



# Brochure

# Indexation



# Indexation

## Why indexation?

Indexation is a way of ensuring that pensions retain their purchasing power. Indexation is also referred to as 'increase'. The purchasing power of a pension is maintained by increasing pensions over time.



Without indexation, the value of the pension would go down. After all, prices rise almost every year by one or a few percentage points (inflation). If prices rise by 2% a year for ten years and your pension remains the same, your pension will lose more than 20% of its purchasing power in that time.

## Indexation paid from return on pension investments

The pension contributions that have always been paid for your pension are not enough to pay higher pensions every year. SPF can only index pensions if there is a sufficient return on the pension investment and 'money in the pot'. Whether there is sufficient 'money in the pot' is partly determined by legislation and regulations.

The pension funds are invested in shares or bonds, for instance. The money the fund earns from this can be used to increase pensions in order to maintain purchasing power as much as possible.

For more information on investments: see ['investment policy'](#) on the SPF website.

## Members and deferred members

Members are employees who are accruing a pension under SPF's pension scheme. Deferred members are former employees who are no longer accruing pension under SPF's pension scheme.



## Indexation not only for pensioners

Indexation is not only important for pensioners already receiving a pension, but also for members who are still accruing pension and deferred members who have accrued pension.

## Indexation is conditional

Indexation is granted 'conditionally'. This means that it is only granted if a number of conditions are met. One of these conditions is that the funding level is high enough.

The funding level indicates whether the fund has enough 'money in the pot' to meet all its current and future pension commitments.

Each year, SPF's board decides whether to grant indexation on pensions. It is therefore not possible to say with any certainty beforehand whether the Board will index the pensions in a given year and by how much.

SPF can also decide to apply a curtailment. In that case SPF will reduce the pensions.

## When is indexation granted?

The fund's Board decides on indexation, mainly on the basis of the policy funding level (statutory provision). The policy funding level is the average funding level over the past twelve months. The Board decides on the indexation on the basis of the following rules:

### Policy funding level lower than 110% on December 31:

No indexation granted. If the policy funding level is too low, pensions may even be reduced. This reduction can be spread over several years.

### Policy funding level higher than approx. 132% on December 31:

The accrued pension of members can be increased by the general wage increase at SABIC.

The pension of pensioners and deferred members may be increased in line with the price increase.

For more information about the funding level, see '[Funding level, returns and other financial figures](#)' on the website.

## When will a curtailment apply?

The fund's Board decides on curtailments annually (reduction of the pensions). In accordance with the Pensions Act, a pension fund must reduce the accrued pension entitlements if a fund does not satisfy the Recovery Plan. The critical funding level is the minimum funding level needed to recover without introducing a curtailment within the set recovery period. If the funding level on December 31 is lower than the critical funding level, SPF must reduce the pensions.

To date, SPF has not lowered its pension payments.

This brochure contains more detailed information on indexation in the:

- Basic pension scheme
- Net Pension Scheme
- Pre-Pension Scheme

# BASIC PENSION SCHEME

## A. The indexing level for pensioners and deferred members

### Indexing for pensioners and deferred members

- the pension benefits (with the co-insured pension entitlements)
- the PPS benefits
- the pension entitlements of deferred members
- the special partner's pension entitlements and equalized pensions of former partners



Inflation is also important for this group. Statistics Netherlands calculates how much prices have risen each year. The outcome of that calculation is known as the 'Consumer Price Index for all Households, Derived', abbreviated as 'CPI Derived'. The indexing of pensions in a year is no higher than the 'CPI Derived' over the previous year. Each year, SPF tries to increase the pensions of pensioners and deferred members in line with price developments. SPF only decides to grant indexation if the financial resources allow.

### Pension increases over past years

The pensions of pensioners and deferred members will be increased by 3.49% as of 31 December 2023. Price 'rises' in 2023 were -1.98%.

SPF's decision to index was based on the enhanced options provided by legislation; this was possible because of the declaration of intent by social partners to transition to the new pension system. SPF's decision also took into

account the fact that, in 2023, Statistics Netherlands changed the calculation of its yardstick for price increases.

In view of the above, in December 2023, SPF's Board decided on an increase that compensates for price rises over a two-year period (from October 2021 to October 2023: 14.60%). Given the previous increase of 10.73% as of 1 January 2023, this meant an increase of 3.49% as of 31 December 2023. As a result, the full amount over the past two years of 14.60% has been granted.

