Group transfer of accrued benefits

Guidelines for communication to participants

How to support the employer in a group transfer of accrued benefits

An employer is considering a group transfer of accrued benefits to its pension scheme. A group transfer of accrued benefits entails changes in the pension agreement with the employee. This is the reason your client always has to obtain the consent of its current and former employees for a group transfer of accrued benefits. Employees can only make a good choice if they are properly informed about the consequences. The employer plays a very important role in this.

How to proceed

In order for the group transfer of accrued benefits to run smoothly, it is important that all employees are well informed and give their consent. The following steps can help you to ensure this is done using a clear and structured process:

1. **Good preparation is half the battle.**

Ensure good preparation by assembling all the necessary information about the former and new pension schemes. Also prepare a clear explanation of the differences between these schemes and the consequences of the transfer of accrued benefits.

2. **Ensure that communication to current and former employees is clear and effective**

Organise a meeting or send a detailed letter/email to the current and former employees. Explain the advantages and possible disadvantages of the transfer of accrued benefits. Also make sure there is a Q&A session to answer any questions.

3. **Request the current and former employees for their consent**

By sending them a consent form in which they can state their choice. State a clear deadline by which they should return the form. Also provide a contact person who will be available for any questions or help with completing the form.

How to request consent:

Explicit consent

You request each employee or former employee separately to agree to the transfer of accrued benefits in writing. This is known as 'explicit consent'. if there are changes in risks for the employees, the Dutch Central Bank (DNB) considers this to be a complex transfer of accrued benefits. You are then obliged to request explicit consent. You may of course do this in other cases, but you are not obliged to do so. Send a letter to each individual employee, clearly stating the risks and the date when you need the consent form returned. Give the employees at least six weeks of reflection time. The employer can then have the transfer of accrued benefits executed for the employees who have given their consent.

Negative choice

In the case of the negative choice, you give current and former employees the opportunity to object. No objection means consenting to the transfer of accrued benefits. You can use this choice for transfers of accrued benefits that DNB considers to be 'non-complex'. This applies, for example, to the transfer of accrued benefits between comparable pension schemes without any changes in the risks for employees. Write to everyone separately and clearly explain where, when and how they can object to the transfer of accrued benefits. Again, give them at least six weeks to object. The employer can then have the transfer of accrued benefits executed for employees who have not raised an objection.

4. **Perform the necessary follow-up**

In the follow-up, keep track of who has responded and who has not. Send reminders to those who have not yet responded. Then process the responses and inform the current and former employees about the next steps.

This ensures that everyone is well informed and that consent is requested in a structured manner.

The important points:

Preparation

- ✓ Assemble all the necessary information about the former and new pension schemes.
- ✓ Prepare a clear explanation of the differences and consequences of the transfer of accrued benefits.

Communication

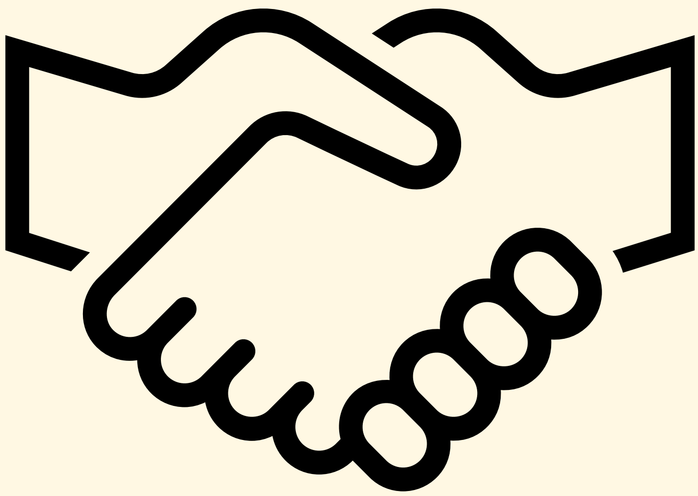
- ✓ Organise a meeting or send a detailed letter/email to the current and former employees.
- ✓ Explain the advantages and possible disadvantages of the transfer of accrued benefits.
- ✓ Organise a Q&A session to answer questions.

Request consent from the employees

- ✓ Send a consent form the current and former employees can use to indicate their choice.
- ✓ State a clear deadline for returning the form.
- ✓ Designate a contact person to deal with any questions or provide assistance with completing the form.

Follow-up actions

- ✓ Keep track of who has and who has not responded.
- ✓ Send reminders to those who have not yet responded.
- ✓ Process the responses and inform the current and former employees about the next steps.



