

## Stichting Pensioenfonds TNO

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### Date

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### Subject:

Accrual of your partner's pension

Dear Mr/Ms ,

We have written this letter to inform you of an amendment to the pension regulations. These amendments, which came into effect on 1 April 2010, relate to:

- a. the introduction of the accrual of the partner's pension;
- b. the expiry of the extra 0.5% old-age pension;
- c. the conversion of the accrued extra old-age pension between the period from 1 January 2002 to 1 April 2010 into a partner's pension.

These amendments were implemented in agreement with the employer and the TNO Corporate Works Council. The TNO pension fund participants' council also issued a favourable opinion on the amended pension regulations.

An announcement of these amendments was published in the TNO *Pensioenkrant* of November 2010. This letter contains a further explanation of the general implications of these amendments and the consequences for you. Details of the conversion of your pension entitlements are enclosed in the appendix.

### Firstly, what is a partner's pension?

The partner's pension is a pension paid to the partner, where relevant, of a participant or former participant in the pension fund or pensioner on the latter's death.

### What arrangements had been made for the partner's pension?

Until 2002, the partner's pension was automatically set to 70% of the old-age pension. The accrual of the partner's pension was terminated in 2002, due to a statutory requirement for a conversion option. At the time the pension fund opted for an extra old-age pension that the participants could, if they so wished, convert into a partner's pension on terminating their employment with TNO, their divorce (the termination of the relationship with their partner) or retirement. The pension fund formed a provision to finance a monthly partner's pension benefit for the dependants of employees, where relevant, who died while they were employed by TNO.

### Unintended effect

Increasing life expectancies are resulting in an unexpected effect: the cost of old-age pensions is increasing and the cost of partner's pensions is decreasing. As a result, the amount of the extra old-age pension accrued for the partner's pension exceeds the amount needed to purchase a partner's pension equal to approximately 70% of the old-age pension. This in turn continually increases the cost of the total pension.

### **What is the new situation?**

On 1 April 2010, the extra old-age pension you had accrued was converted into a partner's pension equal to 70% of your old-age pension.

The total extra old-age pension you had accrued was not required to achieve this 70% old-age pension and, consequently, the surplus extra old-age pension has been rearranged to set the partner's pension to 70% of your old-age pension. As a result, your old-age pension and partner's pension have been increased by an additional amount on 1 April 2010.

The partner's pension will be accrued in the manner applicable prior to 2002 and will automatically be maintained at 70% of the old-age pension. As a result, the accrual of the extra old-age pension will lapse, since this no longer needs to be converted into a partner's pension. However, pursuant to the Pension Act, you are offered an opportunity to convert the partner's pension accrued from 1 January 2002 into an extra old-age pension on your retirement, although we wish to draw your attention to the fact that future further increases in life expectancies will reduce the amount of the additional old-age pension resulting from the conversion of the partner's pension. The partner's pension accrued until 1 January 2002 cannot be converted into a higher old-age pension.

This conversion option is of importance to single participants, but may also be of importance to participants who are married or are cohabiting. Why? Because, for example, when you and your partner have both accrued a good old-age pension and the partner's pension is not really necessary after your death, then conversion of the partner's pension will increase your lifelong old-age pension.

### **Death during employment**

Should you die during your employment, the partner's pension will be increased to 80% of your old-age pension entitlement until your partner attains the age of 65.

### **Your Uniform Pension Statement**

The pension fund issues you an annual pension statement. The pension statement you will receive for 2010, in 2011, will no longer include the accrued and total extra old-age pension on your retirement. You will receive your Uniform Pension Statement at the end of the first quarter of 2011.

### **Pension register ([mijnpensioenoverzicht.nl](http://mijnpensioenoverzicht.nl)) and the fund's pension planner**

We have also implemented the aforementioned amendment in the pension register. Our pension planner has yet to be amended: this will be completed in the first quarter of 2011.