Over the past years, SPF has increased pensions as follows:

	Indexing	Price increase (in previous year)
<b>2023</b>	14.60%**	14.60%**
<b>2022</b>	3.28%	3.28%
<b>2021</b>	0.00%	1.12%

\* 10.73% as of 1 January 2023 and 3.49% as of 31 December 2023

\*\* Price rises from October 2021 to October 2023



If you belonged to this category both on 1 January 2023 and 31 December 2023, the above percentages applied to you. However, if you were a member on, for example, 1 January 2022 or 1 January 2023, the member category percentages on that date applied, see below.

## B. The indexing level for members

### Indexing for members

- The accrued pensions (including the equalized retirement pension).



SPF pays the future increases in the accrued pensions of members from the return on investment. Each year, SPF tries to increase the accrued pensions of employees who are still accruing pension by indexation equal to the average general wage development at SABIC (SABIC Limburg B.V. + SABIC Innovative Plastics B.V. divided by 2). If SABIC's wages rise as a result of a new collective labor agreement, this constitutes a general wage rise. General wage rises that are not yet definitively adopted at the moment at which the decision regarding indexation is made will be factored into the subsequent year's decision process.

### Pension increases over past years

The accrued pensions were increased by 8.00% as of 31 December 2023. The average increase in wages in 2023 was 8.00%.\*

The decision to index, reached in December 2023 (indexation taking effect on 31 December 2023), is based on enhanced options provided by legislation (Van Dijk motion). Given the previous increase of 4.53% as of 1 January 2023, the full amount over the past two years of 12.89% has been granted.

- \* *Period 2-1-2023 til 1-1-2024:*  
*SABIC Limburg total 8.00%;*  
*SABIC Innovative Plastics B.V. 8.00% at*  
*1-1-2023;*

*The basis for granting indexation as of 1-1-2023 takes into account the wage increase at SABIC Innovative Plastics as of 1-1-2022.*

Over the past years, SPF has increased accrued pensions as follows:

	Indexing	Wage rise (in previous year)
<b>2023</b>	12.89%**	12.89%***
<b>2022</b>	3.91%	3.91%****
<b>2021</b>	0.00%	0.00%*****

\*\* 4,53% per 1 januari 2023 en 8,00% per 31 december 2023

\*\*\* average 2023 (4,53%) and average 2023 (8,00%)

\*\*\*\* average 3,91% (4,04% (SABIC Limburg B.V. and 3,79% SABIC Innovative Plastics B.V.)

\*\*\*\*\* average 0,00% (0,00% SABIC Limburg B.V. and 0,00% SABIC Innovative Plastics B.V.)

If you belonged to this category both on 1 January 2023 and 31 December 2023, the above percentages applied to you. However, if you were a pensioner or deferred member on 31 December 2023, the aforementioned 'pensioners and deferred members' category percentages applied on that date.

This means that, for example, if you were a member on 1 January 2023 and you retired in 2023, your pension would increase by 4,53% (as of 1 Januari 2023) and 3,49% (as of 31 December 2023), totalling 8,18% over the past 2 years.

## Missed indexing can be made up for members, pensioners, and deferred members

SPF can grant catch-up indexation in the basic pension scheme to compensate for indexation not granted in the past. This is done if it has no effect on future indexation and if, in addition, the policy funding level maintains at least the level of the required capital. No more than one fifth of the available capital is used for catch-up indexation. Catch-up indexation is only granted if no or less indexation has actually been granted in the past. The catch-up indexation to be granted is expressed as a percentage of the indexation not granted in the past.

## NET PENSION SCHEME

### I. FIXED BENEFIT

#### A. The indexing level for pensioners and deferred members

##### Indexing for pensioners and deferred members

- the net pension benefits (with the co-insured net pension entitlements)
- the net pension entitlements of deferred members
- the net special partner's pension entitlements and equalized net pensions of former partners.



SPF has increased or reduced your net pension capital each month based on life cycle returns. For an overview of the returns, click [here](#).

For deferred members (who left employment before July 1, 2019), the available net pension capital was converted into fixed net pension (net retirement pension and net partner's pension).

If you retired prior to July 1, 2019 you will receive a fixed net pension payment. If you retired after July 1, 2019, you could decide to convert the pension capital into a fixed or variable net pension payment on the pension date.

