

The pensions were not increased on 1 January 2011.

Each year, the Pensioenfond TNO endeavours to increase your pension in line with the general structural salary at TNO. The general structural salary rule at TNO as at 1 January 2011 is 1.25%. However, due to the low coverage ratio the pensions were not increased.

The Pensioenfond TNO has not reserved any money or demanded an extra contribution in order to be able to increase your pension in the future. You can expect the increase in your pension in the coming years to be around three quarters of the general structural salary at TNO.

The Pensioenfond TNO uses the investment return to pay for future increases of your pension. The increases in the past and expectations for the coming years do not automatically result in an entitlement to future increases.

During the past three years, your pension has been increased as follows:

- 3.3% for the year 2008 – prices rose by 2.5% that year;
- 0.0% for the year 2009 – prices rose by 1.2% that year;
- 0.0% for the year 2010 – prices rose by approximately 1.2% that year.

Explanation

The increase is conditional. No reserves have been formed for these increases and no contributions are paid. Whether the financial means are sufficient to implement the increase in any given year is decided by the Board on an annual basis. One of the decisive factors in this process is the coverage ratio of the Pensioenfond TNO. The Board uses a graduated policy scale as a guide in that respect. This can be viewed on the pension fund's website: www.pensioenfondstno.nl (in Dutch). If the Board is of the opinion that the coverage ratio of the pension fund is insufficient, the increase will be reduced or will be nil.

Reserve shortfall

The Pensioenfond TNO currently has a shortfall in the coverage ratio due to poor stock market developments and falling interest rates. The coverage ratio is at the end of October 2011 approximately 99%. Please note that this does not affect your nominal gross entitlement or pension payment.

Which steps has the Pension Fund taken?

De Nederlandsche Bank is informed of the shortfall in the coverage ratio. They indicated that in this case the in 2009 approved short-term recovery plan of the Pensioenfond TNO revives. The recovery period of 5 years is again in effect.

The main measures of the short-term recovery plan are applying an additional employer contribution of 2% and no indexing of pensions. The coverage ratio at the end of the year is a deciding factor. Those measures are sufficient to ensure coverage by the end of the five years period back above the required 105% rise.

Further information on developments is always available on our website and in the Pensioenkrant newspaper.
