



# The Future of Pensions in the Netherlands

Employer and employee views and preferences

March 2022

## Executive summary

### 1 Need for reform

A clear majority feels that the current pension system needs to be reformed. Almost three quarters of employers believe the reform is needed while more than half of employees also believes so.

### 2 Perceptions

While only 1 in 5 employers think the reform will improve employee perceptions of the pension system, most employees see the different changes (lump sum, flexible contribution and investment options) as positive

### 3 Flexible vs Solidary

Employers with DB arrangements are split between the solidary contract and the flexible contract, whereas employers with DC schemes prefer the flexible contract

### 4 Contributions

One in five employers with a DC scheme expect to move to a flat rate contribution directly while more than half expect to maintain contribution ladders.

### 5 Timeframe

More than half of the employers expect to change their pension plan in 2025 or earlier

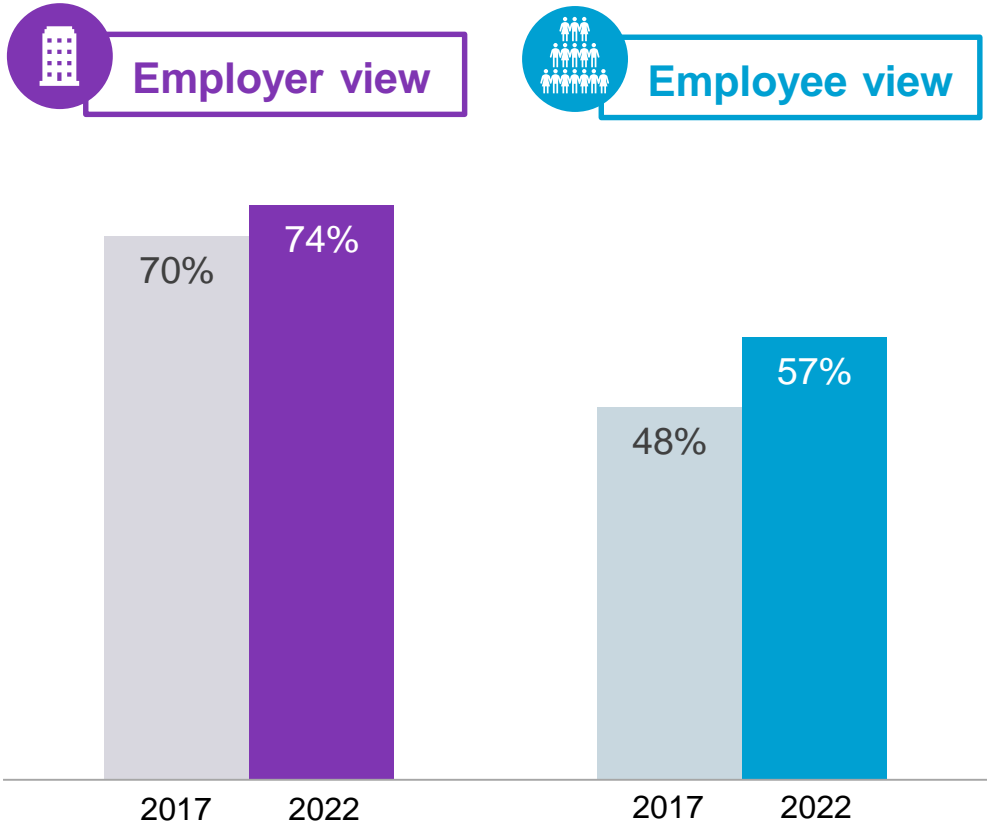
### 6 Side effects of the reform

A quarter of the employers want to use the pension change to introduce more flexible benefits

