014. A small group of participants born before 1954 have state pension age before 67 and might want to convert their pension rights to an earlier retirement age. But a larger group of participants who have state pension age 67 (or later) might also want to convert their pension rights to an earlier retirement age. Converting pension rights back to an earlier retirement age can be done with several conversion factors. The same as used for deferral or a time-specific factor. If guarantees are given to a limited group of participants this has to be administrated or participants might get less pension benefits compared to the situation without any conversion. Due to the rising life expectancy and a low market rate of interest it is plausible that a participant will lose on the conversion on a later moment.

4.4.4 Additional comments on all scenarios

For all stakeholders, probably the most for participants, communication is the most important thing if the pension agreement changes. This is being done by submitting the right information by the IT department to websites like mijnpensioenoverzicht.nl and mijnzwitserlevenpensioen.nl. This will prevent participants to call or email questions about the change of the retirement age.

Chapter 5 – Questionnaire with questions and statements

This chapter describes the questionnaire which is the basis of the empirical analysis. The questionnaire consists of questions and statements on the three scenarios described in chapter 4. For each statement it will be mentioned if it is about accrued pension rights and/or future pension accrual, the corresponding scenario and on which part of the scenarios this statement refers to. This could be on retirement age 65, 67 or a flexible retirement age. All of the seven different elements will be covered by the statements.

5.1 Questions/statements

To answer the main research question and try to find out what the optimal retirement age is for the participants, a questionnaire will be used. This questionnaire was submitted to representatives of seven departments of Zwitterleven. The respondents have not been chosen randomly, but the highest possible person in function is asked to complete the questionnaire. So this is being done by a top-down approach. In some cases, the person who was approached first did not have enough time to complete the questionnaire or thought himself not the right person to fill in the questionnaire. From all the responses of the persons who did not complete the questionnaire, but have viewed the questions and statements, it revealed that they consider the subject and content of the questionnaire very interesting and relevant. One of these persons also underlined that it is a good thing this research is being done.

The statements in the questionnaire consist of the different elements of the scenarios: communication, conversion factor, cut or conversion of accrued pension rights, premium, old age pension benefits versus other benefits, legal dismissal date, and deferral or earlier retirement.

The original questionnaire in Dutch can be found in Appendix A.

5.1.1 Question/statement 1

My department is involved with the project "Retirement age 67" on the following moments: Before, during, after or not at all.

The questionnaire starts with a question when the department of the respondent is affected by the project on the VAP Act: before the project started (2012 and earlier), during the project (mostly 2013) and/or when the project is finalized (2014 and thereafter). It is not being expected, but it could also be that the respondent thinks his department is not involved with the project at all. This question is not analysed statistically, but will only be used to get an indication of the respondents in respect to this project.

5.1.2 Question/statement 2

What was your job title during the following legislative changes in the past decennium: Witteveen Act (2004), VPL Act (2006) and Introduction of the Pension Act (2007).

One respondent was not yet working in the financial business in 2004. The remainder of the respondents had job titles in the last decade in the financial business. So only some background information will be asked about their job title during earlier legislative changes, which are described in chapter 2 and the introduction of the Pension Act. This question is also not analysed statistically, but will be used to get an overview of the job titles of the respondents.

The next part of the questionnaire consists of several statements on which the representative have to give an answer between 1 and 7, which correspond to this scale:

Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
1	2	3	4	5	6	7

5.1.3 Question/statement 3

The legislative changes in the Witteveen framework, VPL Act and the Introduction of the Pension Act are a success for the participant. Examples include, amongst others, in the field of communication, change of premium/height of pension accrual, and connection with other benefits (such as the unemployment benefit, the disability benefit and the state pension age)

This question will be asked to check what the opinion of the respondent is about previous legislative changes. If the respondents give the answer strongly agree, they are positive about previous legislative changes for the participant and might be in favour of legislative changes. They also might have more positive expectations on the introduction of the VAP Act. On the other hand, if the respondents give the answer strongly disagree, they are negative about previous legislative changes for the participant and might not like changes in the legislative framework.

5.1.4 Question/statement 4

For the participant it is better to change as little as possible in the pension agreement and maintain retirement age 65.

This statement is about accrued pension rights and future pension accrual, for which both the retirement age remains unchanged at age 65. So this statement is in favour of scenario 1. Not changing the pension agreement means no or less communication to the participant and employer, which prevents confusion. Also no conversion is done, so no conversion factor is needed and the premium remains unchanged as long as the pension agreement is within the fiscal limits. There will arise an overlapping period of old age pension with state pension. The legal dismissal date might be earlier than the state pension age, which could create an undesirable situation for the participant. Finally, several deferral requests can be expected from retirement age 65 to the real state pension age.

5.1.5 Question/statement 5

Suppose a participant has planned to retire at age 66. It is for this participant better to defer its pension rights from age 65 to 66 than convert the pension rights from 67 to 66.

This statement is about accrued pension rights and future pension accrual. This statement argues that the retirement age remains unchanged at age 65 for both accrued pension rights and future pension accrual. So this statement is in favour of scenario 1 and partly in favour of scenario 2. Communication might be easier to understand for the participant if the retirement age of his pension rights are only converted from 65 to 66, as is the case in scenario 1. In scenario 3 the accrued pension rights are first converted to 67 and in this statement will be converted back to 66. In this statement the conversion is done at the retirement age, so no conversion factor is needed to convert pension rights back to an earlier retirement age. A change of the premium is not applicable in this statement. The overlapping period of old age pension with state pension is avoided by the deferral to retirement age 66. The legal dismissal date might be earlier than the state pension age, which could create an undesirable situation for the participant. Finally, deferral only has to be done once at the retirement date from retirement age 65 to retirement age 66 instead of first to 67 and thereafter back to retirement age 66.

5.1.6 Question/statement 6

For the participant a retirement age of 67 years old for future pension accrual is better, because a higher pension accrual is possible (higher accrual rate or premium percentage).

This statement is about future pension accrual. This statement argues that the retirement age of future pension accrual changes to age 67. So this statement is in favour of scenario 2 and 3. Communication might be harder to understand for the participant, since his retirement age for future pension accrual changes. But the fiscal limits of pension accrual with retirement age 67 are higher and so the pension agreement might remain unchanged on other parts, such as the height of the premium

for defined contribution pension agreements. This statement is not about accrued pension rights, so both cut or conversion of accrued pension rights is possible. A gap between the retirement age and the state pension age might occur for the part of the pension rights which are accrued as of 2014. For the participant a retirement age of 67 is preferred, because the legal dismissal date is at his state pension age or age 67. Older participants, who will have a state pension age before age 67, might want to retire earlier than at age 67 and have to convert pension rights back to an earlier retirement age.

5.1.7 Question/statement 7

For the participant it is easier to understand if the retirement age is equal to his state pension age.

This statement is about accrued pension rights and future pension accrual. This statement argues that the retirement age has to be flexible and dependent on the state pension age and thus on the date of birth of the participant. This statement is not in favour of any scenario, but more of a test to see whether a flexible retirement age is desirable to the respondents.

Communication to participants might be confusing because of the change of the retirement age, but on the other hand it connects to the state pension date which might make it easier to understand. Due to the flexible retirement age in this statement it is not possible to say anything in general about cut or conversion, the conversion factor, and the change of the premium. The retirement age will be equal to the state pension age, so there will be no gap or overlap of old age pension and state pension. Also the legal dismissal date is clear, because it is equal to the state pension age. Only if a participant will have another moment of retirement than his state pension age, he will have to convert accrued pension rights to an earlier or later retirement age.

For participants retiring in or after 2021 the state pension age is (at least) 67. In scenario 3 the retirement age is 67 for accrued pension rights and future pension accrual. So if the respondent agrees with this statement, they choose for scenario 3. The other scenarios have (partly) a retirement age of 65, which in any case is not connecting to the state pension age.

5.1.8 Question/statement 8

For the participant it is better if his retirement age is equal to or higher than his state pension age, to avoid overlap with government benefits in case of unemployment or disability.

This statement is about accrued pension rights and future pension accrual. This statement argues that the retirement age changes to age 67. So this statement is in favour of scenario 3 and partly in favour of scenario 2. A government benefit (such as unemployment benefit and disability benefit) is reduced by an old age pension that's being paid. If individual deferral of old age pension with retirement age 65 is not possible, this is disadvantageous for the participant.

In the Pension Act is included that deferral of old age pension rights with retirement age 65 is required to the state pension age. Recent pension agreements all include a section about deferral of accrued pension rights. So this overlap can be avoided by the participant in most cases. Only if deferral is explicitly being described as not possible, the pension administrator has to execute the request.

Communication to participants might be confusing because of the change of the retirement age. This statement only applies to a small group of participants who are unemployed or disabled in the last years before they retire. This statement is mostly in favour of scenario 3, in which the accrued pension rights are converted to retirement age 67. But for participants retiring earlier it is desirable to have a guarantee on the conversion factor. The premium remains the same for defined contribution pension agreements, but might decrease for defined benefit pension agreements. With this statement there will be no overlap between old age pension and state pension or other government benefits. But there might be created a gap between old age pension and state pension. So deferral of pension rights will not be needed, but some participants might want to early their retirement age to their state pension age if it is at an age which is younger than 67.

5.1.9 Question/statement 9

For the participant it is better to defer pension rights now than in the future, because the mortality tables are at the moment more advantageous.

