



Brochure

Retiring on a pension



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Introduction

Retirement on the horizon! Not only is your everyday life about to change. Your finances will be structured differently, too. Instead of wages, you'll be receiving your state and company pension. Before that time arrives, you'll probably have to make some important choices.

This brochure sets out the choices you can make when you retire, and what you need to know about your monthly pension benefit. You will receive your state pension from the Social Insurance Bank (SVB) once you reach the state retirement age and thereafter. PDN also provides you with a supplementary pension.

If you don't want to fully retire, you can also opt for part-time pension. If you would like more information, please see '[Pension alternatives... Part-time pension](#)' on PDN's website.

There are also some changes to tax deductions and health insurance when you retire. This brochure explains these changes in general terms as well.

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Indexation

Indexation ensures that pensions retain their purchasing power. Indexation is also referred to as 'increase.' Indexing pensions annually preserves the purchasing power of a pension, which is something PDN strives to ensure.

However, this depends on the fund's financial situation. For more information, please see the '[Indexation](#)' brochure on our website.



State Retirement Age (AOW)

The Dutch General Old Age Pensions Act (*Algemene Oudersomswet*, AOW) regulates the state retirement pension in the Netherlands and serves as a general starting point for income after the state retirement age. Dutch residents as well as Dutch non-residents who enjoy certain income in the Netherlands are entitled to a state pension.

The state pension starts on the day you reach the state retirement age and is paid out by the Social Insurance Bank. Your state retirement age depends on your year of birth.

More information about the AOW is given at svb.nl. Here you can find your state retirement age and the payment dates of your state pension.



BASIC PENSION SCHEME



Retirement pension

The retirement pension is the pension you receive from the chosen retirement date for as long as you live. You can start the pension at your state retirement age, but also before or after your state retirement age.



Partner's and orphan's pension

A partner's pension for the partner and orphan's pension for the children have also been accrued on the retirement date. For more information, please refer to the ['What happens if...Death and pension'](#) section on the website.

The amount of the retirement pension, partner's pension, and orphan's pension is given in the Uniform Pension Statement (UPS).



Start of retirement pension before state retirement age

The soonest you can receive a pension from PDN is from your 55th birthday. In this case, you have the accrued retirement pension start earlier. This is referred to as 'early retirement.' In that case, the retirement pension will be lower than the retirement pension given in the UPS. This is because you are having the pension paid out over a longer period of time.

If you retire more than five years before the state retirement age, there is a statutory regulation that you must comply with. You must declare that you will no longer perform any paid work after retirement.

This does not apply if you retire at any time within five years before the state retirement age.

If you want the retirement pension to start before the state retirement age, you must **apply for this yourself**. In that case, you must send the 'Retirement Pension Application Form' to PDN no later than three months before the desired pension start date. You can download this form from the PDN website (pdnpensioen.nl).

You will receive an application letter from PDN a few months before the start date. Forms to indicate your individual choices will be enclosed with this letter. You can make choices regarding aspects such as varying the amount of the pension and converting the partner's pension. More information on this is given below.

If PDN has received the necessary documentation from you in time, you will receive the confirmation letter no later than in the month of retirement.

The first pension payment can be expected at the end of the month in which the pension starts.

Please note:

If you have a PPS balance, you can have it converted into a PPS benefit. This is not covered in this brochure. For information on this subject, go to the PDN website and click on 'PPS scheme.'

Start of part-time pension before state retirement age

You can also choose to have part of the accrued pension paid out in advance (part-time pension). In that case, you'll be working less in the years before your full retirement. If you want to reduce your working hours, you should discuss this with your employer. If the employer agrees, you can submit a request to PDN for part-time pension. More information about this is given in the '[Pension alternatives...Part-time pension](#)' section on the PDN website.



Start of retirement pension at state retirement age

Your employment contract ends automatically no later than the date on which you reach the state retirement age. A few months before your state retirement age, you will **automatically** receive an application letter from PDN. Forms to indicate your individual choices will be enclosed with this letter. You can make choices regarding aspects such as varying the amount of your pension and converting the partner's pension. More information on this is given below.