# Views on pension reform

# Both employers and employee see the need for the current pension system to be reformed

**The current pension system needs to be reformed**  
*(% agree or strongly agree)*

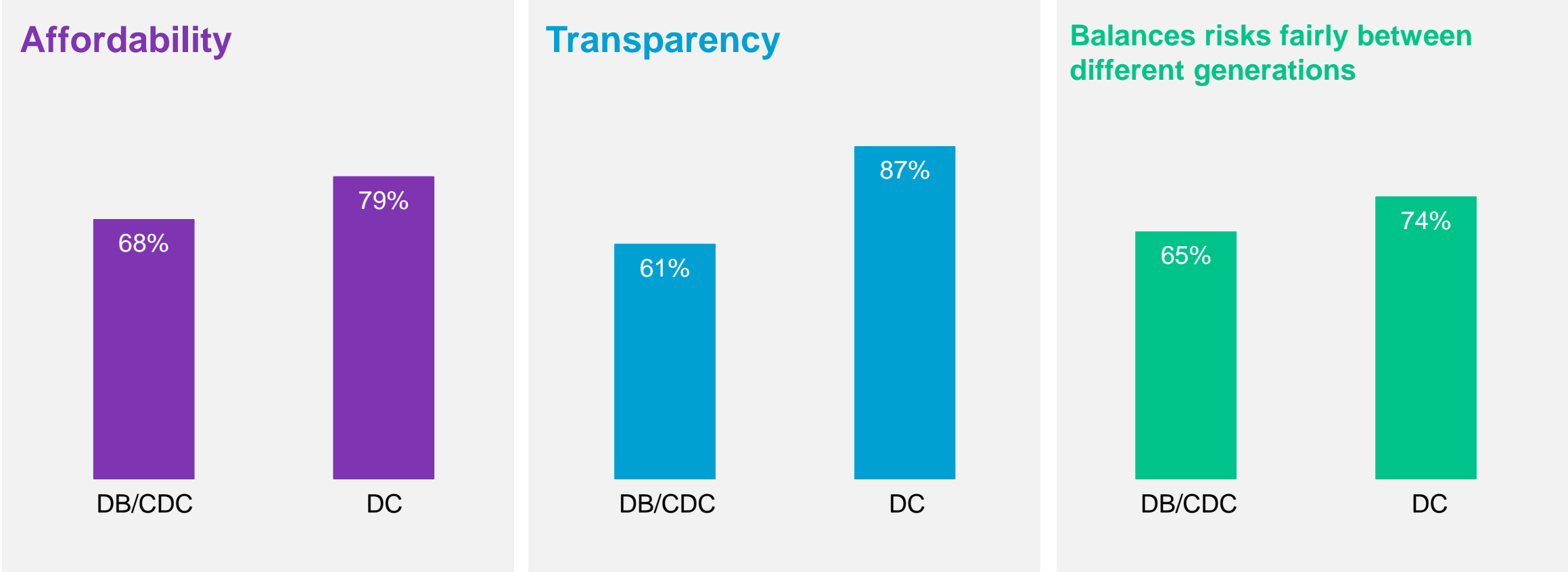


Source: 2017, 2022 Future of Pension Survey & 2022 Global Benefits Attitudes Survey, Netherlands

# Employers with DC plans are more likely to believe that the current pension system needs to be reformed, particularly regarding transparency

Do you think the current pension system needs to be reformed ...

(% agree or strongly agree)



Source: 2022 Future of Pension Survey

# Most employers believe the new system will improve sustainability and fairness

But only 1 in 5 employers think reform will improve employee perceptions of the pension system

Thinking about the transition to the new pension system

## Sustainability



Reforms will improve long-term sustainability of the pension system in the Netherlands

## Fairness



Reform will improve fairness of the pension system

## Engagement



Employees will be much more engaged with their retirement saving

## Perceptions



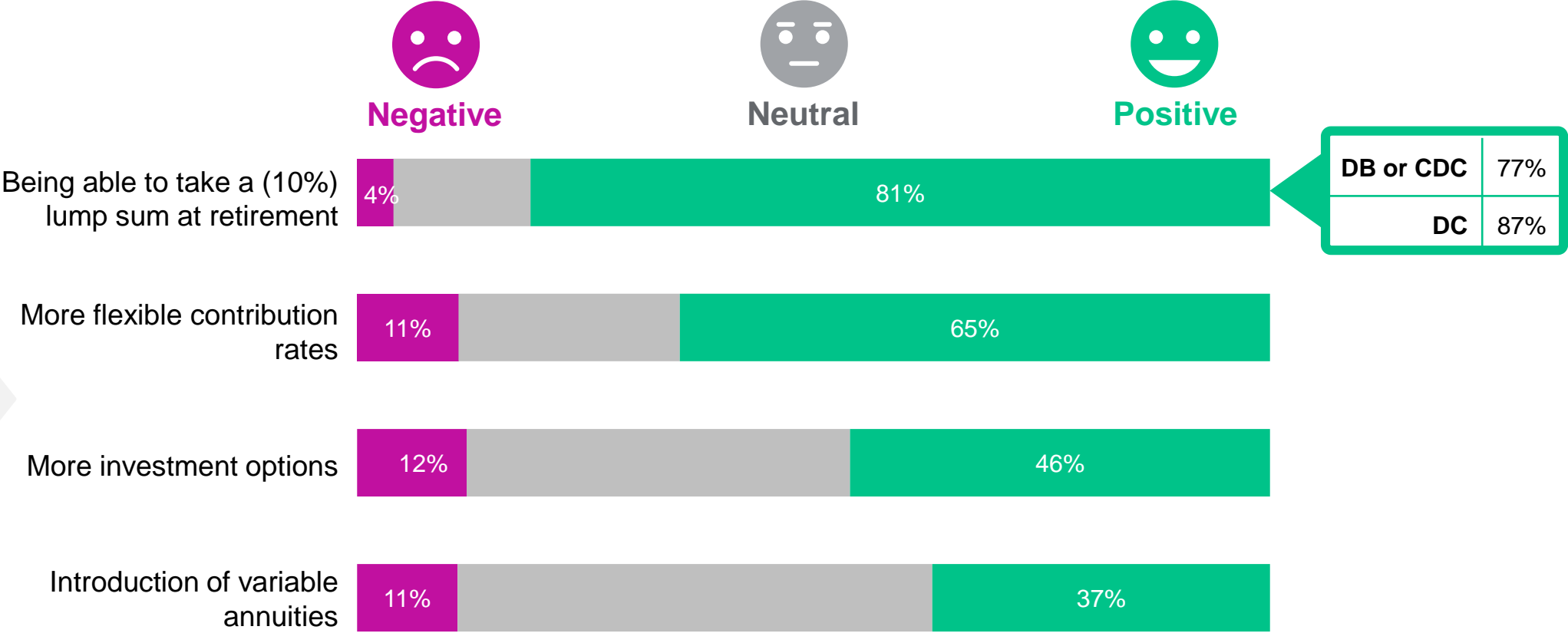
The reform will improve employee perceptions of the pension system

Note: Percentages indicate 'agree' or 'strongly agree'.