This statement is about accrued pension rights. This statement argues that the retirement age of accrued pension rights changes to age 67. Conversion is only done in scenario 3. So this statement is in favour of scenario 3. The retirement age of accrued pension rights changes to 67, so it seems logical to assume that the retirement age of future pension accrual also changes to age 67. Communication might be complicated because the retirement age of future pension accrual and accrued pension rights changes to 67. Because the accrued pension rights will be converted to retirement age 67 it is important to communicate clear and transparent about the conversion factor and what guarantee is given if someone wants to convert the pension rights back to an earlier retirement age. Given the assumption that the retirement age of future pension accrual changes to 67, the premium remains unchanged for defined contribution pension agreements, but might decrease for defined benefit pension agreements. With this statement there will be no overlap between old age pension and state pension or other government benefits. But there might be created a gap between old age pension and state pension. So deferral of pension rights will not be needed, but some participants might want to early their retirement age to their state pension age if it is at an age which is younger than 67.

5.1.10 Question/statement 10

For the participant it is better not changing accrued pension rights.

This statement is about accrued pension rights. This statement argues that the retirement age of accrued pension rights remains 65. So this statement is in favour of scenario 1 and 2. Communication might be easier to understand for the participant if the retirement age of his accrued pension rights remains unchanged. No conversion is done, so no conversion factor is needed and the premium remains unchanged as long as the pension agreement is within the fiscal limits. There will arise an overlapping period of old age pension with state pension. The legal dismissal date might be earlier than the state pension age, which could create an undesirable situation for the participant. Finally, several deferral requests can be expected from retirement age 65 to the real state pension age.

5.1.11 Question/statement 11

For the participant it is better to have a retirement age of 65 years old, because it is ambiguous to pay premium for waiver of premium in case of disability if older than the state pension age.

This statement is about waiver of premium in case of disability for future pension accrual after the state pension age. This statement argues that the retirement age of future pension accrual remains 65. So this statement is in favour of scenario 1. It is not possible to carry out an examination according to the WIA for someone who is older than the state pension age. So paying premium for an insurance which will never be granted is not fair.

Not changing the pension agreement means no or less communication to the participant and employer, which prevents confusion. Also no conversion is done, so no conversion factor is needed and the premium remains unchanged as long as the pension agreement is within the fiscal limits. There will arise an overlapping period of old age pension with state pension. The legal dismissal date might be earlier than the state pension age, which could create an undesirable situation for the participant. Finally, several deferral requests can be expected from retirement age 65 to the real state pension age.

5.1.12 Question/statement 12

For the participant a retirement age of 67 years old is better, because he has more protection against dismissal.

This statement is about future pension accrual. This statement argues that the retirement age changes to age 67. So this statement is in favour of scenario 2 and 3. An employer is objectively justified to dismiss employees on the first date of two options, namely when reaching the state pension age or when reaching the retirement age.

Communication might be harder to understand for the participant, since his retirement age for future pension accrual changes. But the fiscal limits of pension accrual with retirement age 67 are higher and

so the pension agreement might remain unchanged on other parts, such as the height of the premium for defined contribution pension agreements. This statement is not about accrued pension rights, so both cut or conversion of accrued pension rights is possible. A gap between the retirement age and the state pension age might occur for the part of the pension rights which are accrued as of 2014. For the participant a retirement age of 67 is preferred, because the legal dismissal date is at his state pension age or age 67. Older participants, who will have a state pension age before age 67, might want to retire earlier than at age 67 and have to convert pension rights back to an earlier retirement age.

5.1.13 Question/statement 13

A retirement age equal to the state pension age will cause unequal treatment based on age for the participant.

This statement is about accrued pension rights and future pension accrual. This statement argues that the retirement age can not be flexible and dependent on the state pension age and thus on the date of birth of the participant. This statement is in favour of all the three scenarios. In addition to any technically limited possibilities, there might be some legislative limits to set the retirement age equal to the state pension age. This statement is following up statement 7. If the respondent agrees with statement 7, this statement tests whether they think unequal treatment based on age might be a problem for a flexible retirement age.

Because of the fact that this statement is in favour of all the three scenarios, it is not possible to say anything about communication, the conversion factor, the choice between cut or conversion of accrued pension rights, the height of the premium, the old age pension benefits versus other benefits, the legal dismissal date, and deferral or earlier retirement.

5.1.14 Question/statement 14

Choose from the statements above the top three that you consider most important.

This question is to find out which statements are most important for the respondents. This can help to give the answers a weight in comparing them to each other. In particular if there is not yet a clear conclusion possible of the given answers in combination with question 15.

5.1.15 Question/statement 15

*What do you think is for **the participant** the optimal retirement age for existing pension agreements at Zwitserleven, with respect to accrued pension rights and future pension accrual?*

After thinking about the statements which all have to do something with the retirement age, the respondent is asked to answer the overall question about the optimal retirement age for the participant. This question is also divided in accrued pension rights and future pension accrual. The respondent is able to choose between the three scenarios of chapter 4, give another solution or give no answer which means that he does not know or does not want to give an answer.

At the end of the questionnaire two statements and one question are asked in the view of Zwitserleven.

5.1.16 Question/statement 16

For Zwitserleven it is better not changing the accrued pension rights of the participant, to keep the risk of claims as small as possible.

This statement is about accrued pension rights. This statement argues that the retirement age of accrued pension rights remains 65. So this statement is in favour of scenario 1 and 2. If the retirement age of accrued pension rights does not change it is impossible for participants to complain or even claim for compensation at Zwitserleven.

No communication has to be done about accrued pension rights, because there are no changes. No conversion is done, so there is no need to develop any policy about the conversion factor. This statement does not describe future pension accrual, so nothing can be said about the change of the premium, the intersection with other benefits, and the legal dismissal date. But several deferral requests can be expected from retirement age 65 to the real state pension age.

5.1.17 Question/statement 17

If Zwitserleven chooses to convert accrued pension rights to retirement age 67, a lifelong guarantee on the conversion factor is essential.

This statement is about accrued pension rights. This statement describes the consequences for Zwitserleven if chosen for scenario 3, conversion of accrued pension rights to retirement age 67. The guarantee is only needed in case of converting pension rights back to retirement age 65 or another retirement age earlier than 67 years old. The retirement age of accrued pension rights changes to 67, so it seems logical to assume that the retirement age of future pension accrual also changes to age 67.

A lifelong guarantee on the conversion factor makes communication less complicated because the participant will know how much his pension rights were at age 65. But the future pension accrual will be with retirement age 67 and probably has a different conversion factor. This might make it more complicated for the participant. Given the assumption that the retirement age of future pension accrual changes to 67, the premium remains unchanged for defined contribution pension agreements, but might decrease for defined benefit pension agreements. With this statement there will be no overlap between old age pension and state pension or other government benefits. But there might be created a gap between old age pension and state pension. So deferral of pension rights will not be needed, however some participants might want an earlier retirement age than 67 if their state pension age is at a younger age than 67.

5.1.18 Question/statement 18

*What do you think is for **your department** the optimal retirement age for existing pension agreements at Zwitserleven, with respect to accrued pension rights and future pension accrual?*

This question is actually the same as question 15, but now in the view of Zwitserleven and especially the department of the respondent. The respondent is again asked to answer the overall question about the optimal retirement age, divided in accrued pension rights and future pension accrual. Again the respondent has to make a choice between the three scenarios, give another solution or give no answer which means that he does not know or does not want to give an answer.

5.2 Conclusion on questions and statements

The representative gives his answers on these questions and statements and then an appointment will follow to give the representative the opportunity to motivate his given answers and/or discuss any ambiguities.

It makes no sense to make use of framing in the questions or statements because of the small number of respondents, so all statements and questions will be the same for all the respondents.

Chapter 6 – Empirical analysis of questionnaire

This chapter describes the answers given by the respondents on the questionnaire. The answers on the questions and statements will be summarized and analysed in this chapter. For each statement the mean value and the standard deviation is shown. After the statistical values, the possible explanation or comments of the respondents is given. This could be what they wrote on the questionnaire or what they told me in the discussion after they completed the questionnaire.

Also the correlation of statements 3 until 13 and 16 and 17 is calculated between the statements and between the departments.

The answers on the questionnaire have been merged to give a general picture of the departments of Zwitserleven. It is not desirable by the respondents that the individual answers can be traced. In addition, the expectation is that the respondents will only give politically correct answers if their answers can be traced.

A more detailed overview of the answers on the questionnaire can be found in Appendix B.

6.1 Analysis of questionnaire

The questionnaire is sent to seven different people, working for the departments of Zwitserleven described in section 4.3. These are the actuarial department, the operational department (customer services), the legal department, the fiscal department, the marketing and sales department, the IT department, and the products department. All of the respondents react on the request to fill in the questionnaire, so seven out of seven filled in questionnaires will be used in this analysis.

First I will give some statistical data, such as the mean and the standard deviation of the scores to the statements. Then the possible explanation or comments of the respondents is given. Together with the answers on question 15 and 18 the overall conclusion can be made to choose the optimal scenario for the participant and for Zwitserleven.

6.1.1 Answer on question/statement 1

My department is involved with the project "Retirement age 67" on the following moments: Before, during, after or not at all.

Table 6.1: Overview of answers on question 1

Before the project started (2012 and earlier):	6 out of 7
During the project (mostly 2013):	6 out of 7
When the project is finalized (2014 and thereafter):	4 out of 7
Not involved at all:	0 out of 7

In table 6.1 the answers given by the respondents on this question is shown. The respondents have chosen when their department is involved with the project "Retirement age 67", which deals with the introduction of the VAP Act at Zwitserleven. None of the respondents has given the answer "not involved". Six departments are involved before the project started (2012 and earlier). Also six departments are involved during the project (mostly 2013) and four departments think they will be involved when the project is finalized (2014 and thereafter). So the conclusion of this question is that all of the departments are involved in at least one of the periods of the project and most of them in different periods of the project.

