Frequently asked questions about the Dutch Future Pensions Act (Wtp) and the Employee Pension

Employers and advisers

General

What kind of pension schemes does a.s.r.'s Employee Pension offer in the new pension system?
For the Employee Pension, a.s.r offers the 'Flexible Contribution Scheme' and the 'Contributory Benefit Scheme'.

What is the main difference between the Flexible Contribution Scheme (*Flexibele premieregeling*) and the Contributory Benefit Scheme (*Premie-uitkeringsregeling*)
The difference between these two schemes concerns the option to purchase a guaranteed pension during accrual. This option is not available in a Flexible Contribution Scheme. Under the Wtp, this interim pension purchase (from the contribution or accrued value) can start 15 years before a participant reaches the age at which they are entitled to state pension.

What will change with the introduction of the Future Pensions Act?
Generally speaking, four things will change with the introduction of the new pension system:
- From then on, pension accrual can only take place on a defined contribution (DC) basis; Here, the amount of the pension is not fixed in advance and is partly determined by investment returns;
- The pension contribution will no longer be age-related (also known as flat contribution);
- Surviving dependants' pension on death before the retirement date will be a percentage of the employee's salary, regardless of how long they have been employed;
- From 1 January 2024, the joining age will be reduced to 18 years. **Please note:** This change will apply regardless of whether the pension scheme has already been adapted to the Wtp or not.

Where can I find up-to-date information on the Future Pensions Act?
If you need more information about new pension system and a.s.r., visit our page for employers www.asr.nl/zakelijk/inkomen-en-pensioen/pensioenakkoord/voor-werkgevers. And our page for advisers: www.asr.nl/zakelijk/inkomen-en-pensioen/pensioenakkoord/voor-adviseurs.

If you need more general information on the new pension system, visit the website of SZW www.werkenaanonspensioen.nl. Your employees can find more information at www.pensioenduidelijkheid.nl.

When can I adapt my pension scheme in the Employees' Pension to the Future Pensions Act?
We expect you will be able to amend your existing pension scheme from the beginning of 2024. You will be informed as soon as this is possible.

When does my pension scheme have to be converted to a pension scheme based on the Future Pensions Act?
You can choose when to convert your pension scheme. However, your pension scheme must be changed by 1 January 2028. If your pension scheme has an end date, the date on which it expires may be a good time to convert your pension scheme. But this can also be done earlier.

Can I still extend my DB scheme now?
No, this is not possible. Your DB (average pay) pension scheme can theoretically continue until 1 January 2028. At a.s.r., you can no longer arrange new average pay schemes. And you cannot renew your existing average pay schemes either.

Can I keep the age-independent contribution for existing employees if I switch from a DB scheme to a DC scheme?
Yes, this is still possible. It is even possible for new employees! The condition is that the scheme is converted within the current tax framework. In any case, your pension scheme must be brought in line with the Wtp before 1 January 2028.

The Future Pensions Act came into force on 1 July 2023. Do the new rules already apply to my new employees?
You can still register new employees in your existing scheme as usual under current legislation.
This can be done in either an average pay scheme or a contribution scheme. When you change your pension scheme is your decision as the employer, although this must be before 1 January 2028. At the time you decide to switch to the new pension system (before 1 January 2028), you will have to adjust your scheme accordingly.

My pension scheme now offers the option of converting the contribution into a guaranteed pension. Is this also possible in the new pension system?
In your current contribution scheme, your employees may in the interim have their contributions converted into a guaranteed pension. When switching to the new pension scheme, these accrued pension entitlements will remain in place and remain paid-up.
In the new pension system, with a contributory benefit agreement, your employees will have the choice of converting the contribution and/or the accrued value into an insured deferred retirement and partner's pension from 15 years before their state pension age.

Defined contribution

What choices do I have when I change my pension scheme?
You have the following options:
Option 1: Move to Wtp scheme with flat contribution for all and compensation
Many employers have age-related contributions in their pension scheme. The older an employee is, the higher the contribution rate, the more the employee pays in. You can choose to move to a flat contribution for all employees. The contribution rate for pension accrual will from then on be the same for everyone (flat contribution).
Existing employees may accrue less pension by moving to a pension scheme with a flat contribution. It may be necessary to compensate these employees to prevent this. This compensation can be included in the pension scheme. A higher contribution limit for tax purposes will then apply. Compensation can also take place outside the pension scheme, for instance in the form of additional salary.
Option 2: Move to Wtp scheme with non-retroactive effect
For existing employees, you can also opt for a non-retroactive effect for the current age-related contribution (the increasing graduated scale). This will create a scheme with a flat contribution for future employees and a scheme with the age-related graduated scale for existing employees.

What are 'existing participants'?
Existing participants are employees in your service at the time of the transition to the new pension system who are accruing pension in your pension scheme.

What is a flat contribution?
The contribution for pension accrual will not be age-related in the new pension system. In other words, a flat contribution (also known as a flat rate). With a flat contribution, the same contribution rate applies to everyone. So a person’s age will no longer be relevant.