If you receive a fixed net pension payment, inflation is important. Statistics Netherlands calculates how much prices have risen each year. The outcome of that calculation is known as the 'Consumer Price Index for all Households, Derived', abbreviated as 'CPI Derived'.



The indexing of pensions in a year is no higher than the 'CPI Derived' over the previous year.

## Pension increases over past years

The pensions of pensioners and deferred members will be increased by 3.49% as of 31 December 2023. Price 'rises' in 2023 were -1.98%.

SPF's decision to index was based on the enhanced options provided by legislation; this was possible because of the declaration of intent by social partners to transition to the new pension system. SPF's decision also took into account the fact that, in 2023, Statistics Netherlands changed the calculation of its yardstick for price increases.

In view of the above, in December 2023, SPF's Board decided on an increase that compensates for price rises over a two-year period (from October 2021 to October 2023: 14.60%). Given the previous increase of 10.73% as of 1 January 2023, this meant an increase of 3.49% as of 31 December 2023. As a result, the full amount over the past two years of 14.60% has been granted.

Over the past years, SPF has increased pensions as follows:

	Indexing	Price increase (in previous year)
<b>2023</b>	14.60%**	14.60%**
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\* 10.73% as of 1 January 2023 and 3.49% as of 31 December 2023

\*\* Price rises from October 2021 to October 2023

If you belonged to this category both on 1 January 2023 and 31 December 2023, the above percentages applied to you. However, if you were a member on, for example, 1 January 2022 or 1 January 2023, the member category percentages on that date applied, see below.

## B. The indexing level for members

### Indexing for members

- The accrued net pensions (partly purchased annually from ten years before pension age) and the equalized net retirement pension.



SPF pays the future increases in the accrued pensions of members from the return on investment.

Until January 1, 2019 members could partially convert the net pension capital into net pension in the ten years prior to the pension age. Each year SPF tries to increase the accrued net pensions with indexing equal to the general wage rises at SABIC. If SABIC's wages rise as a result of a new collective labor agreement, this constitutes a general wage rise.

General wage rises that are not yet definitively adopted at the moment at which the decision regarding indexation is made will be factored into the subsequent year's decision process.

## Pension increases over past years

The accrued pensions were increased by 8.00% as of 31 December 2023. The average increase in wages in 2023 was 8.00%.\*

The decision to index, reached in December 2023 (indexation taking effect on 31 December 2023), is based on enhanced options provided by legislation (Van Dijk motion). Given the previous increase of 4.53% as of 1 January

2023, the full amount over the past two years of 12.89% has been granted.

\* *Period 2-1-2023 til 1-1-2024:  
SABIC Limburg total 8.00%;  
SABIC Innovative Plastics B.V. 8.00% at  
1-1-2023;  
The basis for granting indexation as of  
1-1-2023 takes into account the wage increase  
at SABIC Innovative Plastics as of  
1-1-2022.*

Over the past years, SPF has increased accrued pensions as follows:

	Indexing	Wage rise (in previous year)
<b>2023</b>	12.89%**	12.89%***
<b>2022</b>	3.91%	3.91%****
<b>2021</b>	0.00%	0.00%*****

\*\* 4,53% per 1 januari 2023 en 8,00% per 31 december 2023

\*\*\* average 2023 (4,53%) and average 2023 (8,00%)

\*\*\*\* average 3,91% (4,04% (SABIC Limburg B.V. and 3,79% SABIC Innovative Plastics B.V.)

\*\*\*\*\* average 0,00% (0,00% SABIC Limburg B.V. and 0,00% SABIC Innovative Plastics B.V.)

If you belonged to this category both on 1 January 2023 and 31 December 2023, the above percentages applied to you. However, if you were a pensioner or deferred member on 31 December 2023, the aforementioned 'pensioners and deferred members' category percentages applied on that date.

This means that, for example, if you were a member on 1 January 2023 and you retired in 2023, your pension would increase by 4,53% (as of 1 Januari 2023) and 3,49% (as of 31 December 2023), totalling 8,18% over the past 2 years.

## Missed indexing can be made up for members, pensioners, and deferred members

SPF can grant catch-up indexation in the net pension scheme to compensate for indexation not granted in the past. This is done if it has no effect on future indexation and if, in addition, the policy funding level maintains at least the level of the required capital.