6.1.2 Answer on question/statement 2

What was your job title during the following legislative changes in the past decennium: Witteveen Act (2004), VPL Act (2006) and Introduction of the Pension Act (2007).

Six of the respondents are working in the financial business at least a decennium and so they worked at a financial company during the legislative changes of the Witteveen Act, the VPL Act and the introduction of the Pension Act. The respondent who was not yet working in the financial business in 2004 did so in 2006. Most were already working at Zwitserleven or a (legal predecessor) of SNS Reaal. Two respondents have the same job title for the last decade, and other have job titles which are

in line with the current job title. Examples thereof are actuarial employee, and at the moment unit manager actuarial department. And marketer marketing support intermediaries, and at the moment director marketing.

The conclusion of this question is that all respondents are working in the same or comparable job title several years already and therefore must be able to answer the questions from the view of their department.

Table 6.2: Overview of answers on statements 3 until 14, 16 and 17

Question:	3	4	5	6	7	8	9	10	11	12	13	16	17
Mean value	4,57	4,71	4,00	5,57	2,29	5,29	4,43	3,14	5,29	5,71	5,29	2,57	4,29
Standard deviation	2,23	2,43	0,00	1,90	2,14	2,14	1,81	1,86	1,89	1,38	1,25	1,40	2,56
Question 14: # votes by respondents		4		2	5	1	2	2		4			
Retirement age accrued pension rights	-	65	65	-	flex	67	67	65	-	-	65/67	65	67
Retirement age future pension accrual	-	65	65	67	flex	67	67	-	65	67	65/67	-	67
Scenario	-	1	1 (2)	2/3	-	3 (2)	3	1/2	1	2/3	1/2/3	1/2	3

In table 6.2 the mean value and the standard deviation of the given answers on statements 3 until 13, 16 and 17 is shown in the corresponding rows. In question 14 the respondent is asked to give their top 3 of statements. The amount of votes for the different statements is also shown in this table.

In the lower part of the table an overview is made of the of the retirement age of accrued pension rights and future pension accrual which followed from the statements. The term "flex" refers to a flexible retirement age. This is translated to one or more scenarios or none of the scenarios. A number in brackets is partly covered by the referred scenario.

6.1.3 Answer on question/statement 3

The legislative changes in the Witteveen framework, VPL Act and the Introduction of the Pension Act are a success for the participant. Examples include, amongst others, in the field of communication, change of premium/height of pension accrual, and connection with other benefits (such as the unemployment benefit, the disability benefit and the state pension age)

The answers of the respondents on this statement give a mean value of 4.57 with a standard deviation of 2.23. This means that most respondents do not agree with this statement. The legislative changes in the Witteveen framework, VPL Act and the Introduction of the Pension Act are not a success for the participant.

One of the respondents states that this is due to the fact that before Witteveen the participant had more freedom to arrange a pension agreement and a more tailored advice was possible. Also the fiscal limits were wider. For the participant it has not become clearer. The younger participants pay for VPL (in particular the VUT), but they will never receive it by themselves. The uniform pension overview provided comparable pension overviews, but actually it became more confusing. Another remark by one of the respondents on this statement was that more regulation and legislation did not have the desired effect.

The conclusion of this statement is that most respondents are not in favour of previous legislative changes and might be sceptical about the upcoming introduction of the VAP act.

6.1.4 Answer on question/statement 4

For the participant it is better to change as little as possible in the pension agreement and maintain retirement age 65.

The answers of the respondents on this statement give a mean value of 4.71 with a standard deviation of 2.43, which is the second largest standard deviation on all statements. This means that some respondents agree and only two more disagree with this statement. So it is difficult to say anything about changing the pension agreement and maintain the retirement age of 65 years old.

Three of the respondents state that it depends on the conditions under which the adjustment is made and on the individual situation of the participant. The preference is to adjust the pension agreement at

one moment in time, for example 2015, instead of annually a part of the pension agreement. Four of the respondents clarified that if the pension agreement is not changed, there is no need to send communication to the participant, so there will be no (additional) confusion. However, this is not realistic. Two of the respondents state that the retirement age has to increase, because otherwise the pension system is not affordable anymore. But the retirement age of accrued pension rights have to remain unchanged at age 65. One of the respondents argued that changing the retirement age is unfavourable for surviving dependants' pension. And the accrued pension rights are likely higher and more flexible usable.

The conclusion of this statement is that most respondents do not agree with scenario 1, but also do not choose for scenario 2 or 3.

6.1.5 Answer on question/statement 5

Suppose a participant has planned to retire at age 66. It is for this participant better to defer its pension rights from age 65 to 66 than convert the pension rights from 67 to 66.

The answers of the respondents on this statement give a mean value of 4.00 with a standard deviation of 0.00. All the respondents chose for the answer in the middle, neither agree nor disagree. All of the respondents do not think there is a difference between deferral of pension rights from age 65 to age 66 or convert pension rights from age 67 to age 66. They state that this should be actuarially the same. One of the respondents also states that it is dependent on the fact if there is any "cutting losses" based on the used conversion factors. Two of the respondents think that besides this it is also dependent on the person and personal preferences. For just the old age pension it should not differ that much, but it would be dependent on the kind of product. Also it would be unfavourable for surviving dependants' pension. One of the respondents thinks it depends on the conversion factors which are used for deferral and making the retirement age earlier and the guarantees given on them. Another important thing, due to one of the respondents, is that the price and conditions might influence the choice between deferring from 65 to 66 or converting from 67 to 66. Deferral and converting pension rights to an earlier retirement age can be done with different conversion factors by pension administrators and deferral is not always allowed (policy of pension provider, unemployed or disabled). One of the respondents state that it does not matter, as long as the communication is clear and transparent.

The conclusion is that this statement is too general to answer and therefore it is not possible to draw a conclusion on the basis of this statement.

6.1.6 Answer on question/statement 6

For the participant a retirement age of 67 years old for future pension accrual is better, because a higher pension accrual is possible (higher accrual rate or premium percentage).

The answers of the respondents on this statement give a mean value of 5.57 with a standard deviation of 1.90. This means that the respondents did not agree with this statement. From the given answers it follows that the respondents think it is not true that with a higher retirement age it is possible to have a higher pension accrual.

Two of the respondents state that it is dependent on the person, for example if a participant is disabled this might be different. The height of the pension rights remains unchanged, only the height of the premium is lower for future pension accrual because of a shorter entitlement period. One of the respondents states that actuarially pension rights with retirement age of 67 years old is worth the same as pension rights with retirement age 65. Another respondent thinks that fiscally a retirement age of 67 is more attractive due to tax deferral, but financially a retirement age which is as early as possible is more attractive. Two of the respondents state that every year less pension accrual is possible, but the participant accrues actually the same pension rights distributed over more years. But if the participant stops working at age 65, he will have accrued less pension rights.

The conclusion of this statement is that a retirement age of 67 is not favourable by the respondents based on a higher pension accrual. So they do not agree on this point with scenario 2 or 3.

6.1.7 Answer on question/statement 7

For the participant it is easier to understand if the retirement age is equal to his state pension age.

The answers of the respondents on this statement give a mean value of 2.29 with a standard deviation of 2.14. This means that the respondents agree with this statement. This indicates that the respondents think it is easier to understand for the participant if his retirement age is equal to his state pension age.

One of the respondents states that simplicity means clarity and easier communication with the participants. The state pension age will keep on changing in the upcoming decennia. It was allowed for employer's pension to deviate on the retirement age. Three of the respondents state it is better for the participant to have several different pension rights with varying retirement ages. This makes the participant more flexible and makes it possible to spread risks.

The conclusion of this statement is that a flexible retirement age, equal to the state pension age, seems to be attractive to the respondents.

6.1.8 Answer on question/statement 8

For the participant it is better if his retirement age is equal to or higher than his state pension age, to avoid overlap with government benefits in case of unemployment or disability.

The answers of the respondents on this statement give a mean value of 5.29 with a standard deviation of 2.14. This means that the respondents do not agree with this statement. This shows that the answers given by the respondents indicate that it is not a problem if the old age pension has overlap with unemployment benefits or disability benefits.

One of the respondents states that the overlap will not exist due to the fact that deferral to the state pension age is possible and described in the pension act. But during a period of unemployment or disability there might be a need for (additional) old age pension benefits out of employer pension. On the other hand it is not possible to defer if a participant is disabled or unemployed. But on default changing the retirement age to 67 years old will cause less flexibility. Two of the respondents think that it is the best situation when several different accrued pension rights have varying retirement dates. A retirement age equal to the state pension age should give the same outcome, but overlap with a government benefit might feel like a waste of money for the participant.

The conclusion of this statement is that an overlap between old age pension and government benefits is not an issue.

6.1.9 Answer on question/statement 9

For the participant it is better to defer pension rights now than in the future, because the mortality tables are at the moment more advantageous.

The answers of the respondents on this statement give a mean value of 4.43 with a standard deviation of 1.81. This means that some respondents agree, but more respondents disagree with this statement. So it is difficult to say anything about deferral now instead of a later moment in time, due to changing mortality tables.