If PDN has received the necessary documentation from you in time, you will receive the confirmation letter no later than in the month of retirement.

The first pension payment can be expected at the end of the month in which the pension starts.

If your state retirement age (in 2021: 66 years and 4 months) is before PDN's pension age (in 2021: 67 years), the retirement pension is brought forward. In that case, the amount of the retirement pension will be lower than the retirement pension stated in the UPS. This is because PDN pays the pension over a longer period.



Start of retirement pension after state retirement age

If, in consultation with the employer, you conclude a new employment contract at your state retirement age, the pension accrual stops. You can then choose to start the pension later than the state retirement age (five years at the latest after the state retirement age). In this case your accrued retirement pension starts later. The pension is referred to as a 'deferred pension.'

If you want the retirement pension to start later than the state retirement age, you must **apply for this yourself**. You will need to send the 'Retirement Pension Application Form' to PDN at least three months before the desired pension start date. You can download this form from the PDN website (pdnpensioen.nl).

You will receive an application letter from PDN a few months before the deferred start date. Forms to indicate your individual choices will be enclosed with this letter. You can make choices regarding aspects such as varying the amount of your pension and converting the partner's pension. More information on this is given below.

If PDN has received the necessary documentation from you in time, you will receive the confirmation letter no later than in the month of retirement.

The first pension payment can be expected at the end of the month in which the pension starts.



Choice: vary the amount of your pension (high/low or low/high)

You can choose to vary the amount of your retirement pension. Your need for income may vary over time from the chosen retirement date. For example, you will not receive a state pension or you will have to pay a mortgage for several years to come. In that case, the period of the benefit is split into two, as it were. For example, the payment in the first period is higher than the payment in the second. This is why this benefit is also referred to as a 'high/low benefit'. The other way around is also possible. The amount of these benefits is based on the accrued pension at the time you retire.



Calculation example high/low benefit

Gerard Ploum has chosen to receive a higher retirement pension from 67 to 70 years. In that case, the lifelong pension will be lower from the age of 70.

Retirement pension reached at 67:	€25,000
Choice for high/low:	
Retirement pension high (115%) from retirement date to the age of 70:	€28,750
Retirement pension lifelong (97%) from the age of 70:	€24,250

All amounts specified are gross per annum. The percentages used are approximate.



Choice: conversion of partner's pension for extra retirement pension

When you retire, you have accrued both your retirement pension and your partner's pension. You can choose to use some of the accrued partner's pension for a higher retirement pension.

If you no longer have a partner, the partner's pension will automatically be converted into an extra retirement pension on the retirement date.

If your partner has sufficient income, you can opt for a full or partial conversion. In that case, the partner must agree to this.

The partner will in that case receive either no or less partner's pension.

If your partner does not have sufficient income, it is inadvisable to convert the partner's pension.

For partners who have not yet reached the state retirement age, the partner's pension may be increased by a temporary partner's pension and/or a supplementary partner's pension up to the partner's state retirement age at the latest. In the event of a full conversion of a partner's pension into a retirement pension, the temporary and supplementary partner's pension will also lapse.

Sample calculation of converting a partner's pension into retirement pension

Situation 1

You retire at 67 and do not have a partner; the partner's pension will automatically be converted into extra retirement pension.

Or

You retire at 67, but do have a partner and convert the full partner's pension into extra retirement pension.

Before conversion	Retirement pension 67 years	€10,000
	Partner's pension	€7,000
After conversion	Retirement pension 67 years	€12,100
	Partner's pension	€0

Situation 2

You retire at 67, have a partner, and want to convert half of your partner's pension.

Before conversion	Retirement pension 67 years	€10,000
	Partner's pension	€7,000
After conversion	Retirement pension 67 years	€11,050
	Partner's pension	€3,500

All amounts specified are gross per annum. The amounts of retirement pension **after** conversion are approximate.

Please note: in the event of a divorce, a former partner may be entitled to a special partner's pension, in which case it is not possible to fully convert the partner's pension.

