

Summary Transition Plan – active members Final Pay Plan

New law, new pension plan

Much has changed in Dutch society in recent decades. People are becoming older, the ratio of retired to working people is changing. Those who are working are changing jobs more often. The Future Pensions Act (Wet Toekomst Pensioen, Wtp) aims to match this changing society. The basic principle remains that pensions are accrued collectively and financial risks are shared. The Wtp aims to make the system more balanced, flexible, personal and transparent. All Dutch pension schemes must comply with the new legislation no later than January 1, 2028.

How it is being handled at Mars

Mars and the Works Councils agreed on the content of the new pension plan in the Transition Plan. They believe the Transition Plan leads to a balanced transition for all stakeholders. The Transition Plan was also submitted to the Mars Seniors Club's hearing committee as part of the statutory right to be heard.

Mars Pension Fund will evaluate the Transition Plan for feasibility and balanced interests before accepting the mandate to implement the new plan. Once that decision is made, the pension fund will let you know.

The planned transition date to the new plan is January 1, 2027.

Choice of solidarity-based plan

The Wtp offers a choice between a solidarity-based plan and a flexible plan. After careful consideration, Mars and the Works Councils chose the solidarity contribution scheme. Such a plan has a collective investment policy and a solidarity reserve, which reduces the risk of lowering pensions and contributes to stable benefits in the years of retirement. The solidarity reserve can help cushion risks that are difficult for an individual member to bear. Such a plan also provides more opportunities for better investment returns.

From pension commitment to contribution plan

With the introduction of the Wtp, only contribution plans are allowed. These are plans in which agreements are made to pay contributions. The pension fund invests that money. In this way you accrue a pension capital that you can convert into a pension benefit on your retirement date.

The current final pay plan works the other way around: in it, agreements are made about the level of pension benefits, and the contribution is adjusted accordingly. Such a plan is no longer allowed. Therefore, the current final pay plan will be replaced by a contribution plan.

Pension at least as good

The objective of the transition is for members to accrue and receive at least the same or a better expected pension in the new plan than they do now. Negative effects due to the transition will be compensated as much as possible. The ambition is also that the new plan should be easy to explain and not unnecessarily complicated.

Pension remains non-contributory for final pay plan members

The new plan has a contribution of 30 percent. If you are currently a member of the final pay plan, the employer will pay the full contribution for the new pension plan, just as it does now.

Partner's pension, orphan's pension and disability

You accrue the pension for your surviving relatives in the current final pay scheme: it grows each year up to the stated goal. That will no longer be allowed, because the new law stipulates that only a pension for your surviving relatives is allowed on a risk basis, similar to an insurance. The insured partner's pension will be 50% of the full pensionable salary, as long as you are in active service with Mars. If you leave Mars, the coverage will continue for 6 months if you do not have a new job. This coverage is independent of age and years of service.

In addition, the partner pension you have accrued until Jan. 1, 2027, remains available to your partner in the event of your passing away while in active service, before the retirement date.

Upon retirement, you can choose to purchase a partner's and/or orphan's pension from your pension capital. Your retirement pension from Mars Pension Fund will then be lower. The same applies now.

The orphan's pension will be 20% of pensionable salary; for full orphans it will be 40%. The maximum age for the orphan's pension is 25 years.

Additional coverage for disability pension remains unchanged.

Personal pension asset capital

The standard approach in the new pension law is that personal pension assets are formed from the total assets of the pension fund. Those personal pension assets consist of all pensions accrued and all pensions to be accrued.

Mars and the Works Councils agree with this approach. By bringing together the already accrued pension and the pension to be accrued in the future in that personal pension pot, you can take full advantage of the benefits of the new system. This mainly concerns the possibilities of increasing pensions earlier and more in the event of positive economic developments. If things are not going well, this will also have a negative effect.

Solidarity reserve as a buffer

However, that negative effect can be limited thanks to the so-called solidarity reserve. This is a joint buffer that can help absorb financial setbacks to keep pension payments more stable.

The solidarity reserve is formed at the start of the transition from the total pension assets.

This is a minimum of 1% and a maximum of 5% of the total pension assets, depending on the funding ratio at the time of the transition on January 1, 2027.

Compensation when needed

To ensure a balanced transition to the new plan for all member groups, Mars and the Works Councils agreed on a compensation arrangement. Active members in the final pay plan are compensated for the guarantees of the current final pay plan that are no longer in place.

These include the employer's top-up obligation, the indexation policy and pension accrual based on the pensionable salary at the end of your career.

This is how the assets are distributed

The total assets of the pension fund are used to ensure a good pension for all members, both now and in the future. In order to distribute that in the best possible way, a distribution key and a priority have been determined. The distribution looks broadly as follows.

- 1 First, it is determined whether the total assets of the pension fund are sufficient to form the personal pension assets in a responsible and balanced manner. In doing so, the members' initial situation at the transition to the new plan must be similar to that in the existing plans. Also, 1% of the total assets are used to form an initial capital for the solidarity reserve.
- 2 Then, first, a portion is used for half of the future indexation of accrued pensions in the final pay plan. In total, this is 75% of the increase in consumer prices, up to a maximum of 3%.
- 3 A next part of the assets is used for the compensation arrangement for active members.
- 4 Next, part of the assets are used for the other half of the future indexation of pensions accrued in the final pay plan.
- 5 After that, the remaining assets are used first to increase the solidarity reserve to the maximum of 5%.
- 6 If any assets remain thereafter, Mars reserves the right to examine the extent to which those assets can flow back into the company. If not, it will be used to further increase individual pension assets.

The funding ratio determines what can be done

How much capital is actually available depends on the funding ratio at the time of transition to the new plan.

- At a funding ratio of 126.8%, there is a financially equivalent situation for all members, with respect to accrued rights. There will also be enough money for half of future indexation, for the compensation agreement and to fill the solidarity reserve with 1% of the total assets. Mars guarantees these goals if there is not enough capital within the fund for conversion to personal pension assets.
- At a funding ratio of 138.5%, there is enough money to meet the first five goals of the distribution (see above) and the solidarity reserve is filled to the maximum.
- Above a funding ratio of 138.5%, there is also money for the sixth goal.
- At this time, the funding ratio at transition is not yet known; the percentages above are based on the 2024 calculations.

What else is changing?

- In the new pension plan, you also accrue pension on additional variable pay components, such as the variable bonus.
- Now you can retire early from age 50. Under the new pension rules, early (part-time) retirement remains possible up to a maximum of 10 years before the state pension date. This means that as of January 1, 2027, you can no longer take your Mars pension (partially) from age 50. This is only allowed from 10 years before the AOW age then known to you.