

**Date**  
25 March 2019

**Our reference**

**Pension scheme**

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**Subject**  
Decision on indexation

**Handled by**  
Board of Trustees

**Direct line**  
030 - 277 56 40

Please quote date and our  
reference in all correspondence

Toward the end of 2018, we wrote to you about the improved possibilities for indexing your paid-up pension due to our decision to update our indexation policy. Thanks to that decision, and thanks also to a slight improvement in the policy funding ratio in 2018, we can grant you partial indexation on your pension again this year. This letter explains how your pension will be increased, and what we expect the coming years will bring.

### **Your pension to increase by 0.75% on 1 April**

In 2018, Philips Pensioenfond's saw its policy funding ratio rise to 119.8%. This funding ratio allows us to realise 75% of our indexation ambition. Our indexation ambition, like that of almost every other pension fund in the Netherlands, is to raise our pensions by the same rate as the price inflation according to the derived consumer price index<sup>1</sup>. Last year, that index increased by 1%, and so on 1 April 2019 your paid-up pension will be raised by 0.75%.

➔ Visit [www.philipspensioenfond's.nl/indexatiebeleid](http://www.philipspensioenfond's.nl/indexatiebeleid) (in Dutch) to find out more about our indexation policy and how we determine by how much your pension will be raised.

### **Coming years: strong possibility of partial indexation**

Whether indexation is possible, and if so by how much, depends on the financial health of Philips Pensioenfond's, expressed in its policy funding ratio. We pursue an investment policy that is aimed at further improving our policy funding ratio. However, the precise developments depend in part on other factors that are difficult to predict, for example changes in interest rates and prices on the stock markets. For the years ahead, we expect the policy funding ratio to remain high enough, i.e. above 110%, for us to grant partial indexation on your pension. For full indexation, the policy funding ratio will need to improve further, to 123%. We also consider it unlikely that we will be forced to lower your pension during the coming years: only if the policy funding ratio drops below 100% will we look at whether we need to cut your pension.

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<sup>1</sup> The derived consumer price index is published by Statistics Netherlands (CBS). The indexation decision for 2019 is based on the movements in this index from January 2018 to January 2019.

**Interactive dialogue session: 12 June at 3 p.m.**

Following the positive response to last year's dialogue session, we will be hosting a second interactive dialogue session that can be followed online. During that session, members of the Board of Trustees will talk about recent developments at Philips Pensioenfond. You will also have the opportunity to ask questions, including of course about how your pension is indexed. If you miss the live session, you can watch a recording on our website.

→ Visit [www.philipspensioenfond.nl/dialogo](http://www.philipspensioenfond.nl/dialogo) to sign up for the interactive session.

**Non-contributory pension: updated to reflect new legal default retirement age**

In the past, you built up pension rights with us. As you no longer work for Philips/Signify, your pension was converted into a 'non-contributory policy'. You received that policy when your employment ended. It shows how much pension we will pay you, and what the default retirement age is for that pension. The default retirement age is the age at which your pension becomes available, unless you actively choose to start drawing your pension at a different age. If you worked for Philips/Signify before 2018, the pension rights that you accrued carry default retirement ages lower than 68 (which is now the legal default retirement age). You might also have built up a temporary pension.

This year, your non-contributory pension rights will be updated to reflect the new default retirement age of 68. This change will happen automatically; if you have accrued survivor's pension rights, they will not be affected. This update will be reflected in the Uniform Pension Overview that you will receive later this year. We will also send you a detailed explanation of your Uniform Pension Overview and the changes that have been made. We emphasise that the changes will not cause your pension rights to lose any value, and that you can still start drawing your pension at another age if you want.

→ To find out more now about how your pension rights will be recalculated, visit [www.philipspensioenfond.nl/68jaar](http://www.philipspensioenfond.nl/68jaar)

**Further information**

We will continue to provide updates about the latest developments this year, for example in our digital newsletter *Gener@ties*. To subscribe to our newsletter, visit [www.philipspensioenfond.nl/mijnppf](http://www.philipspensioenfond.nl/mijnppf) (in Dutch). You can also find monthly updates on the funding ratio on our website ([www.philipspensioenfond.nl/english](http://www.philipspensioenfond.nl/english)).

I trust that this letter provides you with all the information you need for the present.

With kind regards,  
Stichting Philips Pensioenfond  
On behalf of the Board of Trustees



Roel Wijmenga  
Chairman