Source: 2022 Future of Pension Survey

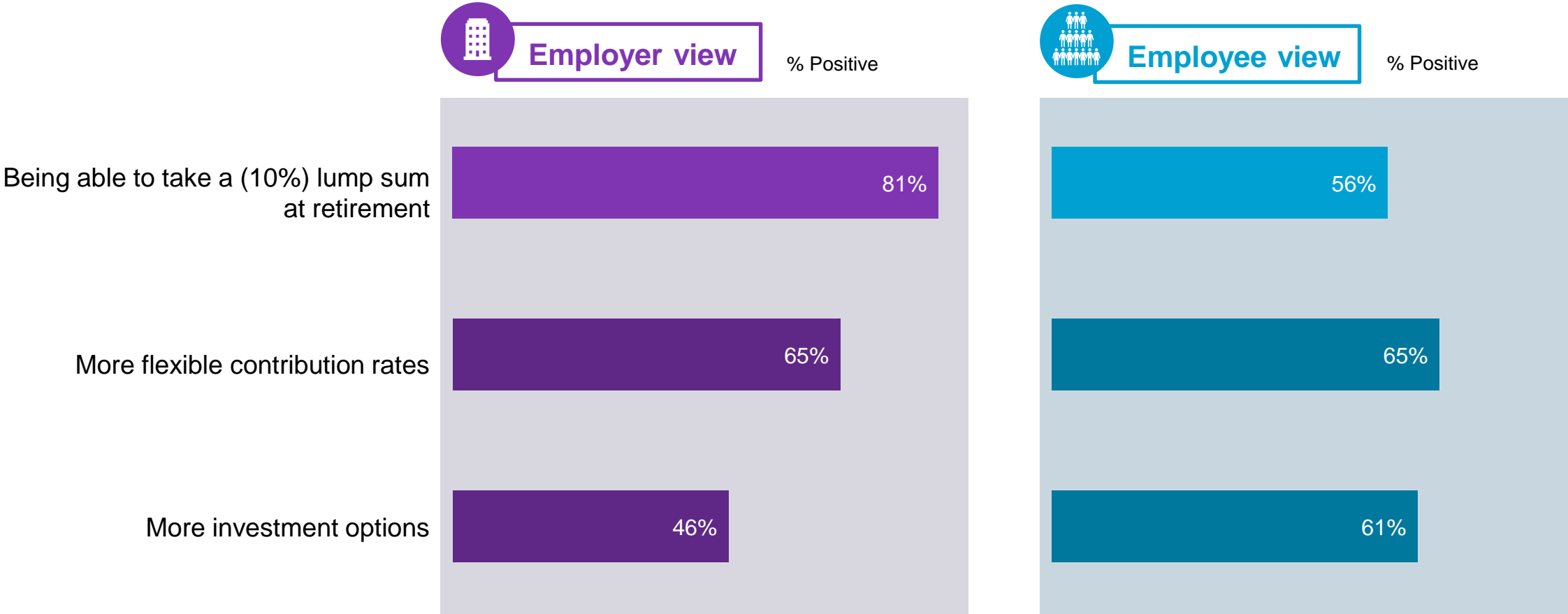
# Most employers believe the introduction of lump sums and more flexible contribution rates will be positive for their employees

How positive or negative do you think the following changes will be for employees working in your organisation?



Source: 2022 Future of Pension Survey

# Both employers and employees have a positive view on the additional options coming



Source: 2022 Future of Pension Survey & 2022 Global Benefits Attitudes Survey, Netherlands



# Younger employees and those on higher salaries prefer variable annuities

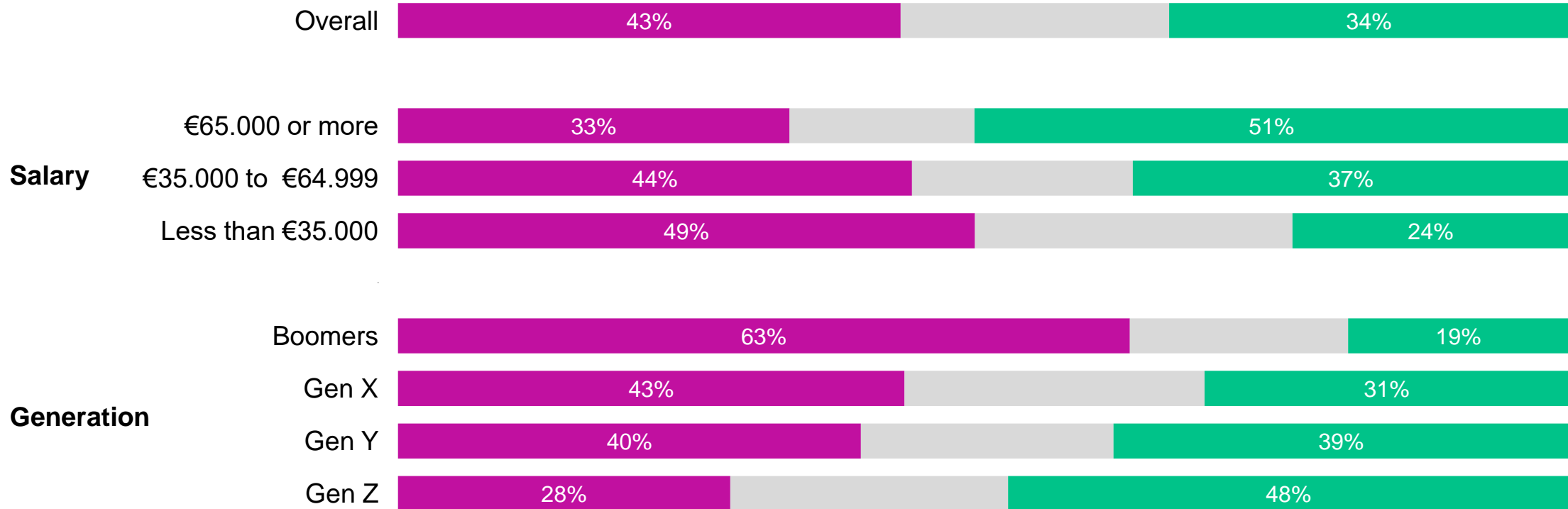
If you were offered the following choices about your retirement plan, which would you prefer?