Many employers have age-related contributions in their current pension scheme. In other words, a increasing contribution. The older you are, the higher the contribution rate and the more is paid in.

How much is the flat contribution?
For new employees, the flat contribution will be a maximum of 30% of pensionable earnings. The Wtp allows for periodic adjustments to the maximum contribution limit for tax purposes.

What is non-retroactive effect?
If your pension scheme currently features an age-related contribution, you can choose to keep this age-related contribution (increasing graduated scale) for employees in service at the time of the transition to the new pension system. This means you have opted for the non-retroactive effect. This is possible as long as the contribution rate remains below the 30% tax ceiling. This age-related contribution will continue to apply until the last existing employee becomes inactive. New employees will be subject to the flat contribution rate after the transition to the new pension system.

The contribution graduated scale in my pension scheme does not comply with the rules applicable after 2028. Do I have to adjust it to a flat contribution now?
No, this is not necessary. You can keep the age-related contribution until 1 January 2028, as long as it continues to comply with current legislation. You can then apply the non-retroactive effect from 1 January 2028.

With the non-retroactive effect, age-related contributions will continue for employees in service at the time of transition to the new pension system. This is possible as long as the contribution rates remain below the 30% tax ceiling. New employees will be subject to the flat contribution rate after the transition to the new pension system.

Can a new employee still be included in the current pension scheme with an age-related contribution?
Yes, this is possible. The Future Pensions Act has taken effect, but you can still enrol new employees in your current pension scheme based on current legislation. This applies to both DB and DC schemes.

By 1 January 2028, your pension scheme has to be converted to a new pension scheme based on the Wtp. Here, you can seek help from your pension adviser.

I already have a pension scheme with a flat contribution. Will the contribution remain the same?
If you already have a pension scheme with a flat contribution rate, there is no need to adjust the contribution rate if it is lower than 30%. This is of course possible. You agree the level of the contribution rate with the works council (WC) or other employee representation. The flat contribution may be up to 30% of pensionable earnings. This tax ceiling may be adjusted periodically.

I have heard that the contribution rate is higher for young people with a flat contribution. Is that correct?
The legislator assumes that, as an employer, you want your employees to accrue more or less equal pensions. If you have a pension scheme with an age-related contribution and are moving to a flat contribution, the contribution rate will usually be higher for young people and lower for older people.

With my pension scheme with the current age-related contribution, can I still switch to another insurer?
Yes, of course. However, restrictions may apply regarding the level of the graduated scale.

Surviving dependants' pension

What will change for surviving dependants' pension?
Surviving dependants' pension will be simpler and clearer. Surviving dependants' pension consists of partner's pension and orphan's pension.

- Surviving dependants' pension on death before the retirement date will be a percentage of the employee's salary, regardless of how long they have been employed;
- The maximum cover will be higher compared to the current tax ceilings:
  - Under the new scheme, the partner's pension can be up to 50% of salary;
  - Orphan's pension may not exceed 20% of salary, except in the case of a 'full orphan', where both their parents are no longer alive. In that case, orphan's pension can be up to 40% of salary. Orphan's pension is subject to a fixed final age of 25 years;
- How surviving dependants' pension is insured will also change. In the new pension system, surviving dependants' pension will be only on a risk basis. This means that surviving dependants' pension is insured only as long as an employee is in service. Once the employee leaves employment, surviving dependants' pension will no longer be insured, except in certain situations.

Will an employee be not properly or sufficiently insured if they are no longer in service and also have not yet retired?
Surviving dependants' pension is insured on a risk basis in case of death before the retirement date. As a result, surviving dependants may not be adequately insured if the employee is neither in service nor retired at the time of their death. To mitigate that risk, a number of additional obligations have been included in the Act:

- After termination of employment, cover for surviving dependants' pension will continue for three (or six) months as standard, so that the employee can find a new job during that time and the risk will thereafter be covered through their new employer. This run-off period will be a maximum of three (or six) months and will expire if the new employment starts earlier;
- If the employee becomes eligible for benefit under the ZW (Sickness Benefits Act) or WW (Unemployment Insurance Act) immediately after the end of their employment, cover for surviving dependants' pension will continue during the following WW or ZW period;
- The employee may themselves continue their surviving dependants' pension, for example if they take a sabbatical or continue to work as a self-employed person. Cover for surviving dependants' pension will however then be paid for out of their accrued pension capital.

Does already accrued surviving dependants' pension remain intact?
Yes, surviving dependants' pension already accrued now will remain intact, also after the change in the pension scheme.

Do I have to commit to partner's pension of 50% of salary or can I choose a lower percentage as well?
Yes, you can. The partner's pension does not necessarily have to be 50% of salary. You can also choose a lower percentage in your pension scheme.

Partner's pension in my current scheme depends on length of service. Does the partner's pension have to be a fixed percentage of salary? Or may this continue to be linked to length of service?
Once you switch to a contribution scheme under the new legislation, you will also have to adjust the surviving dependants' pension. Surviving dependants' pension will then no longer be related to length of service.

Can I still insure an increasing partner's pension?
Yes, this is still possible. This partner's pension will increase after it has come into payment.