NET PENSION SCHEME



Net pension payment

The Net Pension Scheme (NPS) is a voluntary scheme in which you accrue net pension capital over the pension salary above the fiscal limit amount. The limit amount is adjusted annually. For more information, please see '[Net Pension Scheme \(NPS\)](#)' on the PDN website

Net pension capital

On your retirement date, you have to choose to use the net pension capital for a fixed net retirement pension (with net partner pension) or a variable net retirement pension (with net partner pension).

If no partner is registered with PDN on the retirement date, you only receive a fixed or variable net retirement pension from the net pension capital.

Fixed net pension payment

If you choose to purchase a fixed net retirement pension, you also purchase a fixed net partner's pension (unless no partner is registered with PDN).

Each year, PDN tries to increase the pensions of pensioners and deferred members in line with price developments. PDN's ability to increase pension depends on the fund's financial position. For more information, please see the 'Indexation' brochure on the website.

When converting the net pension capital into a fixed net retirement pension and a fixed net partner's pension, you pay a surcharge on the purchasing rate, so that the risks of major changes to the benefit are transferred to the pension fund.

Variable net pension payment

If you choose to purchase a variable net retirement pension, you also purchase a variable net partner's pension (unless no partner is registered with PDN). You will also be a member of the group of 'pensioners with a variable pension payment'.

This group shares the results achieved due to returns on investments, changes to market rates and death. Changes to the variable pension payments are based on the annually achieved results. PDN then spreads this result over the five subsequent years. For more information, please see the '[Indexation](#)' brochure.

In extreme circumstances, a variable pension payment can vary by 5% per year. This means that PDN may lower a pension payment of €100 to €95 or increase this payment to €105.

A variable net pension payment is expected to provide a higher pension than a fixed net pension payment. However, if investment results are disappointing or if there is another negative event, the variable net pension payment may be lower than the fixed net pension payment at a given time.

What else should you know when your net retirement pension starts?

The net retirement pension must also start when you have the retirement pension start in the basic pension scheme. The choices you make in the basic scheme ('high/low' or 'low/high' and conversion of partner's pension) also apply (for the most part) to the net retirement pension.

Choices for a fixed net retirement pension

If you opt for a fixed net retirement pension on the retirement date, the same choices apply as those you made in the basic pension scheme.

Choices for a variable net retirement pension

If you opt for a fixed or variable net retirement pension on your retirement date, then the choices you make for the basic pension scheme apply. The application of 'high/low' or 'low/high' is an exception to this, as this is not available in the case of a net retirement pension.



Please note: there are various options to vary 'high/low' or 'low/high' and convert partner's pension. These options are calculated using periodically determined factors. Separate factors apply to the basic pension scheme and the net pension scheme. The Board may adjust these factors annually in response to matters such as changes in the law, interest rates, or different life expectancies. This means that projected calculations made at a certain point in time may turn out differently at another time. This also applies to the projected calculations you have previously made with the pension planner.

Don't be caught by surprise when you retire!

WHAT DO YOU NEED TO CONSIDER?

Payment

Unlike what you may be used to, you will not receive a thirteenth or fourteenth month bonus in addition to the monthly pension benefit. These benefits are already included in the calculation of the monthly benefit. The payment dates for PDN pensions are no later than the 27th of each month. For the current schedule, please click [here](#).

Indexation

If you are not yet retired, you will receive (the financial situation of the fund permitting) a supplement to your accrued pension equal to the general increase in wages under the collective labor agreement. If you are retired, your pension will be adjusted as much as possible in line with price developments. When calculating the supplement, the Fund takes into account the CBS price index 'CPI all households, derived'. As a result, the purchasing power of the pension remains at the same level. This indexation is conditional. This means that the PDN board decides each year whether to add a supplement to the pensions and its level. This is based on the pension fund's financial situation. If the board does not grant indexation in a given year, you may be given 'catch-up indexation' in the years to follow. It is also possible that your pension may be reduced. Both possibilities depend on the fund's financial situation.