For more information, see also the notes to the basic pension scheme.



## II. VARIABLE PENSION PAYMENT

### A. The indexing level for pensioners

#### Indexing for pensioners

- The variable net retirement pension and joint-insured partner's pension.
- The former partner's variable equalized net retirement pension.
- The former partner's variable special net retirement pension.



If you retired from July 1, 2019 you could decide to convert the pension capital into a fixed or variable net pension payment on the pension date.

If you receive a variable net pension payment, you will join the group of all pensioners who receive a variable net pension payment. Within this group, all results and investment results are shared.

The results achieved in a year form the foundation for the adjustments to all variable net pension payments. SPF then spreads these results out over the following five years.

The results achieved in 2023 amount to -0.07%. As SPF spreads these results out over five years (the period from 2024 to 2028 inclusive), the reduction is 0.02% per year.

#### Adjustment in past years

The result achieved over 2023 was -0.07%, over 2022 +3.96%, over 2021 +11.27% and over 2020 +4.67%. In a nutshell, this means the following:

I Result achieved

	Total result	Adjustment per year
2023	-0.07%	-0.02%
2022	+3.96%	+0.90%
2021	+11.27%	+2.46%
2020	+4,67%	+1,00%

II Adjustment of variable pension

Adjustment	01-01-2021	01-01-2022	01-01-2023	01-01-2024
2023				-0.02%
2022			+0.90%	+0.90%
2021		+2.46%	+2.46%	+2.46%
2020	+1.00%	+1.00%	+1.00%	+1.00%

#### How will the adjustment affect your variable net pension payment?

If your variable net pension payment started in for example 2020, SPF will adjust your payment from January 1, 2024 by +1.00%, +2.46%, +0.90% and -0.02%.

If your variable net pension payment started in 2023, SPF will adjust your payment by -0.02% from 1 January 2024.

The percentage applicable in each year is converted for your own variable net pension benefit into a fixed amount applicable for the 5-year period .

#### What is the effect of spreading out the results?

Results are spread across five years. It may therefore occur that your variable net pension payment still falls in a year in which there was a positive result, due to negative results in previous years. And vice versa, your variable

net pension payment can also increase in a year in which there was a negative result.

**Difference in variable net pension adjustment and remaining pension**

As the adjustment to your variable net pension payment is related to the annual results and investment results of the group, your payment will be adjusted on January 1 of each year. Your remaining pension will only change on January 1 if SPF grants an increase or applies a reduction (curtailment). This depends on the fund's financial situation.



**PRE-PENSION SAVINGS SCHEME**

**The indexing level for on your PPS payment**

If you receive a PPS payment, you can read what indexation means for your PPS benefit under 'Basic Pension Scheme' under A. the amount of the supplement for pensioners and deferred members.

**Return on your PPS balance**

This PPS balance is subject to returns. The level of returns paid annually on the PPS balance depends on the return SPF makes on its investments.

If the return is positive, SPF will increase your PPS balance. If the return is negative, your PPS balance will be protected against negative returns, which means the PPS balance will not reduce. However, positive returns can then only be credited once the cumulative negative returns have been offset by positive returns in the following years.

The annual return (after deduction of investment costs) is given [here](#).

**Example of the sett-off method for negative returns**

	<b>Return SPF</b>	<b>Interest PPS balance</b>
Year 1	- 17.0%	0.0%
Year 2	- 9.0%	0.0%
Year 3	+14.0%	3.1%

The percentage of 3.10% is calculated as follows:

Year 1:  $100\% - 17\% = 83.00\%$   
Year 2:  $83\% \times 109\% = 90.47\%$   
Year 3:  $90.47\% \times 114\% = \mathbf{103.10\%}$