If I opt for the non-retroactive effect, can the surviving dependants' pension also remain unchanged?
No, the surviving dependants' pension has to be adapted to the new legislation. This is regardless of whether you choose to apply the non-retroactive effect or not.

What has changed about the definition of 'partner'?
A uniform definition of ‘partner’ has been introduced. A 'partner' is the spouse, registered partner or adult with whom a joint household is maintained. There are still various conditions attached to the term ‘joint household’. A cohabitation contract enacted by a civil-law notary or registration via a cohabitation declaration (with registration at the same address) is sufficient.

Can I still offer Anw pension to my employees?
Besides the surviving dependants' pension, it will still be possible to offer a supplementary Anw pension in the pension scheme. If an employee passes away before their retirement date, their partner will receive this extra pension monthly until they reach their state pension age. You decide whether this option will be included in the pension scheme and whether it will be compulsorily insured for everyone or whether employees can voluntarily opt for supplementary pension.

An employee has accrued a guaranteed partner's pension. Will this then be offset, if as the employer I opt for a partner's pension of 50% of salary?
No. The commitment of the new partner's pension will be in addition to already accrued partner's pension.

Compensation

What is a 'compensation scheme'?
Employees in service at the time of the transition to the new pension system may accrue less pension thereafter due to the flat contribution. You can offer compensation to these employees to prevent this. You can arrange this in the pension scheme, or for instance in the form of additional salary. You make arrangements regarding possible compensation with the works council (WC) or other employee representation and should record these arrangements in your transition plan.

An additional tax allowance of 3% of pensionable earnings applies until 2038. If the defined contribution is less than 30% in your basic scheme, you may also use the remaining amount for compensation.

If I make arrangements for compensation, does this also impose an obligation on new employees?
If you arrange compensation in the pension scheme through additional pension accrual, the compensation will also apply to your new employees.

If compensation is given outside the pension scheme, the pension legislation will not apply. However, you must still comply with the equal treatment rules applying to employment conditions.

You should always record compensation arrangements in the transition plan, whether or not compensation is currently provided for in your pension scheme.

I wish to choose compensation in the form of additional salary. Do I then have to deal with the legal frameworks of pension legislation?
No. If you offer compensation outside the pension scheme, you do not have to deal with the frameworks of pension legislation. But you will have to take account of the frameworks for employment conditions, such as equal treatment provisions. An employee benefits adviser can help you with this.

I wish to choose compensation in the form of additional salary. Is there a maximum term for this, say 10 years?
If compensation is in the form of additional salary, there is no maximum term.

Suppose our WC does not agree to the compensation scheme. What then?
Any change to the pension scheme is a change to the employment conditions. This is something you and your employees need to work out together. This means that the rules of employment law will apply as well as the rules of pension law, including the consent of the works council or possible consultation with the trade unions.

Transition plan

What is a transition plan?
The transition plan forms the basis for the transition to a Wtp pension scheme. In this plan, you include all choices, considerations and calculations, when transitioning to the new scheme. The plan should make it clear that the choices have been made responsibly and in a balanced way.

Is it mandatory to prepare a transition plan?
You are required to draw up a transition plan, unless you choose the non-retroactive option. However, a transition plan may be useful even if you choose the non-retroactive option. Your adviser can help you formulate a transition plan.

What elements should a transition plan include?
A transition plan consists of the following elements:
- General information. Contact details, parties involved, starting position and the timing of the transition to a new pension scheme;
- Contract selection and the structure of the pension scheme. The reasons for the choice of contract and an overview of the features of the current and new pension schemes;
- The principles and objectives of the transition: An explanation of the principles and objectives for a balanced transition;
- Balanced transition: Insight into the effects of the transition and justification of the overall balance of the choices made. How the accrued pensions will be dealt with. Overview of the effects for each age group. Agreements on compensation.

Is there a standard transition plan or template available?
Yes, a format for the transition plan has been prepared for employers who have transferred their scheme to an insurer or IORP (PPI in Dutch), or are planning to transfer their scheme to such an institution. The format for the transition plan can be found at www.werkenaanonspensioen.nl/onderwerpen/transitieplan-regeling-bij-een-verzekeraar-ppi.

By when does the transition plan have to be ready?
Preparations are needed for the administration of your new pension scheme. After you have formulated your transition plan, you will make agreements with a.s.r. on that basis. We can then start preparing for the administration of your pension scheme. If your new pension scheme has to start by 1 January 2028, you must submit the transition plan to us by 1 October 2027.

Why do I need to discuss pension plan changes with my employees?
Any change to the pension scheme is a change to the employment conditions. The design of the transition plan can support you in the discussions on employment conditions and on the process of transition to a new pension scheme with your works council or other employee representation.

In the final transition plan, you will record what you have agreed with your employees about adjusting the pension agreement. Once the transition plan is ready, we can start preparations for the administration of your new pension scheme.

How can my pensions adviser help me transition to a new pension scheme?
An adviser can provide insight in a report on the impact of different options on the contribution, cost and attainable pension for your current and future employees. You can use the data and calculations from this directly in your transition plan.