One of the respondents states that this statement is only true if the mortality table is the only factor taken into account. Another respondents states that the statement is based on an expectation, not on fixed data. Moreover, the fiscal conditions apply just on the date of deferral and pension administrators only allow deferral just before the initial retirement date. One of the respondents states that assuming that with this statement conversion of accrued pension rights is meant ("invaren"), this is still a gamble. Besides this it is also dependent on market interest rates. Two of the respondents think it is not sure that the mortality tables will decrease in the future, for example because of an incurable disease outbreak. One of the respondents states it is not possible that the deferral factors change if it is defined in the pension agreement. But if the conversion factor will change in the future, it could be an idea but the participant will not know his situation in 15 years by now.

The conclusion of this statement is that there is a lot of uncertainty about the mortality tables in the future and therefore this statement is not easy to agree or disagree.

6.1.10 Answer on question/statement 10

For the participant it is better not changing accrued pension rights.

The answers of the respondents on this statement give a mean value of 3.14 with a standard deviation of 1.86. This means that the respondents agree with this statement. This indicates that the respondents think it is better for the participant not changing the retirement age of accrued pension rights.

Two of the respondents state that it is dependent on the type of accrued pension rights a participant has. Is it final pay pension agreement with an indexation for sure or a defined contribution pension agreement. But after all most participants think, not changing is always easier to understand for the participant. One of the respondents thinks this statement is true based on the desired flexibility. Another respondent states that it is hard to agree with this statement, because it is too generically, it is dependent on the personal situation of the participant and mostly/sometimes the participant is not even able to choose. One of the respondents argued that a participant might be able to have better insight and understanding if the retirement age would be equal to his state pension age. The conclusion of this statement is that not changing the retirement age seems the best option, but it is dependent on many other conditions or the personal situation of the participants.

6.1.11 Answer on question/statement 11

For the participant it is better to have a retirement age of 65 years old, because it is ambiguous to pay premium for waiver of premium in case of disability if older than the state pension age.

The answers of the respondents on this statement give a mean value of 5.29 with a standard deviation of 1.89. This means that the respondents did not agree with this statement. It may be concluded that it is not a problem to pay premium for waiver in case of disability, even if there is no possibility of making use of it in the future.

One of the respondents states that everyone is having a state pension age which is higher than 65 years old. Between the age of 65 and the state pension age it is possible to pay premium for waiver in case of disability. One of the respondents states that the payment system is separated from the possibility of making use of insurance. Another respondent states that it is legally allowed and possible to make an agreement on waiver in case of disability even after the state pension age. But it is of course not possible to carry out an examination according to the WIA for someone who is older than the state pension age. So this examination needs to be changed to ensure that someone might claim waiver in case of disability in a fair way. One of the respondents states that in most pension agreements the employer pays premium for waiver in case of disability, so this is not an issue for the participant. One of the respondents states that if the pension agreement has a retirement age of 65 there will be a gap between the end date of the waiver in case of disability and the state pension age. The conclusion of this statement is that waiver in case of disability is not an issue to maintain a retirement age of 65 years old.

6.1.12 Answer on question/statement 12

For the participant a retirement age of 67 years old is better, because he has more protection against dismissal.

The answers of the respondents on this statement give a mean value of 5.71 with a standard deviation of 1.38. This means that the respondents did not agree with this statement. This implies that the answers of the respondents indicate that a retirement age of 67 years old will not give more protection against dismissal.

Two of the respondents think it depends on the design of the employment contract. One of the respondents states that at the moment there is not yet a difference in protection against dismissal between employees who reached the state pension age and employees who did not yet reached the state pension age.

The conclusion of this statement is that protection against dismissal is independent of the retirement age in the pension agreement.

6.1.13 Answer on question/statement 13

A retirement age equal to the state pension age will cause unequal treatment based on age for the participant.

The answers of the respondents on this statement give a mean value of 5.29 with a standard deviation of 1.25. This means that the respondents did not agree with this statement. From the given answers it follows that the respondents think a retirement age equal to the state pension age will not cause unequal treatment based on age for the participant.

It could be unequal treatment, but one of the respondents is not known with a court ruling of the Equal Treatment Commission or part of the Equal treatment in respect of age act. It is possible if there is an objectively fixed date, which is subjectively different for everyone. Two of the respondents state there is a chance of unequal treatment, but this can not be concluded with certainty. Two of the respondents think unequal treatment will only apply if a participant wants to defer his pension rights. Because then he must be able to get the same pension rights as a participant with a later state pension age. It is only needed to compare participants with the same age, not between participants with different ages. The conclusion of this statement is that a flexible retirement age, based on the state pension age, does not cause unequal treatment based on age for the participant.

6.1.14 Answer on question/statement 14

Choose from the statements above the top three that you consider most important.

The respondents have chosen the three statements they think are most important. They could choose out of statement 4 until 13. As shown in table 6.2 the statement with the most votes is statement 7, this statement was 5 times in the top 3. Statements 4 and 12 are then the most chosen statements with 4 votes. Three statements have had 2 votes, namely statement 6, 9 and 10. Thereafter statement 8 did get one vote. Notable on this is that 7 out of 10 statements have been chosen in the top 3 most important statements. Individually seen it is not the case that the respondents chosen the statements they agreed most on in their top 3. The mean value given to all statements is 4.57 and the mean value of the chosen statements in the top 3 of the respondents is 3.35. But the standard deviation on these chosen statements is rather high with 2.37. Another interesting point is that the statements which the respondents gave the lowest value (in other words, the statements with which they agreed the most), statement 7 is most chosen in their top 3 of most important statements and statement 10 also get 2 votes in their top 3 of most important statements.

6.1.15 Answer on question/statement 15

*What do you think is for **the participant** the optimal retirement age for existing pension agreements at Zwitserleven, with respect to accrued pension rights and future pension accrual?*

Table 6.3: Overview of answers on question 15

a) Both retirement age 65	0 out of 7
b) Accrued pension rights 65 and future pension accrual 67	5 out of 7
c) Both retirement age 67	1 out of 7
d) Another solution, namely: "accrued pension rights maintain the retirement age of the current pension agreement and future pension accrual with a retirement age equal to the state pension age"	1 out of 7
e) No opinion / I do not know	0 out of 7

This question concludes the different statements and asks the respondent to give his opinion in the view of the participant about the optimal retirement age for accrued pension rights and future pension accrual.

In table 6.3 an overview of the given answers is shown. It is remarkable that most of the respondents answered this question the same, except of two respondents. One respondent chose answer C; both retirement age 67. The other respondent who did not choose answer B, have chosen for answer D; another solution, namely accrued pension rights maintain the retirement age of the current pension agreement and future pension accrual with a retirement age equal to the state pension age. This is a slightly different interpretation of option B, but it is very similar.

The other five respondents chose for option B; for the accrued pension rights retirement age 65 and for future pension accrual retirement age 67. This option is equal to scenario 2 in chapter 4. This is in line with the policy of Zwitserleven on renewal of the contract period, but not for existing pension agreements.

6.1.16 Answer on question/statement 16

For Zwitserleven it is better not changing the accrued pension rights of the participant, to keep the risk of claims as small as possible.

The answers of the respondents on this statement give a mean value of 2.57 with a standard deviation of 1.40. This means that the respondents agree with this statement. This indicates that the opinion of the respondents is that it is better for Zwitserleven not changing the retirement age of accrued pension rights, to keep the risk of claims as small as possible.

Two of the respondents state that adjustment of the retirement age for accrued pension rights is only possible if the participant agrees on this. So there will be no risk of claims in case of a proper implementation. One of the respondents states that a pension provider only has to execute what employers and employees agreed on. If they have agreement on changing the retirement age of accrued pension rights on the basis of right considerations, there is no risk for the pension provider. One of the respondents states that there will arise a lot of discussion on the conversion factor if conversion is done collectively.

The conclusion of this statement is that not changing the retirement age of accrued pension rights is the best option for Zwitserleven, but that the risk of claims is not a point of consideration.

6.1.17 Answer on question/statement 17

If Zwitserleven chooses to convert accrued pension rights to retirement age 67, a lifelong guarantee on the conversion factor is essential.

The answers of the respondents on this statement give a mean value of 4.29 with a standard deviation of 2.56. This means that the respondents neither agree nor disagree with this statement. But this statement has had the highest standard deviation of all statements, which indicates that they have very different opinions about this statement. It is hard to state whether a lifelong guarantee on the conversion factor is essential if the accrued pension rights will be converted to retirement age 67. However the mean value is more on the side of agreeing with this statement, but the standard deviation is rather high, which shows that the respondents do not all have the same opinion.

Four of the respondents state that it is not essential, but it might take away the risk on claims. Two of the respondents think the best option is to give a guarantee until the state pension age is 67, which will be in the year 2021. Thereafter normal conversion factors need to be used if a participant wants to retire earlier. One of the respondents states that converting accrued pension rights is not a good option. It is operationally and in terms of internal control very difficult and it takes a lot of time and money. One of the respondents states that essential is too heavy, but it would be desirable to give a lifelong guarantee. The disadvantage of a lifelong guarantee is that it is not possible at the moment to calculate the value of this guarantee. And if it is not possible to calculate something, you should not offer this lifelong guarantee. Two of the respondents think it is necessary that in advance clarity is present on the conditions and effects of conversion. Also an agreement has to be reached on this. One of the respondents states it is not essential that a lifelong guarantee on the tariffs need to be given. One of the respondents argued that a lifelong guarantee on the conversion factor is desirable by the participant. But for the pension insurer it is difficult to estimate the conversion factor. And this would only be possible with a safety margin for Zwitserleven, which might probably be too expensive for the participant. This means that a lifelong guarantee on the conversion factor is not advantageous. The conclusion of this statement is that a lifelong guarantee on the conversion factor is not essential. But if Zwitserleven chooses for conversion of accrued pension rights to retirement age 67 it might be desirable.