Employee view

Prefer a fixed annuity

Prefer a variable annuity



Source: 2022 Global Benefits Attitudes Survey, Netherlands

The background features a complex geometric design. A large white rectangle is positioned on the left side, containing the text. The rest of the page is filled with overlapping shapes in shades of purple and red. A prominent feature is a large purple triangle that points towards the top right corner. The purple and red areas are filled with a fine, repeating pattern of small, parallel lines, creating a textured effect. The overall composition is modern and professional.

# The new pension design

# Employers are more likely to choose a flexible pension contract, particularly those offering DC

## Flexible vs solidary pension

Which pension contract is your organisation likely to choose?



### By plan type



-----> Likely to choose a flexible pension

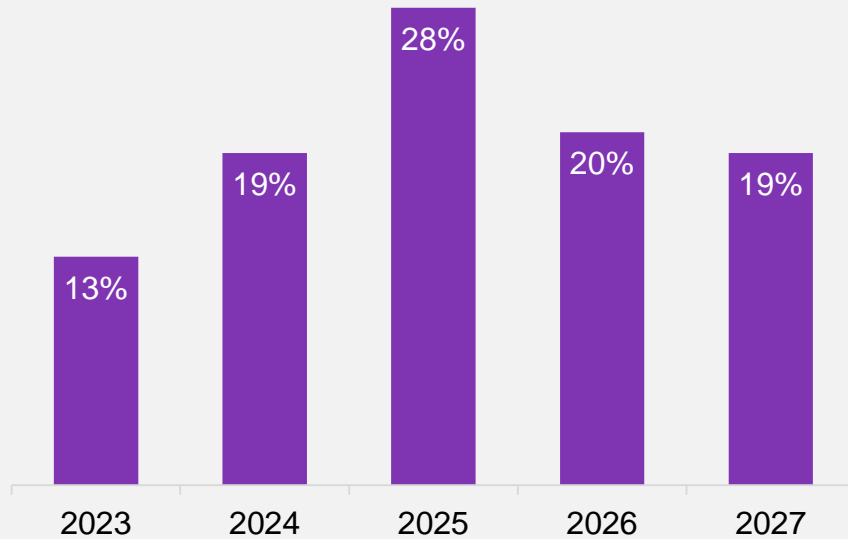
-----< Likely to choose solidary pension

Note: Not applicable answers were excluded  
Source: 2022 Future of Pension Survey

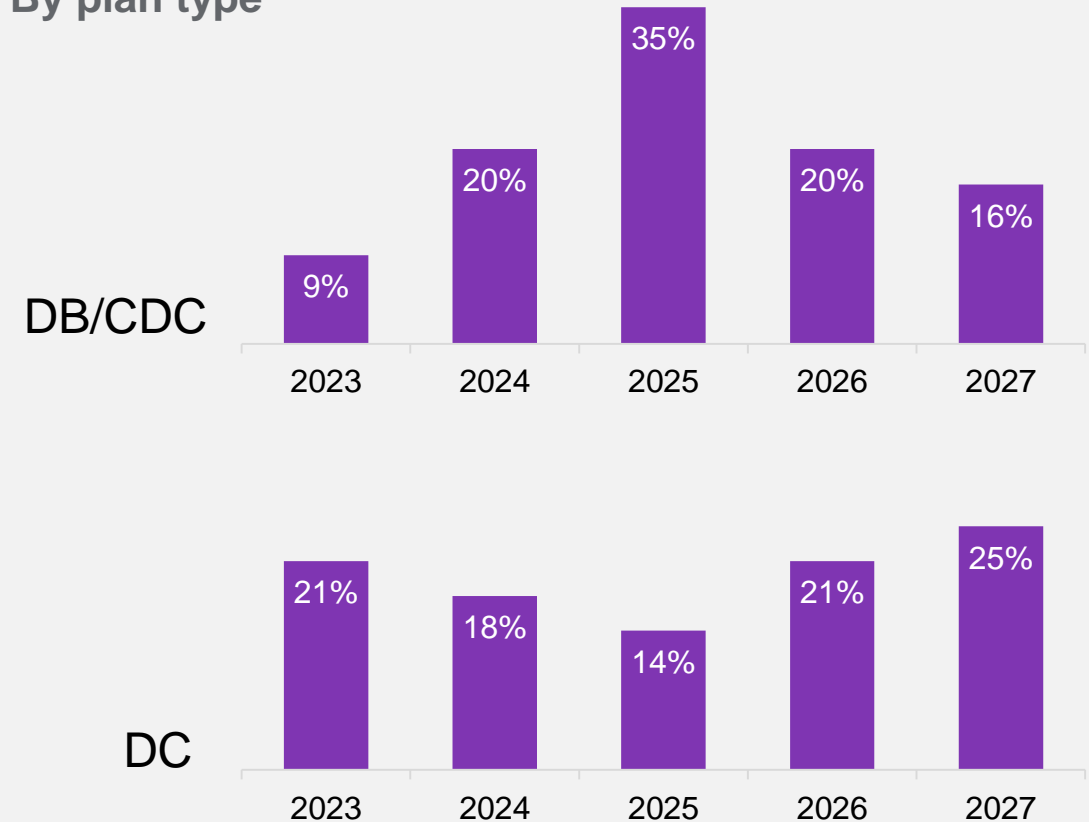
# Two fifths of companies plan to move to the new pension contract by 2025

1 in 5 DC companies plan to move in 2023

When do you expect your organisation to move to the new pension contract?