### **Do you object or have a complaint?**

The Stichting Pensioenfonds TNO has implemented a complaints procedure. If you wish to lodge an objection, please contact the Board of the Stichting Pensioenfonds TNO, pursuant to the internal complaint and dispute regulations. These regulations are available on the Stichting Pensioenfonds TNO website: you can also download a copy if you so wish. Please note that Stichting Pensioenfonds TNO must receive your notice of objection by no later than six weeks after the date of this letter (i.e. *before* 1 March 2011).

### **Do you have any questions?**

Do you have any questions after reading this letter? If so, we will be pleased to help you. We kindly request you to begin by consulting our website, since the answer to your question (in Dutch) may be listed on our website, [www.pensioenfondstno.nl](http://www.pensioenfondstno.nl). If your question is not listed then you are welcome to send us an e-mail with your question. Our e-mail address is [pensioenloket@sp.tno.nl](mailto:pensioenloket@sp.tno.nl). Obviously, you can also contact us with your question by letter.

Yours sincerely,

Stichting Pensioenfonds TNO

### **Disclaimer**

This letter has been prepared with care and is based on the information known to us and the prevailing pension regulations. The pension regulations are determinative. You can request a copy of these pension regulations from us or download a copy from [www.pensioenfondstno.nl](http://www.pensioenfondstno.nl) (under *Documenten*). Stichting Pensioenfonds TNO is entitled to amend the pension regulations. Any such amendments may result in changes in the amounts. The amounts can also change for other reasons, such as changes in the calculation factors or indexation.

## Conversion of your entitlements

## Appendix

Pursuant to the amendment of the pension regulations, your entitlements to an old-age pension, extra old-age pension and partner's pension have been converted into an old-age pension and partner's pension *equal to the same total* on 1 April 2010, at the ratio of 100 : 70. As a result, your old-age pension on 1 April 2010 may now be higher than was formerly the case due to a surplus extra old-age pension.

### What information was used to convert the pension entitlements on 1 April 2010?

Date of entering employment		1 January 1988
Fulltime percentage		100.00%
Fulltime pensionable salary		€98,460.00
Fulltime salary disregarded when calculating the pension contribution		€13,446.00
Net pensionable salary		€85,014.00
Participation years		28.16667
Accrual percentage, old-age pension:	until 1-1-2002	1.75%
	from 1-1-2002 until 1-4-2010	1.75% + 0.5%
	from 1-4-2010	1.75%
Accrual percentage, partner's pension:	until 1-1-2002	70%
	from 1-4-2010	70%

### These are gross amounts per annum

On 31 March 2010, your accrued extra old-age pension amounted to €3,385.14. This extra old-age pension was converted into a partner's pension using the calculation factor of 3.557<sup>1</sup> prevailing at the time of the conversion. This factor is applicable to your age on the date of conversion. As a result of this conversion your extra old-age pension is no longer listed in the following statement.

The following statement lists your former and new accrued entitlements. This statement does not include the pension entitlements you can attain when you continue to work until your retirement date. These figures will be included in your Uniform Pension Statement at 31 December 2010.

<i>Old-age pension</i>	Entitlement accrued on 31 March 2010, before conversion	Entitlement accrued on 1 April 2010, after conversion
<b>Your total old-age pension</b>	€40,195.48	€41,075.77

70%

<i>Partner's pension<sup>2</sup></i>	Entitlement accrued on 31 March 2010, before conversion	Entitlement accrued on 1 April 2010, after conversion
Partner's pension until 1-1-2002	€19,843.28	€19,843.28
Partner's pension from 1-1-2002	€ 0.00	€ 8,909.76
<b>Total partner's pension</b>	€19,843.28	€28,753.04

**All the aforementioned benefits are gross annual amounts paid from your retirement date or on the commencement of the partner's pension benefit. Contributions and tax must be deducted from these amounts.**

<sup>1</sup> The factors applicable to whole years of age are listed in the appendix to our pension regulations.

<sup>2</sup> This statement does not include the partner's pension insured on a risk basis between 1 January 2002 and 1 April 2010, since this is an insured benefit during your employment and not an accrued pension entitlement.