6.1.18 Answer on question/statement 18

*What do you think is for **your department** the optimal retirement age for existing pension agreements at Zwitserleven, with respect to accrued pension rights and future pension accrual?*

Table 6.4: Overview of answers on question 18

a) Both retirement age 65	0 out of 7
b) Accrued pension rights 65 and future pension accrual 67	6 out of 7
c) Both retirement age 67	0 out of 7
d) Another solution, namely:	1 out of 7

<i>“accrued pension rights maintain the retirement age of the current pension agreement and future pension accrual with a retirement age equal to the state pension age”</i>	
e) No opinion / I do not know	0 out of 7

This question concludes the different statements and asks the respondent to give his opinion seen from his department about the optimal retirement age for accrued pension rights and future pension accrual.

The given answers on this question are shown in table 6.4. It is remarkable that six out of seven of the respondents have given the same answer as question 15, which was the same question but seen from the view of the participant instead of their own department. They again all answered this question the same, except of one respondent. One of the respondents chooses answer D; another solution, namely accrued pension rights maintain the retirement age of the current pension agreement and future pension accrual with a retirement age equal to the state pension age. The other respondents chose for option B; for the accrued pension rights retirement age 65 and for future pension accrual retirement age 67. This option is equal to scenario 2 in chapter 4. This is in line with the policy of Zwitserleven on renewal of the contract period, but not for existing pension agreements.

From the point of view of the theme of the supervisor AFM on Central Focus on Client Interest it was to be expected that the answers on question 15 and 18 would be almost the same. It is namely desirable to work for your department in the best way for the participant.

6.2 Correlation coefficients

This section describes the correlation between statements 3 until 13 and 16 and 17 and also the correlation between the departments of Zwitserleven.

The correlation measures the strength and the direction of a relationship between two variables. The correlation is always between -1.00 and 1.00. There are no clear rules for describing the strength of the correlation. But in this thesis the following guideline is used. If the correlation is between -0.50 and -1.00 or between 0.50 and 1.00 it indicates respectively a strong negative or positive correlation. If the correlation is between -0.50 and 0.50 it indicates a weak correlation and will therefore not be individually mentioned in this section.

6.2.1 Correlation between statements

In table 6.5 an overview is given of the correlation coefficients between the answers on the statements of the questionnaire.

Table 6.5: Overview of correlation between statements

Question	3	4	5	6	7	8	9	10	11	12	13	16	17
3	1,00												
4	0,00	1,00											
5	-	-	1,00										
6	-0,01	0,22	-	1,00									
7	0,10	0,37	-	0,28	1,00								
8	0,45	0,02	-	0,12	0,49	1,00							
9	-0,11	-0,19	-	-0,37	-0,77	0,05	1,00						
10	-0,30	-0,21	-	-0,40	-0,51	-0,81	0,08	1,00					
11	0,19	0,64	-	0,32	0,35	-0,31	-0,63	0,27	1,00				
12	-0,32	0,42	-	-0,12	0,48	0,54	0,12	-0,56	-0,28	1,00			
13	-0,43	0,36	-	-0,08	-0,47	-0,10	0,74	-0,09	-0,32	0,44	1,00		
16	0,15	0,60	-	0,36	0,33	0,27	-0,11	-0,74	0,05	0,44	0,37	1,00	
17	0,03	0,20	-	0,10	0,29	-0,44	-0,68	0,58	0,84	-0,44	-0,60	-0,43	1,00

It is not possible to calculate the correlation coefficient between statement 5 and the other statements, because on statement 5 all the respondents gave the same answer 4, neither agree nor disagree. Without the correlation coefficients of 1, which is the correlation between the statements itself, and statement 5 a total of 66 correlation coefficients are calculated. Of these correlation coefficients 37 are positive and 29 are negative. Out of the 37 positive correlation coefficients, 6 are larger than 0.50,

which is indicated in table 6.5 with the green cells. Out of the 29 negative correlation coefficients, 8 are absolutely seen larger than -0.50, which is indicated in table 6.5 with red cells. First the positive correlation coefficients will be described and then the negative correlation coefficients.

6.2.1.1 Positive correlation between statements

The positive correlation coefficient with the highest value (0.84) is the correlation between statement 11 and 17. These statements are about different scenarios, statement 11 is about scenario 1 and statement 17 is about scenario 3. But the statements are also both from another view. Statement 11 is from the view of the participant and statement 17 is from the view of Zwitterleven.

The second positive correlation coefficient with the highest value (0.74) is the correlation between statement 9 and 13. It is hard to explain this rationally, since statement 9 is about scenario 3 and statement 13 is about a flexible retirement age and so applicable for all scenarios.

The third positive correlation coefficient with the highest value (0.64) is the correlation between statement 4 and 11. Both statements are about scenario 1, a retirement age of 65 for future pension accrual. The correlation between these statements seems logical, since these statements are similar to each other.

6.2.1.2 Negative correlation between statements

The negative correlation coefficient with the highest absolute value (-0.81) is the correlation between statement 8 and 10. This can be explained rationally, since statement 8 and 10 are about different scenarios, 3 (2) and 1/2. And both statements are from the same view, so it is possible that the answers differ a lot.

The second negative correlation coefficient with the highest absolute value (-0.77) is the correlation between statement 7 and 9. For this statement a large negative correlation seems also logically. Statement 7 is about a flexible retirement age and is not covering any scenario. And statement 9 is about retirement age 67 for both accrued pension rights and future pension accrual, so in line with scenario 3.

The third negative correlation coefficient with the highest absolute value (-0.74) is the correlation between statement 10 and 16. Statement 10 and statement 16 are both on the same scenarios, namely 1 and 2. But the point of view is different between the statements. Statement 10 is from the view of the participant and statement 16 is from the view of Zwitterleven. This might be the reason for the large negative correlation coefficient.

6.2.2 Correlation between departments

In table 6.6 an overview is given of the correlation coefficients between the departments of Zwitterleven.

Table 6.6: Overview of correlation between departments

Department	1	2	3	4	5	6	7
1	1,00						
2	0,59	1,00					
3	0,18	0,02	1,00				
4	0,17	0,06	0,31	1,00			
5	0,17	0,28	-0,24	0,67	1,00		
6	0,45	0,44	-0,02	0,23	0,32	1,00	
7	0,00	-0,06	-0,03	0,33	0,07	0,19	1,00

Without the correlation coefficients of 1, which is the correlation between the departments itself, a total of 21 correlation coefficients are calculated. Of these correlation coefficients only 5 are negative and the remaining 16 are positive. Out of the 16 positive correlation coefficients, 2 are larger than 0.50, which is indicated in table 6.6 with the green cells. There are no negative correlation coefficients absolutely seen larger than -0.50.

Due to the fact that the respondents are promised that their answers could not be traced, the names of the departments are not being mentioned in table 6.6. Instead of names, the departments are numbered from 1 until 7.

Most of the departments have a small positive correlation. This means that the strength is not so much, but the direction of the relationship is mostly positive. The two correlation coefficients with a strong correlation are department 1 with department 2 and department 4 with department 5.

6.3 Conclusion on empirical analysis of questionnaire

In this empirical analysis the different scenarios are evaluated by interviewing several representatives of departments of Zwitserleven. The policy of Zwitserleven for existing pension agreements is to maintain the retirement age in the current pension agreements as long as they fit the new fiscal limits of the VAP Act. Pension contracts have to be renewed every 5 years. If the contract has to be renewed by the 1st January 2014, the pension agreement will be changed to a retirement age of 67 for future pension accrual. In both situations the retirement age of accrued pension rights remains unchanged, so Zwitserleven leaves accrued pension rights unaffected.

It is hard to draw an overall conclusion based on all the answers given on the statements of the questionnaire. The mean value of all statements about accrued pension rights at retirement age 65 is 3.94. This value is too close to 4, neither agree nor disagree, to state that a retirement age of 65 for accrued pension rights is favourable. But the mean value of all statements about accrued pension rights converted to retirement age 67 is 4.82. This value indicates that the respondents do somewhat disagree with conversion of accrued pension rights to retirement age 67.

The mean value of all statements about future pension accrual at retirement age 65 is 4.82. So the respondents have the opinion of almost somewhat disagree with future pension accrual at retirement age 67. The mean value of all statements about future pension accrual at retirement age 67 is 5.10. This value indicates that the respondents do somewhat disagree with a retirement age of 67 for future pension accrual. The value of 5.10 is so close to 4.82 that it is not possible to state that a retirement age of 65 for future pension accrual is more favourable due to the respondents.

Looking at the different scenarios described in the statements it is also possible to calculate a mean value. The mean value of the statements about scenario 1 is 4.17, which means that the respondents do neither agree nor disagree with scenario 1. The mean value of the statements about or partly about scenario 2 is 4.51, which means that the respondents are in between of the opinion that they do neither agree nor disagree and somewhat disagree. The mean value of the statements about scenario 3 is 5.10, which means that the respondents do somewhat disagree with scenario 3.

The lowest mean value is for scenario 1 (4.17). And also based on independent mean values of accrued pension rights (3.94 for retirement age 65) and future pension accrual (4.82 for retirement age 65) scenario 1 would be the optimal outcome in the opinion of the respondents.