By plan type



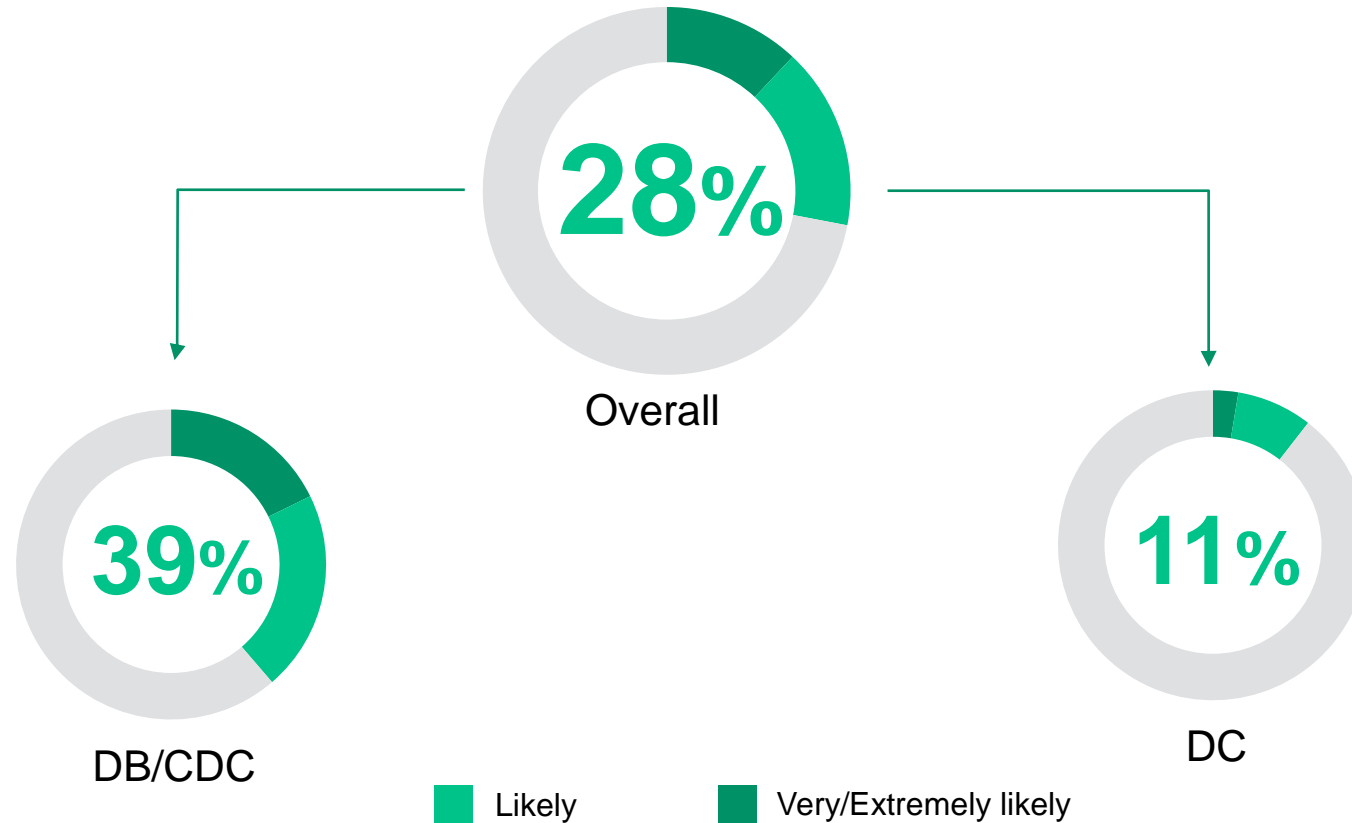
Note: Don't know answers were excluded

Source: 2022 Future of Pension Survey

## 2 in 5 employers with DB/CDC pension schemes are considering changing provider

Only 1 in 10 of employers with DC schemes expect to do so

How likely do you think it is that your organisation will change pension provider as a result of moving to the new pension contract?

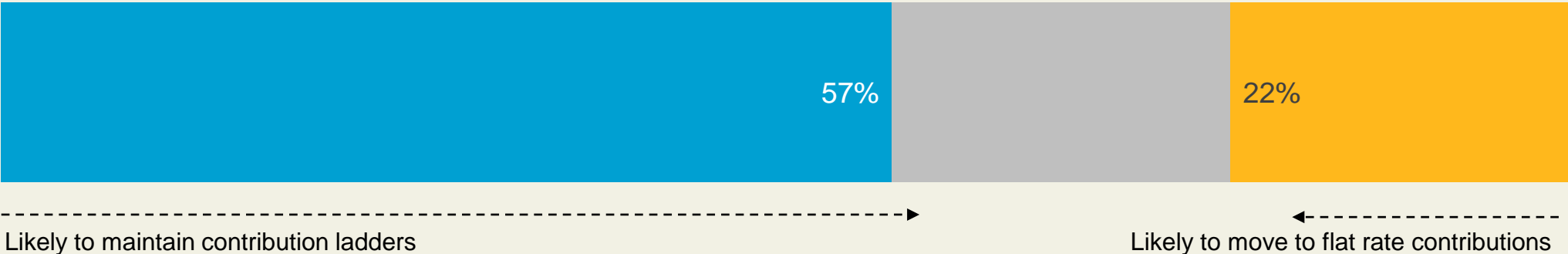


Source: 2022 Future of Pension Survey

# Employers are likely to opt for maintaining contribution ladders

## Contribution ladders vs flat rate contributions

Does your organisation plan to maintain contribution ladders for existing pension scheme members after the introduction of the new pension contract?