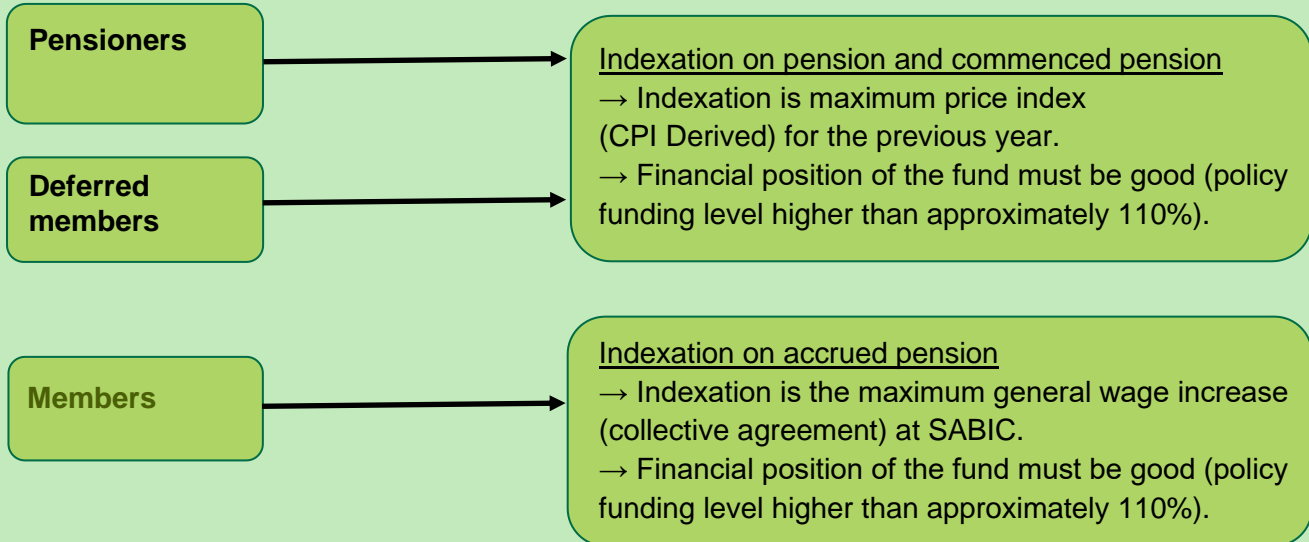
The interest rate of 3.10% applies from July 1 in year 4 to July 1 in year 5.

Indexation at SPF								
Indexation (not for the variable pension)								
In (year)	Over (year)	Pensioners and deferred members			Price increase (CBS – price index ‘CPI not derived’)**	Members		
		% indexation	CPI price increase derived (basis for granting indexation at SPF)	Not granted indexation		% indexation	Average wage increase SABIC (basis for granting of indexation at SPF)	Not granted indexation
2023***	2022 and 2023	14.60%	14.60%***	0.00%	13.86%	12.89%***	12.89%	0.00%
2022	2021	3.28%	3.28%	0.00%	3.42%	3.91%	3.91%	0.00%
2021	2020	0.00%	1.12%	1.12%	1.22%	0.00%	0.00%	0.00%
2020	2019	0.00%	1.73%	1.73%	2.72%	0.00%	3.25%	3.25%
2019	2018	0.41%	1.68%	1.27%	2.10%	0.36%	1.50%	1.14%
2018	2017	0.29%	1.34%	1.05%	1.33%	0.40%	1.85%	1.45%
2017	2016	0.00%	0.36%	0.36%	0.42%	0.00%	1.60%	1.60%
2016	2015	0.00%	0.41%	0.41%	0.63%	0.00%	2.76%*	2.76%
2015	2014	0.00%	0.75%	0.75%	1.05%	0.00%	2.50%	2.50%
2014	2013	0.90%	0.90%	0.00%	1.56%	1.50%	1.50%	0.00%
2013	2012	0.00%	2.03%	2.03%	2.91%	0.00%	1.50%	1.50%
2012	2011	0.00%	2.74%	2.74%	2.94%	0.00%	3.02%**	3.02%
2011	2010	0.00%	1.90%	1.90%	1.97%	0.00%	1.00%	1.00%
2010	2009	0.35%	0.69%	0.34%	0.82%	0.76%	1.51%**	0.75%
	2008	0.72%	1.44%	0.72%	1.93%			3.50%
2009	2008	0.00%				0.00%	3.50%	
Backlog in indexation not granted (incl. indexation over indexation)				15.38%	Backlog in indexation not granted (incl. indexation over indexation)			24.85%
<div>* The wage increases started at different times of the year, so the percentages here are a fraction higher than the general wage increase granted.</div> <div>** These figures are not used by SPF but must be provided at the request of the Netherlands Authority for the Financial Markets.</div> <div>*** Increase in pension as of January 1, 2023 and as of December 31, 2023 based on the price index October 2021 to October 2023 and based on the wage index 2022 and 2023. The indices mentioned are therefore based on a period of 2 years.</div> <div>SPF tries to increase pensioners’ and deferred members’ pensions annually in order to bring these in line with price increases. We also aim to increase members’ pensions to bring these in line with wage increases. This is known as ‘indexation’. However, we can only index if our financial situation is strong enough.</div> <div>SPF pays the future increases in the commenced pensions and accrued pensions of members from the return on investment. As a member, deferred member, or pensioner, you are not immediately entitled to future increases as a result of these increases and the expectations for the coming years.</div> <div>More information about indexation can be found in the SPF basic pension regulations on the website.</div>								