The statements with which the respondents agreed most on are statements 7, 10 and 16. Both statement 7 and 10 were in the top three of important statements of the respondents. Statement 7 described a flexible retirement age. Statement 10 and 16 were both in favour of scenario 1 and 2, do not change the retirement age of accrued pension rights and age 65. So it is obvious that the respondents attach great importance on not changing the retirement age of accrued pension rights.

The statements with which the respondents did not agree on most are statements 6, 8, 11, 12 and 13. Both statement 6, 8 and 12 were in the top three of important statements of the respondents. Four out of these five statements are in favour of scenario 3 and (some partly) in favour of scenario 2. Only statement 11 is completely in favour of scenario 1. This might indicate that conversion of accrued pension rights is not what the respondents like, with the highest mean value of 5.71 of all statements. But it also looks like a retirement age of 67 for future pension accrual is not favourable.

But the answers on questions 15 and 18 give another conclusion. The policy of Zwitserleven on contract renewals is the optimal scenario in the view of the participants in the opinion of 5 out of 7 of the respondents. If this is seen from the view of Zwitserleven even in the opinion of 6 out of 7 of the respondents chose for this scenario. This means that the retirement age of accrued pension rights remains unchanged at age 65, but the retirement age of future pension accrual changes to age 67.

The correlation coefficients are being used to determine whether there is unanimity within the organization of Zwitserleven on the discussion of the retirement age. This is being done by calculating the relationship between the statements of the questionnaire and between the departments of Zwitserleven. For the correlation coefficients between the statements there are on the one hand more

positive coefficients than negative coefficients. But on the other hand more strong negative correlation coefficients are present than strong positive correlation coefficients.

It is not possible to draw a conclusion on the individual departments of Zwitterleven, because they are mentioned as a number instead of their real names, in order to treat the answers on the questionnaire anonymous. The overall conclusion of the correlation coefficients between the departments is that most departments have a positive correlation, which is not so strong. Based on this there is no clear recommendation to give, at least no more than an indication, without weighing the various statements and / or departments. The recommendation for the management of Zwitterleven is to give weights to the various statements and / or departments to create a better insight in the optimal retirement age for the participant. Besides this it is clear that there is no unanimity within the organization of Zwitterleven on the various statements, which all deal with the optimal retirement age. This is both for the correlation between the different statements, as well as between the different departments.

Chapter 7 – Reactions of competitors on VAP Act

This chapter describes the company Zwitterleven and the policy concerning the VAP Act. Thereafter the announcements of competitors on the rising retirement age are described.

7.1 The policy of Zwitterleven on the VAP Act

The goal of Zwitterleven is to provide everyone a greater confidence about their financial futures. Zwitterleven is executing many sorts of pension agreements, such as insured pension plans and pension funds or traditional pension schemes and unit linked pension schemes. As described earlier in this thesis, the impact of the rise of the retirement age is larger for traditional pension schemes than for unit linked pension schemes.

Corporate responsibility or sustainable entrepreneurship is embedded in the policy of Zwitterleven.²⁸ Part of this is the focus of Zwitterleven on communication to their customers, in order to make the large change of the retirement age simpler and more transparent. Transparency is important for Zwitterleven, which resulted in 2011 in the transparency label Eurosif (the European Sustainable Investment Forum). Eurosif is a European network whose task is to develop sustainability through the financial markets of Europe. Zwitterleven was the first pension provider in the Netherlands to have the Eurosif's quality mark.²⁹ The communication of Zwitterleven to its customers is regulated by the AFM (Authority for the Financial Markets). The AFM is the supervisor of the Dutch financial markets.³⁰ In order to restore the confidence of consumers in the financial sector, it is necessary to ensure that the central focus is placed on the interest of the client. This is why the theme Central Focus on Client Interests was introduced. The AFM ensures that Zwitterleven properly informs their customers.

The policy of Zwitterleven on the rising retirement age is as follows. For existing pension agreements the policy is to maintain the retirement age in the current pension agreements as long as they fit the new fiscal limits of the VAP Act. Pension contracts have to be renewed every 5 years. If the contract has to be renewed by the 1st January 2014, the pension agreement will be changed to a retirement age of 67 for future pension accrual. In both situations the retirement age of accrued pension rights remains unchanged, so Zwitterleven leaves accrued pension rights unaffected.

7.2 Announcements of competitors

In the magazine AmPensioen (No 10, 31 May 2013) the largest pension insurers of the Netherlands were interviewed about the rise of the retirement age. The six largest pension insurers do not chose for the scenario Conversion of accrued pensions mentioned in chapter 4. They prefer the scenario Cut, not changing accrued pension rights with retirement age 65, but only change the retirement age of new accrual to 67.

7.2.1 (Avéro) Achmea

Achmea is an integrated financial services group whose core business is insurance (life, non-life and health) and services relating to pensions and health.³¹ They say that 9,000 of 18,000 pension agreements need to be adjusted to the VAP Act. They state that the role of the intermediary is very important, by choosing the new pension agreement. How to upgrade, deteriorate or maybe even switch from defined benefit to defined contribution.

7.2.2 Aegon

The Dutch pension insurer Aegon already made a statement on the raise of the state pension age. They will not charge extra premium for the expansion of the coverage for the gap of the ANW-survivor

²⁸ Zwitterleven Verantwoord Ondernemen (2013)

²⁹ InFinance (2011)

³⁰ AFM (2013)

³¹ Achmea (2013)

benefit. This coverage only applies for ANW-survivor benefits which are not yet in payments.³² In addition, all pension schemes will be adjusted to the new regulations in 2014 at latest.³³

In the magazine AmPensioen (No 10, 31 May 2013)³⁴, policy director of the pension operations of Aegon Frits Bart says the following on the VAP Act:

"If you consider 400 pension funds perform 600 pension schemes and 10 pension insurers about 60,000 pension schemes, you get an idea of the size."

Also in the same magazine, Frits Bart of Aegon says it is a major project and therefore is not intend to change all pension agreements to the retirement age of 67:

"Pension agreements that are not excessive, for example because they do not reach the maximum accrual rates, will not be changed. The retirement age than remains 65. This will save us a lot of work, to be honest, but this is also better for the employer. They should probably deteriorate their pension agreement again in 2015, so our advice is to wait and adjust it next year."

Aegon has chosen for the scenario described in chapter 4 as Cut: not changing accrued pension rights until 2014, but only change the retirement age of future accrual as of 2014. This means that about 3,500 of 7,000 pension agreements need to be adjusted due to the VAP Act.

7.2.3 Amersfoortse

The Dutch income insurer for entrepreneurs, Amersfoortse, announced in November 2012 the possibility of changing the end date of the disability insurance. They gave the insured persons the choice to adjust the end date because of the VAP Act, dependent on the date of birth, to 66 of 67. No additional medical information is required. Insured persons, who are at the moment disabled, can make use of this possibility from the moment they have been recovered for six months.³⁵

At the moment the default retirement age is at the 1st of the month in which an employee becomes 65 years old. If the employee is still working after his 65th birthday, the employee can defer his pension rights. If the employee stops working on his state pension age, the state pension date and the retirement age of his employer's pension start simultaneously.³⁶

7.2.4 ASR

The Dutch insurer for all kinds of insurances ASR says that 9,000 of 15,000 pension agreements need to be adjusted due to the VAP Act.

ASR is not intended to change the retirement age in the pension agreements as of 2014 to 67 years old. They argue that in the coming years the retirement age of 65 years old is closer to the actual state pension age and therefore maintain the retirement age of 65 years old.³⁷

7.2.5 Delta Lloyd

Delta Lloyd is a financial service provider with Insurance and banking products, both for individuals and for the corporate market.³⁸ Delta Lloyd does not mention numbers, but states that two thirds of pension agreements need to be adjusted due to the VAP Act. As long as the fiscal limits will not be exceeded, the retirement age of the pension agreement remains 65. The default solution for contract which exceed the fiscal limits is to change the retirement age to 67, to ensure that they are within the fiscal limits again. The retirement age of accrued pension rights in defined benefit pension agreements will not be changed, so a participant might have a retirement age of 65 for accrued pension rights and 67 for future pension accrual. The retirement age of defined contribution pension agreements will totally be changed to 67 years old, so the accrued pension value will be invested the same way as future premiums.

³² InFinance (2013)

³³ Aegon (2013)

³⁴ AmPensioen (2013)

³⁵ AmWeb (2013)

³⁶ Amersfoortse (2013)

³⁷ ASR (2013)

³⁸ Delta Lloyd (2013)

7.2.6 Nationale Nederlanden

The Dutch insurer Nationale Nederlanden also does not mention numbers, but states that two thirds of pension agreements need to be adjusted due to the VAP Act.

The retirement age of pension rights which have been accrued in the past will not be changed by Nationale Nederlanden. As long as the pension agreement does not exceed the fiscal limits, it will not be changed. But if the pension agreement no longer fits in the new fiscal limits, it has to be changed. Nationale Nederlanden will send a proposal to adjust the pension agreement. The proposal is based on the original design of the pension agreement, so no changes will be made as long as it is not necessary. This means that they are not clear about leaving the retirement age of future pension accrual at age 65 or changing it to 67 years old.³⁹

7.3 Conclusion on announcements of competitors

In this chapter the company Zwitserleven and announcements of Dutch competitors on the rising retirement age is described. This gives a clear picture on the retirement age of accrued pension rights, which will remain unchanged at age 65 for all pension insurers. Changing the retirement age for future pension accrual to age 67 is for most pension insurers desirable, even though the general opinion of the pension insurers is that if not necessary, in the situation that the fiscal limits are not reached, the pension agreements will not be adjusted. The most important reason for this is that all pension agreements need to be adjusted again at 1st January 2015.