Follow the prescribed communication guidelines

The employer is responsible for providing accurate and complete information to everyone involved in a group transfer of accrued benefits. This includes pensioners, those incapacitated for work, former participants and former partners. The information must comply with the guidelines of the AFM, the Dutch Association of Insurers and a.s.r.'s policy for group transfers of accrued benefits. For more information, see the Group Transfer of Accrued Benefits Protocol at www.verzekeraars.nl.

Sample letters and standard documents

Together with the Dutch Association of Insurers, Adfiz has taken steps to standardise and make the process of group transfer of accrued benefits more efficient. For help with writing letters and other standard documents, see www.adfiz.nl. Here you will find model letters and useful tools to support you in informing the participants.

General guidelines for participant communication

The employer is obliged to inform all participants in writing about an intended group transfer of accrued benefits. As an adviser, you can support the employer in this regard. The most important points for you.

Inform all those involved

Make sure that the participants involved in the transfer of accrued benefits are informed.

Provide relevant information

Provide participants with relevant information and explain the consequences for their pensions.

Request their consent

Participants have to agree to a group transfer of accrued benefits.

- In the case of complex transfers of accrued benefits, you must always request explicit consent by requesting a signature.
- In the case of non-complex transfers of accrued benefits, you can use the negative choice (no objection means consent). You must clearly indicate where, when and how participants can object. When using the negative choice, always send the letter by registered post so that you can prove that the information has reached the right person.

Meet the needs of the participant

Make sure the information is made specific to the participant. For a group transfer of accrued benefits, you only need the participant's consent. The signature of their partner is not required.

Specify a response time

According to the Group Transfer of Accrued Benefits Protocol, participants must be given at least six weeks to respond.

Points of attention in participant communication

The group transfer of accrued benefits has consequences for the pensions of the participants. It is therefore important that participants know:

- Why the employer is requesting a group transfer of accrued benefits.
- The consequences of agreeing or not agreeing to the transfer of accrued benefits.
- Participants may have difficulty in deciding whether to opt for a transfer of accrued benefits or not. So always state that they can request advice from an adviser.
- A transfer of accrued benefits takes a long time to complete.
- This is why we recommend involving participants in the process.

Key points at a glance

Responsibility:

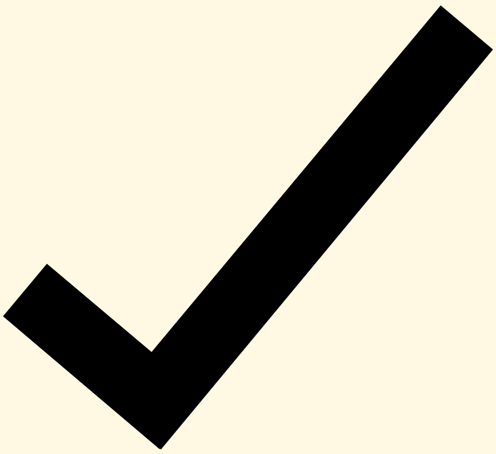
- ✓ The employer must provide correct information to all parties concerned in accordance with the guidelines of the AFM, the Dutch Association of Insurers and a.s.r.

Participant communication:

- ✓ Inform all those involved.
- ✓ Provide relevant information about the pension.
- ✓ Request consent:
  - Complex: signature.
  - Non-complex: negative choice (send by registered mail).
- ✓ Information should be tailored to the needs of the participant.
- ✓ Response time: at least 6 weeks.

Key Information for participants:

- ✓ Reasons for the transfer of accrued benefits.
- ✓ Consequences of consent or not.
- ✓ Seek advice from an adviser.
- ✓ The process is lengthy, so involve the participants.



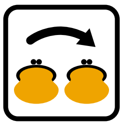
Explain the consequences of the transfer of accrued benefits for the participant

1. Individual consequences of the group transfer of accrued benefits for the participant

Ensure that the participant is able to make an informed decision. It is essential that you include the following information in your letter:
- The name, gender and date of birth of the participant
- The names of the former and the new pension provider
- The transfer date

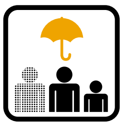
2. State the pension entitlements before and after the group transfer of accrued benefits

Old-age pension and partner's pension



- State the policy numbers of the former and the new pension schemes.
- State the amount of the pension entitlement in the former and the new pension schemes.
- Explain the differences in the type of old-age pension (investments, pension capital or guaranteed benefits).
- State any loss of guarantees in the former pension scheme and the choices for this in the new pension scheme.
- If the pension is based on investments, include a disclaimer in the provisional and final statements to the participant with regard to investment risk and price changes.
- State any difference in the retirement age and the implications of this for the level of the pension. Make sure that numerical overviews are mutually comparable as far as possible.