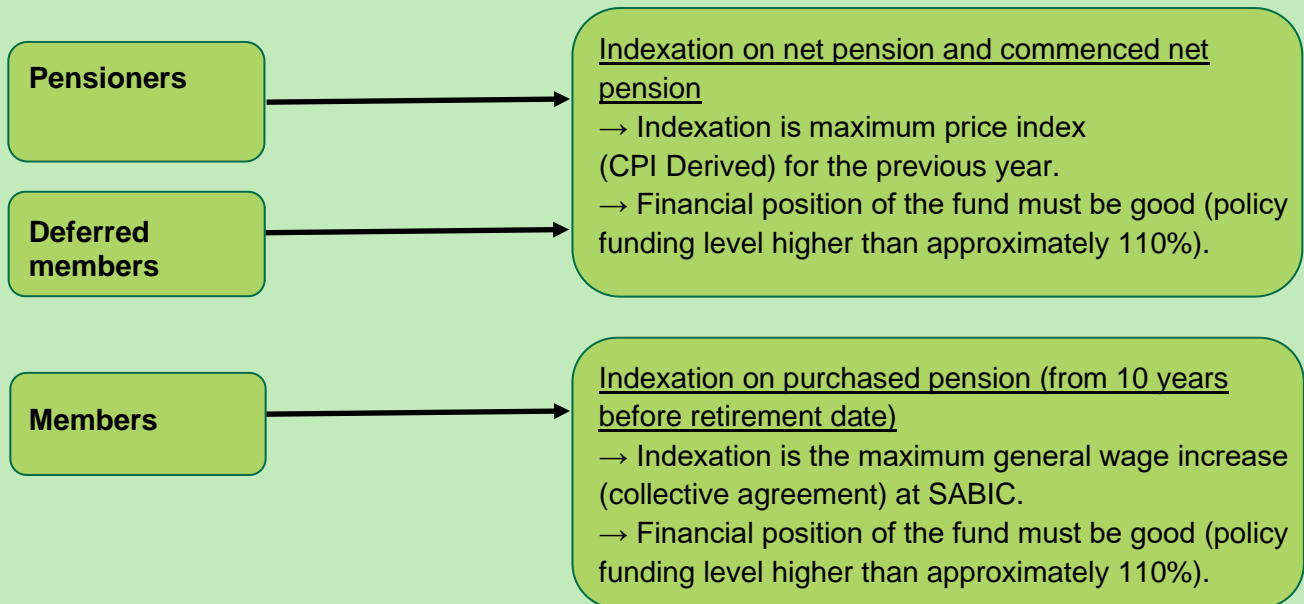
Indexation at SPF								
Indexation (members from the SABIC-IP pension fund)								
In (year)	Over (year)	Pensioners and deferred members			Price increase (CBS – price index ‘CPI not derived’)**	Members		
		% indexation	CPI price increase derived (basis for granting indexation at SPF)	Not granted indexation		% indexation	Average wage increase SABIC (basis for granting of indexation at SPF)	Not granted indexation
2023***	2022 and 2023	14.60%***	14.60%***	0.00%	13.86%***	12.89%***	12.89%	0.00%
2022	2021	3.28%	3.28%	0.00%	3.42%	3.91%	3.91%	0.00%
2021	2020	0.00%	1.12%	1.12%	1.22%	0.00%	0.00%	0.00%
2020	2019	0.00%	1.73%	1.73%	2.72%	0.00%	3.25%	3.25%
2019	2018	0.41%	1.68%	1.27%	2.10%	0.36%	1.50%	1.14%
2018	2017	0.29%	1.34%	1.05%	1.33%	0.40%	1.85%	1.45%
2017	2016	0.00%	0.36%	0.36%	0.42%	0.00%	1.60%	1.60%
2016	2015	0.00%	0.41%	0.41%	0.63%	0.00%	2.76%*	2.76%
2015	2014	0.00%	0.75%	0.75%	1.05%	0.00%	2.50%	2.50%
2014	2013	2.45%	2.45%	0.00% -2.71% (catch-up)	1.56%	0.84%	0.84%	0.00%
2013	2012	0.00%	2.30%	2.30%	2.91%	1.88%	1.88%	0.00%
2012	2011	0.00%	2.71%	2.71%	2.94%	1.35%	1.35%	0.00%
Backlog in indexation not granted (incl. indexation over indexation)				9.34%	Backlog in indexation not granted (incl. indexation over indexation)			13.37%
<div>* The wage increases started at different times of the year, so the percentages here are a fraction higher than the general wage increase granted.</div> <div>** These figures are not used by SPF but must be provided at the request of the Netherlands Authority for the Financial Markets.</div> <div>*** Increase in pension as of January 1, 2023 and as of December 31, 2023 based on the price index October 2021 to October 2023 and based on the wage index 2022 and 2023. The indices mentioned are therefore based on a period of 2 years.</div> <div>SPF tries to increase pensioners' and deferred members' pensions annually in order to bring these in line with price increases. We also aim to increase members' pensions to bring these in line with wage increases. This is known as 'indexation'. However, we can only index if our financial situation is strong enough. SPF pays the future increases in the commenced pensions and accrued pensions of members from the return on investment. As a member, deferred member, or pensioner, you are not immediately entitled to future increases as a result of these increases and the expectations for the coming years. More information about indexation can be found in the SPF basic pension regulations on the website.</div>								