³⁹ Nationale Nederlanden (2013)

Chapter 8 – Conclusion

This chapter first summarizes this thesis, and then the findings of the empirical research and a conclusion will follow. Finally recommendations for Zwitterleven and for future research are described.

8.1 Summary

This thesis starts with a description of the pension system of the Netherlands and the changes made in the last decade. The acts which had the most impact on the retirement age are the Witteveen Act and the VPL Act. Hereafter the Coalition agreement cabinet Rutte-Asscher is described, which resulted as of the 1st January 2014 in the VAP Act, the increase in state pension and retirement age act. The rise of the retirement age influence customers of Zwitterleven (external stakeholders: participant, employer and if applicable the distribution partner) and departments of Zwitterleven (internal stakeholders: the actuarial department, the operational department (customer services), the legal department, the fiscal department, the marketing and sales department, the IT department, and the products department). The impact is described in three scenarios:

1. Scenario 1: *No changes => not changing the retirement age of accrued pension rights and future pension accrual*
In this scenario the pension agreement is not being changed. This means that the retirement age of the accrued pension rights and the future pension accrual remains 65.
2. Scenario 2: *Cut => not changing the retirement age of accrued pension rights, but changing the retirement age of future pension accrual to 67*
In this scenario the pension agreement has to be changed, because the future accrual will be with retirement age 67 instead of 65. But the accrued pension rights remain unchanged, so a participant will have more than one retirement age, 65 and 67.
3. Scenario 3: *Conversion => changing the retirement age of accrued pension rights to 67 and changing the retirement age of future pension accrual to 67*
In this scenario the pension agreement is also being changed, because both the future pension accrual and the accrued pension rights will be with retirement age 67 instead of 65. The accrued pension rights are converted to the new retirement age 67.

These scenarios have been compared by using a questionnaire, which is the basis of the empirical analysis. This questionnaire consists of 18 questions and statements on seven different elements; communication, the conversion factor, cut or conversion of accrued pension rights, the height of the premium, old age pension benefits versus other benefits, the legal dismissal date, and deferral or earlier retirement. The questionnaire is completed by representatives of 7 departments of Zwitterleven.

The empirical analysis consists of the answers on the questionnaire, the mean value and the standard deviation of each statement. Also the correlation coefficients are calculated between the statements of the questionnaire and between the departments of Zwitterleven.

The policy of Zwitterleven for existing pension agreements is to maintain the retirement age in the current pension agreements as long as they fit the new fiscal limits of the VAP Act. Pension contracts have to be renewed every 5 years. If the contract has to be renewed by the 1st January 2014, the pension agreement will be changed to a retirement age of 67 for future pension accrual. In both situations the retirement age of accrued pension rights remains unchanged, so Zwitterleven leaves accrued pension rights unaffected.

The results of the empirical analysis can be used to answer the research question of this thesis: "The introduction of the VAP Act in 2014 has impact on the customers of Zwitterleven: participants, employers and distribution partners. What is the optimal retirement age for participants of Zwitterleven, divided in accrued pension rights and future pension accrual?"

The findings of the empirical analysis is that the optimal retirement age for accrued pension rights needs to be maintained at age 65. But for the future pension accrual it is hard to make a choice between 65, 67 or a flexible retirement age, equal to the state pension age. However, also two questions are asked to give the optimal scenario. In the view of the participant 5 out of 7 and in the view of Zwitterleven even 6 out of 7 chose for scenario 2, the retirement age of accrued pension rights remains unchanged at age 65, but the retirement age of future pension accrual changes to age 67.

The correlation coefficients are being used to determine whether there is unanimity within the organization of Zwitterleven on the discussion of the retirement age. There are more positive

correlation coefficients between the statements than negative correlation coefficients. But on the other hand more strong negative correlation coefficients are present than strong positive correlation coefficients. The conclusion on the correlation coefficients between the departments is that most departments have a positive correlation, which is not so strong. This means there is no unanimity within the organization, both for the correlation between the different statements, as well as between the different departments.

So the recommendation for the management of Zwitterleven is to give weight to the different statements and / or departments, in order to get a better understanding of the optimal retirement age for the participant.

The announcements of Dutch competitors of Zwitterleven on the rising retirement age also gives a clear picture on the retirement age of accrued pension rights, which will remain unchanged at age 65 for all pension insurers. Changing the retirement age for future pension accrual to age 67 is for most pension insurers desirable, even though the general opinion of the pension insurers is that if not necessary, in the situation that the fiscal limits are not reached, the pension agreements will not be adjusted. The most important reason for this is that all pension agreements need to be adjusted again at 1st January 2015.

8.2 Findings and Conclusion

The overall conclusion of this thesis is the answer on the main research question: “The introduction of the VAP Act in 2014 has impact on the customers of Zwitterleven: participants, employers and distribution partners. What is the optimal retirement age for participants of Zwitterleven, divided in accrued pension rights and future pension accrual?”

Based on the empirical research done in chapter 6, it is hard to give a complete answer on the main research question. It is obvious that accrued pension rights should not be changed, so maintain retirement age 65. But for future pension accrual it is not so easy to state what retirement age is optimal. But based on question 15 and 18 of the questionnaire and the announcements of competitors, it can be said that a retirement age of 67 for future pension accrual seems to be the optimal situation. This is in line with scenario 2, which is called Cut. So not changing the retirement age of accrued pension rights, but changing the retirement age of future pension accrual to 67. My recommendation for Zwitterleven is therefore to change the retirement age of future pension accrual of all pension agreements to 67 years old as of the 1st January 2014 and leave the accrued pension rights unchanged.

8.3 Recommendations for future research

Future research is possible if there is more certainty on the policy of the government about further changes in the Dutch pension system. Questions which still remain are: will there be more changes in the fiscal framework causing a further deterioration and when will the retirement age of employer pension be raised to 68?

This thesis only focused on one of the external stakeholders, the participant. The questionnaire could also be done in the view of the other external stakeholders, the employers and the distribution partners. Another possibility is to do a more internal research at the departments of Zwitterleven, within the view of the internal stakeholders.

Also future research might be interesting if it is done on different age groups of participants. Maybe older participants want to keep a retirement age of 65 in order to retire soon and have a better connection with their real retirement age. Younger participants might have a preference for retirement age 67, because they know their actual retirement age will likely be 67 years old or maybe even later. This will give them a more realistic view of their future pension benefits.

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Appendix A – Original Questionnaire (in Dutch) “Vragenlijst Pensioenleeftijd 67 (PL67)”

De onderzoeksvraag van mijn Master Thesis is:

De introductie van de wet Verhoging AOW- en Pensioenrichtleeftijd in 2014 heeft invloed op de klanten van Zwitserleven: deelnemers, werkgevers en distributiepartners. Wat is de optimale pensioenleeftijd voor deelnemers van Zwitserleven, uitgesplitst naar opgebouwde pensioenaanspraken en toekomstige pensioenopbouw?

1. Mijn afdeling/bedrijfsonderdeel is op de volgende momenten betrokken bij het project Pensioenleeftijd 67 (meerdere antwoorden mogelijk):
 - o Voorbereidingsfase van het project (2012 en eerder)
 - o Tijdens het project (voornamelijk 2013)
 - o In de afrondingsfase van het project (2014 en later)
 - o Niet betrokken

2. Wat was je functie tijdens de volgende juridische wijzigingen in het verleden:
 - Wet Witteveen (2004):
 - Wet aanpassing fiscale behandeling VUT/Prepensioen en introductie Levensloopregeling (2006):
 - Introductie van de Pensioenwet (2007):

Graag de volgende vragen beantwoorden vanuit je huidige functie/afdeling.

Geef aan in hoeverre je het eens of oneens bent met de onderstaande stellingen. Omcirkel het getal dat overeenkomt met je keuze op een schaal van 1 tot en met 7, waarbij een 1 betekent dat je het er ‘helemaal mee eens’ bent en een 7 betekent dat je het er ‘helemaal mee oneens’ bent.

Helemaal mee eens	Mee eens	Een beetje mee eens	Niet mee eens / Niet mee oneens	En beetje mee oneens	Mee oneens	Helemaal mee oneens
1	2	3	4	5	6	7

Allereerst een aantal stellingen vanuit **de deelnemer**:

3. De wetwijzigingen Witteveen, VPL en Introductie PW zijn voor de deelnemer een succes. Te denken valt hier onder andere aan communicatie, verandering premie/hoogte pensioen, aansluiting met andere uitkeringen (zoals einde WW/WIA en ingang AOW).

1	2	3	4	5	6	7
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Eventuele toelichting:

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4. Voor de deelnemer is het beter om zo weinig mogelijk te wijzigen in de pensioentoezegging en dus pensioenleeftijd 65 te handhaven.

1	2	3	4	5	6	7
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Eventuele toelichting:

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5. Stel een deelnemer wil met pensioen gaan als hij 66 is. Voor deze deelnemer is het beter om zijn pensioen uit te stellen van 65 naar 66 dan om te vervroegen van 67 naar 66.

1	2	3	4	5	6	7
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Eventuele toelichting:

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6. Voor de deelnemer is pensioenleeftijd 67 beter. Hij mag dan meer pensioen opbouwen.