Partner's and orphan's pension in the event of death before the retirement date



- State the amount of the death cover before and after the transfer of accrued benefits.
- Explain the difference in the type of partner's pension and orphan's pension and what this means for the participant, including the lapse of the death cover after termination of employment or the end of participation.
- State any loss of guarantees in the former pension scheme and whether guarantees are possible in the new pension scheme.
- State any differences in the age of maturity and the conditions for partner's or orphan's pension.

Sickness or full or partial incapacity for work on the transfer date

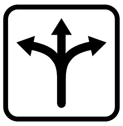
The transfer date is after the end date of the former administration agreement. In the meantime, participants on sick leave may become incapacitated for work. But participants who are sick or incapacitated for work can also recover. So explain what happens to the pension entitlements of:
- participants who are sick on the end date of the former administration agreement and who are still sick or are now incapacitated for work on the transfer date.
- participants who are fully or partially incapacitated for work on the end date of the former administration agreement and who are still (partially or more) incapacitated for work on the transfer date.

3. Choices for participants before and after the transfer of accrued benefits

Investment

- State the possibilities for guarantees in the former and new pension schemes. Also state if any return guarantees lapse.
- Look at how investments have performed against the benchmark over the past period. Compare the investments of both pension providers (for investment-based pensions).
- State the differences in the investment choices, the composition of the investments and the investment results of the former and new pension schemes.

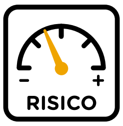
Other choices



- Also state whether it is possible to convert investment capital into guaranteed capital or a guaranteed benefit.
- State the differences in choices that affect the pension result. For example, early or late retirement, high-low pension, conversion, part-time pension or variable pension.

4. Certainty of the participant's pension before and after the transfer of accrued benefits

Risk



- Explain how the certainty of the pension changes from the former pension scheme to the new pension scheme.
- Explain any longevity risk and interest rate risk for the participant of both pension schemes.
- If the transfer of accrued benefits is from or to a pension fund or an APF (general pension fund), state the funding ratio and how this will affect pension curtailments and supplements.

Inflation-proof pension

- Is the pension subject to indexation? If so, give details of how indexation is applied and funded in both pension schemes:
  - Level of ambition
  - Conditions and funding
  - Expectations for the future
  - Indexation in the past 3 years in relation to the ambition
- (if applicable) State the consequences for indexation if the pension is left with the former pension provider.

Costs

You can find this information in the cost statement in layer 3 of Pension 1-2-3.
- State the difference in costs that affect the pension result in the former and new pension schemes.
- (if applicable) Specify the purchase and sale costs as a result of the transfer of accrued benefits.

Other groups of participants

A group transfer of accrued benefits has special and possibly undesirable consequences for participants who are incapacitated for work or on sick leave. Insurers have therefore agreed not to include this group of participants in a group transfer of accrued benefits unless they have fully recovered at the time of the transfer.

Former partners who are entitled to a special partner's pension are savers in the pension scheme. If the employer includes them in the group transfer of accrued benefits, they will receive the same information as the participants and must agree to the transfer of accrued benefits.

Inform the remaining participants, those who are incapacitated for work or on sick leave, and former partners about the possible consequences for them. For example, about agreements on indexation.

Points of attention when transferring to a.s.r.'s Employee Pension

It is important to give the following extra information:
- Invested pension capital
  The transfer value is used as standard in a.s.r.'s Employee Pension for a pension capital based on investments. Participants may opt for guaranteed benefits at a later date (subject to certain conditions). It is important that you point this out to them.
- Gender-neutral rate
  When transferring to the Employee Pension, the transfer value is used in full on the basis of a gender-neutral rate. If all or part of the former pension entitlements have accrued at a gender-dependent rate, make sure that you inform the participant of the consequences of this conversion.

imer guidelines for communication to participants in the event of a group transfer of accrued benefits
The guidelines of ASR Levensverzekering N.V. do not constitute an offer, advice or financial service as defined in the Wft.

Contents
The guidelines can help employers and advisers provide information to current and former participants and other savers about a group transfer of accrued benefits. These guidelines are a tool. a.s.r. strives to update them regularly. The guidelines may however be incorrect or incomplete due to new rules or insights, for example.

Liability
No rights may be derived from the information in these guidelines. ASR Levensverzekering N.V. is not liable for the content of these guidelines or for their use.

Responsibility
The users of these guidelines are responsible for their use, and are themselves responsible for the provision of the mandatory information to current and former participants and other savers.

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