Note: DC plans only.  
Source: 2022 Future of Pension Survey

# Spending on pensions is expected to be higher in 1 in 4 employers

1 in 7 companies expect higher spending on other employee benefits

How do you expect the amount your organisation spends on the following to change as a result of the move to the new pension contract?

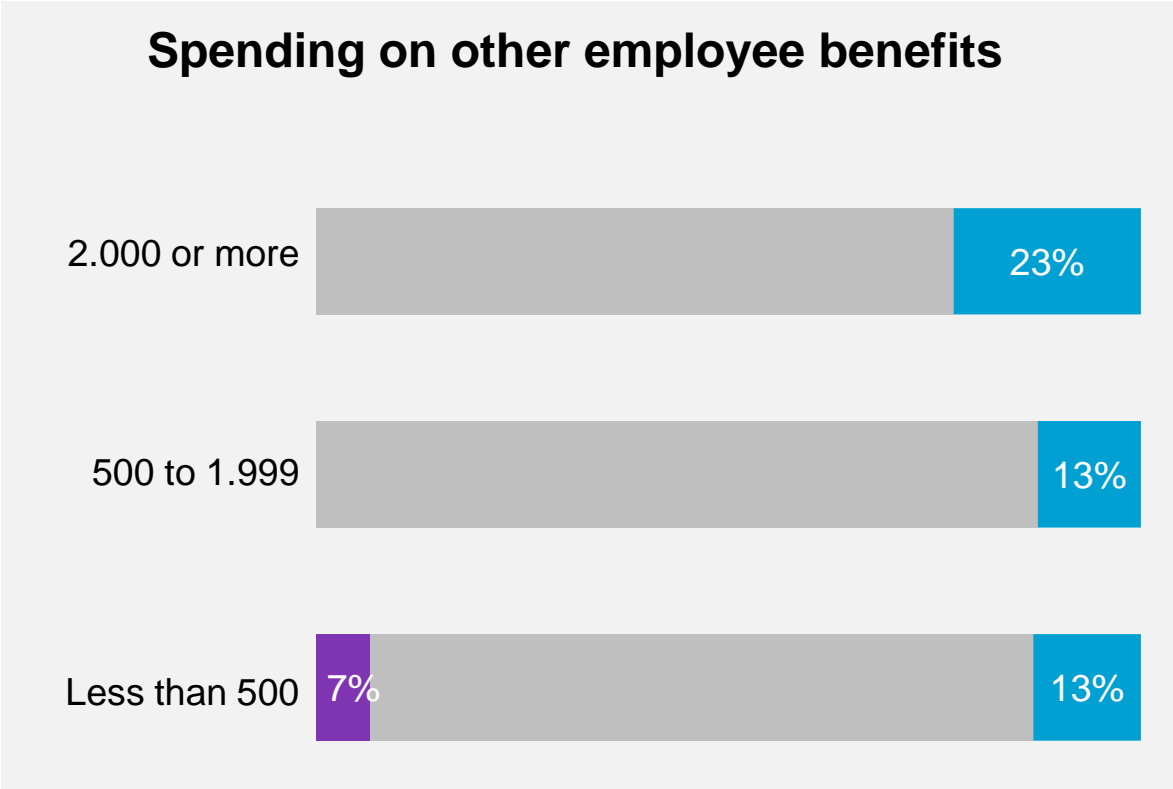
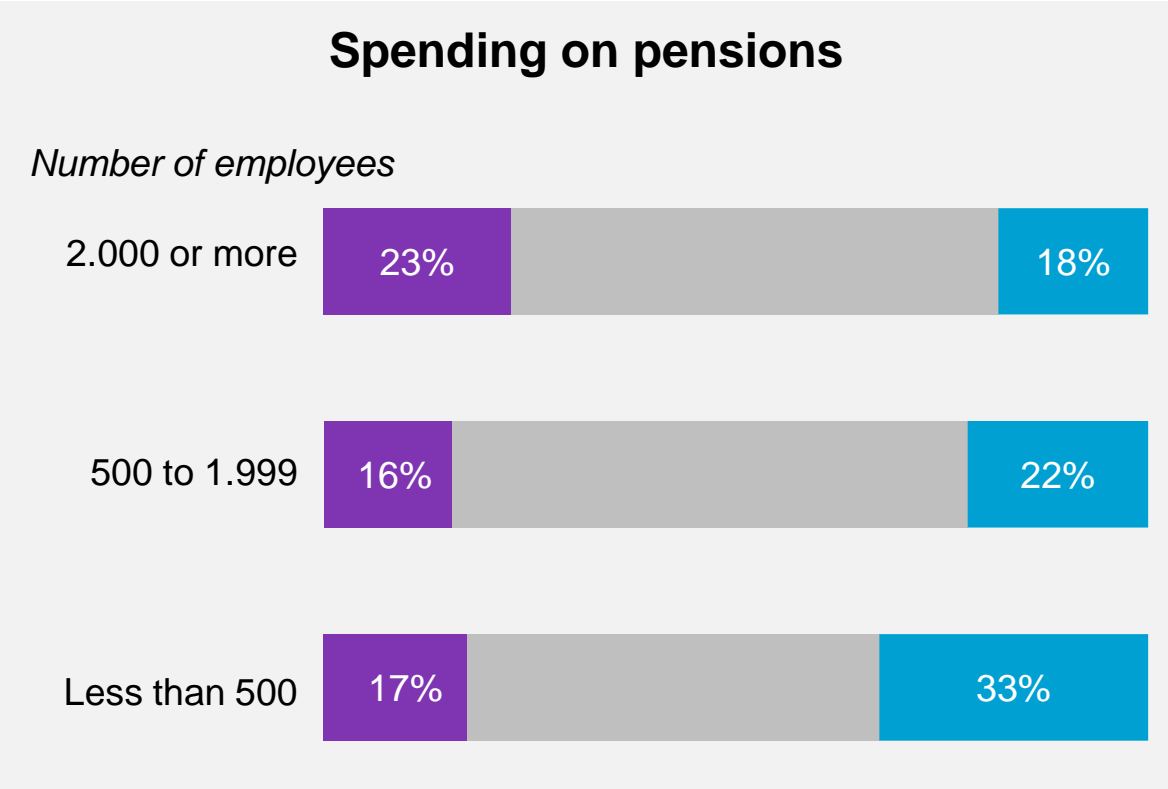