Health insurance

The payment of health insurance premiums has also been changed. You pay two types of contribution under the Dutch Healthcare Insurance Act. These are the '*income-dependent contribution*' and the '*nominal premium*'. We deduct the income-related contribution from your pension benefit. You pay the nominal premium yourself to your health



insurer.

The collective health insurance of you (and your co-insured family members) is terminated on termination of your employment contract. On termination of your employment due to retirement, you can still continue to make use of the collective health insurance. This also applies to the surviving relatives who receive a pension from PDN. If you want to continue using the collective health insurance, you must inform Zilveren Kruis Achmea yourself. In that case, the collectivity number you have to specify is 205 256 667.

If you have already receive a payment from PDN (e.g. a PPS payment) when you retire, you do not need to notify Zilveren Kruis Achmea of any changes.

More detailed information about the health insurance can be obtained from Zilveren Kruis Achmea (+31 [0]71 7510052).

With the exception of the nominal premium, you also pay the income-related contribution for health insurance. The income-related contribution is 5.75% (2021) of your pension up to and including a maximum of €58,311 (2021). The maximum annual contribution in 2021 is €3,352.88. PDN deducts this contribution from your monthly payment. If your pension and state pension together exceed €58,311 (2021) a year, you may be paying too much income-related contribution. This is because different agencies calculate the contribution over your

state pension and your pension benefit. If you pay too much as a result, you will be reimbursed with the excess payment later via the Tax and Customs Administration.

Taxes

The pension fund deducts tax from your pension.

Concurrent benefits/income

If you receive other benefits/incomes in addition to your retirement pension, you can only have the wage tax credit applied at one institution. But even in this situation, you may be paying too little tax. This is because the various benefit agencies do not let each other know who deducts what amounts. If you have not paid enough tax, you will receive an additional tax assessment from the Dutch Tax and Customs Authority. Depending on the amount of your pension, this can run up to a considerable sum. An attachment to this brochure explains how a subsequent tax assessment could be applicable and how you can avoid it, at least in part.

Taxes on net pension benefits

No tax deductions are due on net pension benefits in the Netherlands.

If you live abroad, consult the tax authorities in your country of residence or an advisor about possible tax deductions on payment.

Living abroad

Foreign account

If you live abroad, we can transfer your disability pension benefit to a foreign account. The amount is transferred in euros. Within the European Union, banks do not charge any fees for this. This may be different with banks in other countries.

Wage tax

Wage tax is deducted from the pension benefit. You can apply to the Dutch Tax and Customs Administration (Belastingdienst) for exemption from Dutch tax if you live abroad. This will prevent double taxation, i.e. paying tax both in

the Netherlands and in the country in which you are residing.

The application form for this exemption can be found on the website of the Dutch Tax and Customs Administration (belastingdienst.nl). You can fill in this form and send it to the Tax and Customs Administration. If you are entitled to an exemption, the Dutch Tax and Customs Authority will send the original exemption to you and a copy of the exemption to the pension fund. The pension fund will then withhold no income tax and social insurance contributions from your pension.

Citizen Service Number (BSN)

When paying pension benefits, PDN is obligated to include the pensioners' Burgerservicenummer (BSN) in its records. Without this number, we cannot pay out a pension to you. If your passport, identity card, or driver's license was issued in the Netherlands, it will state your BSN. If you do not have a BSN or if you do not know your BSN, you can request it from the Belastingdienst Particulieren / Ondernemingen buitenland, Postbus 2865, 6401 DJ Heerlen.

CAK

The pension fund will also be notified if you still owe a contribution towards your health insurance. In that case, the pension fund will register you with Zorginstituut Nederland (CAK). The CAK determines contributions you pay for your health insurance; this is a fixed contribution and an income-related contribution. You will need to bear in mind that we are instructed by the CAK to deduct these contributions monthly from the disability pension. You will find more information on the [CAK's website](#).

Life certificate (in Dutch: 'attestatie de vita')

At the start of the retirement pension benefit, you must also arrange for an annual form (an 'attestatie de vita') to be completed that shows that you are still alive. You will be notified of this by the pension fund.

