



Checklist for new job and pension

A pension, like your mortgage for example, is no laughing matter - it's important stuff. You need to immerse yourself in your pension details, as you will be saddled with the consequences of wrong decisions for years to come. What do you need to know about your new employer's pension scheme and pension fund? This checklist will help you to ask the right questions - and get the right answers. Print this list and fill it in - it will help you with your decision-making.

1. To which pension administrator is your new employer affiliated?

2. Is this the same pension administrator that your previous employer used?

If it is, you don't need to fill in this checklist. However, it's still a good idea to just make sure that the pension scheme for the new position that you are taking up is the same one. And fill in this checklist again when you start applying for jobs again. If it isn't, fill in the rest of the checklist.

3. Compare the following aspects of your new and previous pension schemes:

	Previous employer	New employer
A. Type of scheme		
Final pay scheme	yes/no	yes/no
Average pay scheme	yes/no	yes/no
Defined contribution scheme	yes/no	yes/no
What is the pensionable age?
AOW * deductible	€	€
Accrual percentage%%
B. Additional provisions		
Is the partner's pension insured on a risk-premium basis?	yes/no	yes/no
Is WIA ** shortfall insurance cover offered?	yes/no	yes/no
Does the scheme allow you to pay in additional contributions at your own expense?	yes/no	yes/no
How high is the disability pension?%%
Is ANW *** shortfall insurance cover offered?	yes/no	yes/no
Additional extras

* AOW = General Old Age Pensions Act

** WIA = Work and Income (Ability to Work) Act

*** ANW = Surviving Dependents Act

C. Individual contribution

Percentage contribution paid by employee%%
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D. Supplementation

Wage index-linked allowance	yes/no	yes/no
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Price index-linked allowance	yes/no	yes/no
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Is the allowance conditional or unconditional?
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E. Fund's financial position

How high is the coverage ratio?%%
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Notes to A: Type of scheme

Final pay schemes (eindloonregelingen) and average pay schemes (middelloonregelingen) are the most common. Both the final pay and average pay schemes are based on a certain total amount i.e. you know the annual sum you will get when you retire. A final pay scheme is your best option if you are thinking of moving further up the career ladder. Note that nowadays more and more pension funds are changing over to average pay schemes. With average pay schemes, the most important thing to consider is the supplementation, i.e. the degree to which the entitlements built up are adjusted each year to allow for wage or price inflation.

The AOW deductible and the accrual percentage are important too. The AOW deductible (the franchise) is that part of the salary on which you do not accrue any pension i.e. it is a type of threshold. This threshold is set because everybody gets an AOW pension (general state pension) from the age of 65 years onwards. The trend here is towards reducing this AOW deductible, and the lower this deductible, the more pension you accrue. The same is true for the accrual percentage, but here, the higher this percentage is, the more pension you accrue.

In the case of the defined contribution schemes (beschikbare premie-regelingen), you know what you are paying in but not how much pension you will receive later. This is because the capital accrued depends on the investment results.

Notes to B: Additional provisions

The trend towards individualisation can be seen with pensions too. For instance, some pension schemes contain a provision for a partner's pension whereas others do not. You need to know which type your scheme is, especially if you are the main breadwinner or sole earner.

Other extras include the WIA shortfall insurance that closes the gap that can arise with the ANW (Surviving Dependents Act) shortfall insurance cover in the case of disability. Find out which extras are offered or ask about them during the job application procedure.

Notes to C: Costs

Naturally it is also important to know how high the pension contribution is, how much your employer contributes and how much you have to pay yourself. These amounts can differ greatly between the various schemes, as can the sums you receive. A scheme that includes various extras is naturally more expensive than a scheme that does not include additional provisions.

Notes to D: Supplementation

It is also important to know which type of supplementation (i.e. index-linking) a pension scheme is offering. Price index-linked supplementation is linked to the price index, whereas wage index-linked supplementation is linked to the wage index. Check out too whether supplementation depends on the fund's financial position and if so, how. Rules regarding catch-up allowances are important too, as if a pension fund is unable to pay an allowance during a financially problematical period, will it still pay it from its reserves if they are sufficiently large?

Notes to E: Financial position

In many cases, the size of the pension contribution and supplementation are related to the fund's financial position. The coverage ratio gives an indication of the financial health of a pension fund.

What is the outcome?

If the outcome of the checklist favourable, that's a nice bonus. Consider transferring the pension that you built up in your previous job to your new pension scheme. Would you be disadvantaged if you did this? If so, bring up this topic when discussing your employment conditions and ask for alternative proposals to be made.

And finally...

The checklist that you have filled in looks at the most important aspects of your pension. However, each individual pension scenario is different, so the outcome of this checklist can only give you a general idea of the state of play. No rights may be derived from these outcomes.

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