Source: 2022 Future of Pension Survey

# Smaller companies expect to spend more on pensions as a result of the new pension contract

While bigger ones expect to spend more on other employee benefits

How do you expect the amount your organisation spends on the following to change as a result of the move to the new pension contract?



Lower
 About the same
 Higher

Source: 2022 Future of Pension Survey



# 1 in 5 employers expect to make enhancements to flexible benefits budget

And 1 in 10 expect to increase salaries

Is your organisation planning to make any enhancements or reductions in response to the new pension contract?



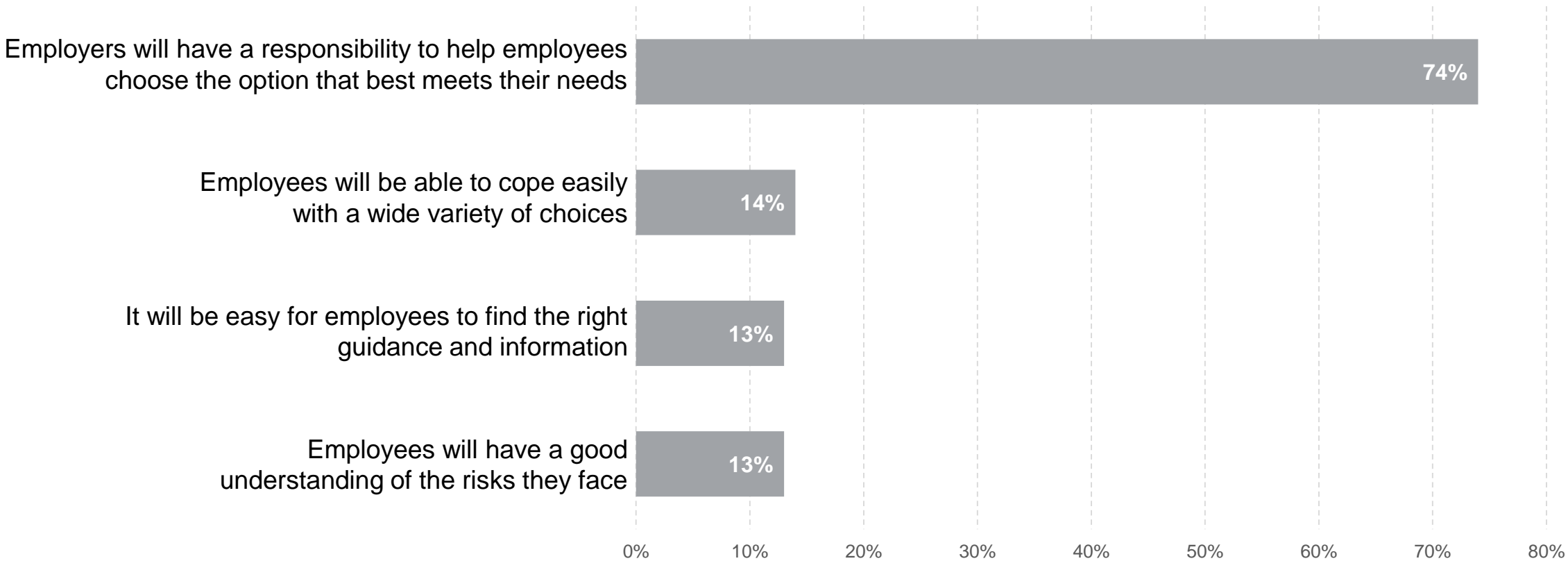
Source: 2022 Future of Pension Survey

# Member engagement

# Few employers believe employees will cope easily with greater choice and flexibility

Most believe they will have a responsibility to help employees to make informed choices

Thinking about the introduction of greater choice and flexibility at retirement, how strongly do you disagree or agree with the following statements?