Helemaal mee eens	Mee eens	Een beetje mee eens	Niet mee eens / Niet mee oneens	En beetje mee oneens	Mee oneens	Helemaal mee oneens
1	2	3	4	5	6	7

Eventuele toelichting:

.....

7. Voor de deelnemer is het duidelijker als zijn pensioenleeftijd aansluit bij zijn AOW-leeftijd.

1	2	3	4	5	6	7
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Eventuele toelichting:

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8. Voor de deelnemer is het beter als de pensioenleeftijd hoger dan of gelijk aan de AOW-leeftijd is, zodat er geen samenloop met de WW of WIA is.

1	2	3	4	5	6	7
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Eventuele toelichting:

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9. Voor de deelnemer is het beter om zijn pensioen nu uit te stellen dan in de toekomst, omdat de sterftetafels nu gunstiger zijn.

1	2	3	4	5	6	7
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Eventuele toelichting:

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10. Voor de deelnemer is het beter om opgebouwde pensioenaanspraken niet aan te passen.

1	2	3	4	5	6	7
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Eventuele toelichting:

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11. Voor de deelnemer is pensioenleeftijd 65 beter. Er kan namelijk geen PVI-premie gevraagd worden voor iemand die ouder is dan de AOW-leeftijd.

1	2	3	4	5	6	7
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Eventuele toelichting:

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12. Voor de deelnemer is pensioenleeftijd 67 beter. Dan heeft hij meer ontslagbescherming.

1	2	3	4	5	6	7
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Eventuele toelichting:

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13. Een pensioenleeftijd gelijk aan de AOW-leeftijd veroorzaakt voor de deelnemer ongelijke behandeling op grond van leeftijd.

1	2	3	4	5	6	7
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Eventuele toelichting:

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14. Kies uit de hierboven genoemde stellingen de **top 3** welke jij het belangrijkst vindt:
- Voor de deelnemer is het beter om zo weinig mogelijk te wijzigen in de pensioentoezegging en dus pensioenleeftijd 65 te handhaven.
 - Stel een deelnemer wil met pensioen gaan als hij 66 is. Voor deze deelnemer is het beter om zijn pensioen uit te stellen van 65 naar 66 dan om te vervroegen van 67 naar 66.
 - Voor de deelnemer is pensioenleeftijd 67 beter. Hij mag dan meer pensioen opbouwen.
 - Voor de deelnemer is het duidelijker als zijn pensioenleeftijd aansluit bij zijn AOW-leeftijd.
 - Voor de deelnemer is een hogere pensioenleeftijd dan de AOW-leeftijd beter, zodat er geen samenloop met de WW of WIA is.
 - Voor de deelnemer is het beter om zijn pensioen nu uit te stellen dan in de toekomst, omdat de sterftetafels nu gunstiger zijn.
 - Voor de deelnemer is het beter om opgebouwde pensioenaanspraken niet aan te passen.
 - Voor de deelnemer is pensioenleeftijd 65 beter. Er kan namelijk geen PVI-premie gevraagd worden voor iemand die ouder is dan de AOW-leeftijd.
 - Voor de deelnemer is pensioenleeftijd 67 beter. Dan heeft hij meer ontslagbescherming.
15. Wat is volgens jou voor **de deelnemer** de beste pensioenleeftijd voor bestaande pensioenregelingen van Zwitserleven, met betrekking tot opgebouwde pensioenaanspraken en toekomstige pensioenopbouw
- a) Beide pensioenleeftijd 65
 - b) Opgebouwde pensioenaanspraken pensioenleeftijd 65 en toekomstige pensioenopbouw pensioenleeftijd 67
 - c) Beide pensioenleeftijd 67
 - d) Anders, namelijk
 - e) Geen mening / Ik weet het niet

Eventuele toelichting:

.....

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Vervolgens een aantal stellingen vanuit **Zwitserleven**:

16. Het is voor Zwitserleven beter om opgebouwde pensioenaanspraken niet aan te passen, om het claimrisico zo klein mogelijk te houden.

1	2	3	4	5	6	7
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Eventuele toelichting:

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17. Als Zwitserleven de opgebouwde pensioenaanspraken collectief omrekent naar pensioenleeftijd 67, dan is een levenslange tariefsgarantie voor terugruilen noodzakelijk.

1	2	3	4	5	6	7
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Eventuele toelichting:

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18. Wat is volgens jou voor **jouw afdeling/bedrijfsonderdeel** de beste pensioenleeftijd voor bestaande pensioenregelingen van Zwitserleven, met betrekking tot opgebouwde pensioenaanspraken en toekomstige pensioenopbouw

- a) Beide pensioenleeftijd 65
- b) Opgebouwde pensioenaanspraken pensioenleeftijd 65 en toekomstige pensioenopbouw pensioenleeftijd 67
- c) Beide pensioenleeftijd 67
- d) Anders, namelijk
- e) Geen mening / Ik weet het niet

Eventuele toelichting:

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Appendix B – Summary of answers on questionnaire “Vragenlijst Pensioenleeftijd 67 (PL67)”

The questionnaire is sent to one representative of each department of Zwitserleven which is involved with the project PL67. The departments are the actuarial department, the operational department (customer services), the legal department, the fiscal department, the marketing and sales department, the IT department, and the products department.

One representative did not react on the request to fill in the questionnaire, so six out of seven filled in questionnaires will be used in this analysis.

Answer on question/statement 1:

Before the project started (2012 and earlier):	6 out of 7
During the project (mostly 2013):	6 out of 7
When the project is finalized (2014 and thereafter):	4 out of 7
Not involved at all:	0 out of 7

Answer on question/statement 2:

One respondent was not yet working in the financial business in 2004. The remainder of the respondents had job titles in the last decade in the financial business. Some all this time at Zwitserleven, other first at distribution partners like Acadium Bastion and Kröller Boom Assurantiën or first at other insurance companies such as Aegon and Goudse Verzekeringen.

The job titles they had are:

Witteveen Act (2004)	VPL Act (2006)	Introduction PW (2007)	Current job title (2013)
Fiscal legal advisor	Fiscal legal advisor	Pension jurist	Tax specialist (Fiscalist)
marketer marketing support intermediaries	Director marketing	Director marketing	Director marketing
Not yet working in the financial business	Actuarial employee	Actuarial employee	Actuarial unit manager
Unit manager corporate clients	Unit manager corporate clients	Unit manager corporate clients	Unit manager corporate clients
Project manager	Project manager	Project manager (UPO)	Project manager
Senior product manager	Head of product development	Head of product development	Head of legal affairs, focusing on pension law
Secondment	Accountmanager	Project manager (Pension Act)	Head of products department

Summary of answer on question/statement 3 until 13, 16 and 17:

Question:	3	4	5	6	7	8	9	10	11	12	13	16	17
Answer:													
1. Strongly agree	1	1	-	-	3	1	1	2	-	-	-	1	2
2. Agree	1	1	-	1	3	-	-	1	1	-	-	4	-
3. Somewhat agree	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Neither agree, nor disagree	-	1	7	1	-	1	3	3	1	2	3	1	2
5. Somewhat disagree	2	-	-	-	-	-	-	-	2	1	-	1	-
6. Disagree	2	2	-	2	-	3	3	1	-	1	3	-	1
7. Strongly disagree	1	2	-	3	1	2	-	-	3	3	1	-	2

In the above table the answers given by the respondents are shown. The numbers in the table correspond with the amount of answers given to that question.

Answer on question/statement 14:

Statement:	Number of votes:
7. For the participant it is easier to understand if the retirement age is equal to his state pension age.	5
4. For the participant it is better to change as little as possible in the pension agreement and maintain retirement age 65.	4
12. For the participant a retirement age of 67 years old is better, because he has more protection against dismissal.	4
6. For the participant a retirement age of 67 years old for future pension accrual is better, because a higher pension accrual is possible (higher accrual rate or premium percentage).	2
9. For the participant it is better to defer pension rights now than in the future, because the mortality tables are at the moment more advantageous.	2
10. For the participant it is better not changing accrued pension rights.	2
8. For the participant it is better if his retirement age is equal to or higher than his state pension age, to avoid overlap with government benefits in case of unemployment or disability.	1
5. Suppose a participant has planned to retire at age 66. It is for this participant better to defer its pension rights from age 65 to 66 than convert the pension rights from 67 to 66.	
11. For the participant it is better to have a retirement age of 65 years old, because it is ambiguous to pay premium for waiver of premium in case of disability if older than the state pension age.	
13. A retirement age equal to the state pension age will cause unequal treatment based on age for the participant.	

Answer on question/statement 15:

- | | |
|--|------------|
| a) Both retirement age 65 | 0 out of 7 |
| b) Accrued pension rights 65 and future pension accrual 67 | 5 out of 7 |
| c) Both retirement age 67 | 1 out of 7 |
| d) Another solution, namely:
<i>"accrued pension rights maintain the retirement age of the current pension agreement and future pension accrual with a retirement age equal to the state pension age"</i> | 1 out of 7 |
| e) No opinion / I do not know | 0 out of 7 |

Answer on question/statement 18:

- | | |
|--|------------|
| a) Both retirement age 65 | 0 out of 7 |
| b) Accrued pension rights 65 and future pension accrual 67 | 6 out of 7 |
| c) Both retirement age 67 | 0 out of 7 |
| d) Another solution, namely:
<i>"accrued pension rights maintain the retirement age of the current pension agreement and future pension accrual with a retirement age equal to the state pension age"</i> | 1 out of 7 |
| e) No opinion / I do not know | 0 out of 7 |