

Date December 2024  
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Phone number (020) 426 63 10  
Subject **Increase in pensions as of 2025**

Postbus 123, 1180 AC Amstelveen, The Netherlands

Dear participant,

We have good news. Just like last year, the board can increase your pension. As of January 1, 2025, we will increase all pensions by the maximum possible percentage of 1.83% for our fund. The financial position of our pension fund makes this increase in your pension possible.

### **Increasing your pension is important**

After all, prices also rise every year. This year the price increase was 3.5%. If the pension increases with the prices, your pension will remain stable in value.

The funding ratio of our fund has decreased slightly in the past year. This was mainly due to developments in the financial markets. Although our fund is still in good shape, due to regulatory rules, there is not enough room to increase pensions by the full 3.5%. The maximum room allowed for an increase is 1.83%, given the funding ratio. This is slightly more than half of the price increase. The increase will take effect on January 1, 2025. Do you want to know more? Then please read the appendix.

### **Future of Nedlloyd Pension Fund**

In the December edition of the PensioenKrant we told you how we see the future of the fund. Read the PensioenKrant to see what this can mean for you. You can also read the PensioenKrant on the website: <https://www.nedlloydpensioenfonds.nl>.

### **For pensioners: impact of taxation**

Your gross pension will therefore be 1.83% higher. But your net pension may increase slightly more or less. This is due to changes in taxation by the government and in the contribution for the Health Insurance Act. You can read this on your benefit specification, which you will receive from us at the end of January 2025.

On behalf of the board, management and employees of NPF, we wish you and all those who are dear to you a healthy and prosperous 2025.

Yours sincerely,

STICHTING NEDLLOYD PENSIOENFONDS

## **Annex**

This annex explains the increase of pensions. This explanation is officially called 'the indexation decision 2025' of Nedlloyd Pensioenfond (NPF).

### **Conditional indexation of the maximum of the general price index**

Pension funds call the increase in pensions 'supplements' or 'indexation'. NPF has a conditional indexation policy. The supplements are conditional, because there is no automatic right to an increase in pensions. No reserve has been created for this indexation and no premium was paid for it. NPF pays these increases out of the return on investment. The pensions can therefore only be increased if our pension fund has achieved good financial results and its financial position allows it, according to the applicable laws and regulations.

### **Every year the board decides on indexation**

This decision is based on:

- the financial position and financial results of NPF. Sufficient capital must be available to be able to also realise the expected price inflation in the future as supplements.
- the increase in prices in the period September 2023 - September 2024. During this period prices in the Netherlands rose by an average of 3.5%.
- the legally required (calculation) rules for indexation. One of those rules is that indexation is only permitted if the so-called 'policy funding ratio' of a pension fund is higher than 110%. This policy funding ratio is the benchmark for the financial health of the pension fund. For NPF, the policy funding ratio at the end of September is used. The policy funding ratio at the end of September 2024 was 119.6%. This means that indexation on January 1, 2025 is legally permitted, as it is above 110%.

Based on the above, the board decides whether the pensions can be increased and by what percentage. The board was able to decide in December to grant 1.83% as a supplement. Although our fund is in good shape, the scope for indexation is limited. This is because of the rules mentioned that we have to comply with. Based on current legislation and regulations, this is the maximum percentage that the board was allowed to decide.

### **Indexation as of the 1st of January 2025**

The indexation will take place on 1 January 2025 and will be granted on accrued pensions and pensions already in payment. The calculations are based on the level of these pensions as of 31 December 2024. Previous increases and forecasts for the coming years do not offer an automatic right to increase in the future. Unfortunately, a possible future discount can also never be ruled out. We expect that we will not have to reduce your pension in the coming years.

### **Expectations for the future**

Since 2020, the Nedlloyd Pension Fund has been a closed fund with relatively older participants. The average age is now just over 70 years. This requires a prudent investment strategy, partly based on the results of the risk preference survey of February 2024. This means that the funding ratio, which determines the scope for indexation, will only be able to increase slowly in the coming years. Therefore, there will probably be insufficient financial room to fully adjust pensions annually to price increases. This also means that it is very unlikely that missed supplements from the past will be able to be made up.