## Overview of conditional indexation

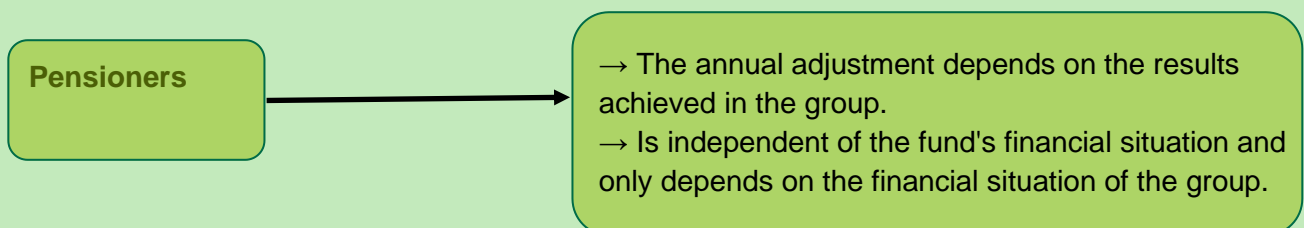
### Basic pension scheme:



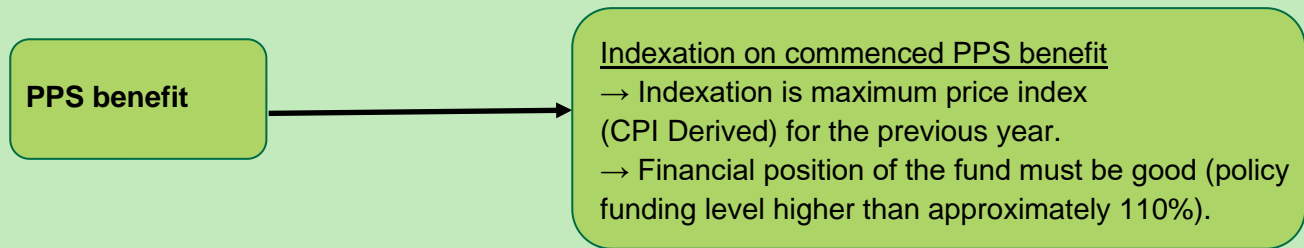
### Net Pension Scheme (fixed):



### Net Pension Scheme (variable):



## Pre-Pension Savings Regulations





## Contact



If you have any questions about your pension, please visit our website: [spf-pensioenen.nl](https://spf-pensioenen.nl)

## Pension Regulations



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

## Net pension regulations



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

## Disclaimer

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