Report changes

Even if you are retired, you may have to contact your pension fund. If, for example, your bank account number changes, you must report this. If you live abroad, you will need to report matters to us more often. If you move abroad to a different address, you must let us know. And there are even more things you have to report to PDN. If your marriage, registered partnership, or notarial cohabitation contract ends, we need to know. If you live abroad, you must also arrange for an annual form (an 'attestatie de vita') to be completed that shows that you or your partner are still alive. You will be notified of this by PDN. Of course, it is also important that we are informed if you or your partner dies. This must be reported.

ATTACHMENT: Notes on subsequent income tax assessments

Subsequent income tax assessment, how can that be?

PDN's Pension Desk is regularly called by pensioners with a question about subsequent income tax assessments. How can this be? The most frequently heard comment of callers is: 'Surely a monthly wage tax is deducted from the benefit?'. We explain below how it is possible that despite the deduction via the wage tax, you may receive an additional income tax assessment.

Four aspects play an important role here: wage tax, wage tax credit, income tax return, and the progressive tax system.

Wage tax

This is the tax that is deducted from your salary or benefit.

Wage tax credit

This is the discount on the wage tax payable (the part of your income on which you do not pay tax). If there is an overlapping of benefits, you can only have the wage tax credit applied at one institution.

Income tax return

The total amount of wage tax withheld is reported and checked.

Tax rate

The higher your income, the higher the tax rate. If you choose to have your PDN pension start before your state retirement age, you will be subject to a higher tax rate up to your state retirement age than after it. With the same gross pension, the net part that remains after deductions after your state retirement age is therefore higher. Unlike income tax, wage tax does not take personal circumstances into account. When filing your income tax return, you must declare the total income you have received in a certain year.

At least two sources of income

As a pensioner or surviving relative, you often receive two or more benefits: for example, a benefit from the government and, in addition, a pension from PDN (and possibly other funds). When determining wage tax, no account is taken of the fact that you have multiple incomes. Each benefit agency, including PDN, determines the wage tax independently on the basis of the tax tables. Because of the progressive nature of the tax system, a situation can arise in which you have paid too little wage tax on an annual basis.

Avoiding subsequent tax assessments

How can you avoid being confronted with an additional tax assessment? If the withholding tax is higher or almost equal to the general wage tax credit per year (this depends on your income), you can consider not having the wage tax credit applied by the benefit agencies. In most cases, the payroll tax credit is applied by the government benefit agency. In that case you can ask the SVB not to apply the general tax credit.

The SVB has a useful tool for this purpose on its website. It provides advice on whether it is advisable to apply the wage tax credit. This tool gives an indication, not a definitive outcome. It only takes into account one company pension benefit and 100% state pension. Click [here](#) for the address of this tool.

You can also choose to have PDN deduct more wage tax each month. You can send a written request for this to PDN, Postbus 6500, 6401 JH Heerlen, the Netherlands or by email info.PDN@dsm.com. PDN cannot calculate the adjustment you must make to your tax and social insurance contributions for this purpose. You must personally, or with the assistance of a financial advisor, calculate the adjustment and specify this to PDN, by letter or by email. Another way of avoiding a subsequent tax assessment is to have a provisional assessment by the tax authorities already take into account the fact that the deductions from your pension are too low.

Changing your email address in 'My PDN Pension' on time



If you have forwarded your email address to your employer so that PDN can send you digital mail, then you will have to provide a new email address if you change employer. If you fail to do this, PDN will not be able to send email notifications about mail to your digital inbox in 'My PDN Pension', which is accessible via PDN's website.

Contact



If you have any questions about your pension, you are welcome to visit our website: pdnpensioen.nl or contact our Pension Desk:
phone: +31 (0)45 – 5788100
email: info.PDN@dsm.com

Pension Regulations



Click on the icon for more information about retirement in the pension regulations.

Net pension regulations



Click on the icon for more information about the net pension scheme in the net pension regulations.

Disclaimer

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