Source: 2022 Future of Pension Survey

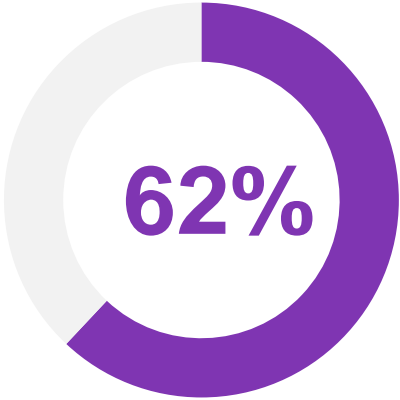
# Most employers see the need to assist their employees with their financial wellbeing and to provide greater at retirement support

How strongly do you agree or disagree regarding the employer being responsible for ...



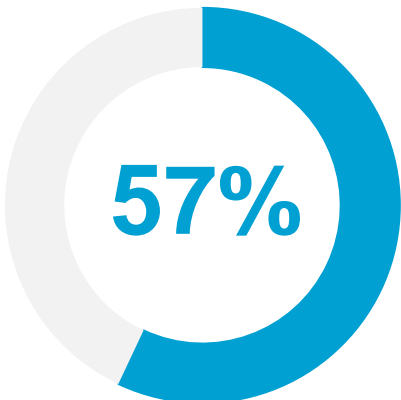
## Financial wellbeing

Assisting with the financial wellbeing of their employees



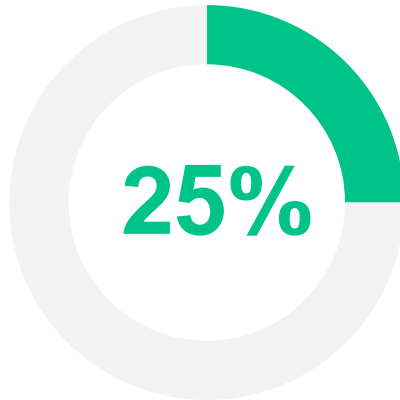
## At retirement support

Helping employees on the options they will face at retirement



## Financial planning

Providing financial planning benefits to employees



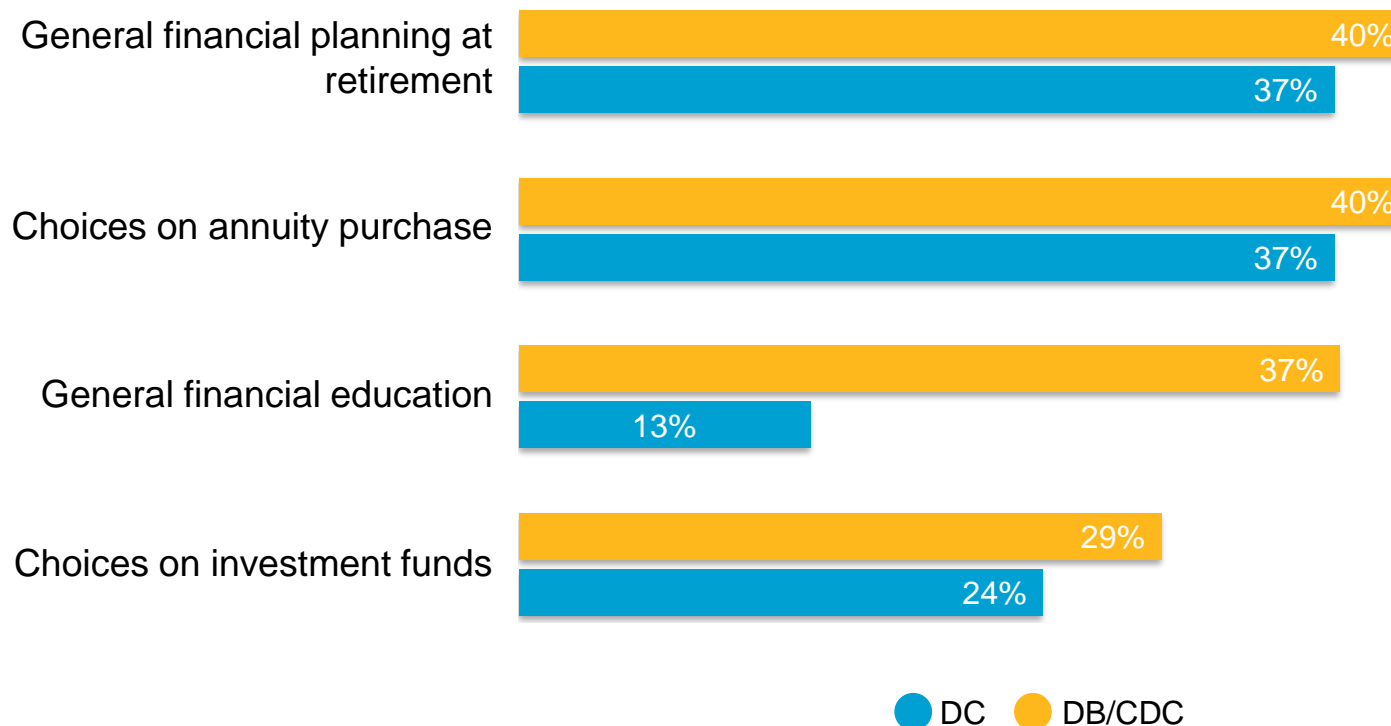
Note: Percentages indicate 'agree' or 'strongly agree'.  
Source: 2022 Future of Pension Survey

## While 4 in 10 organisations with DB/CDC schemes expect to provide enhanced general financial education to their employees only 1 in 8 DC schemes expect to do so



### Enhanced support

In the future, how much more or less support will your organisation provide to employees with regards to the following?



Note: Percentages indicate 'more' or 'much more'.

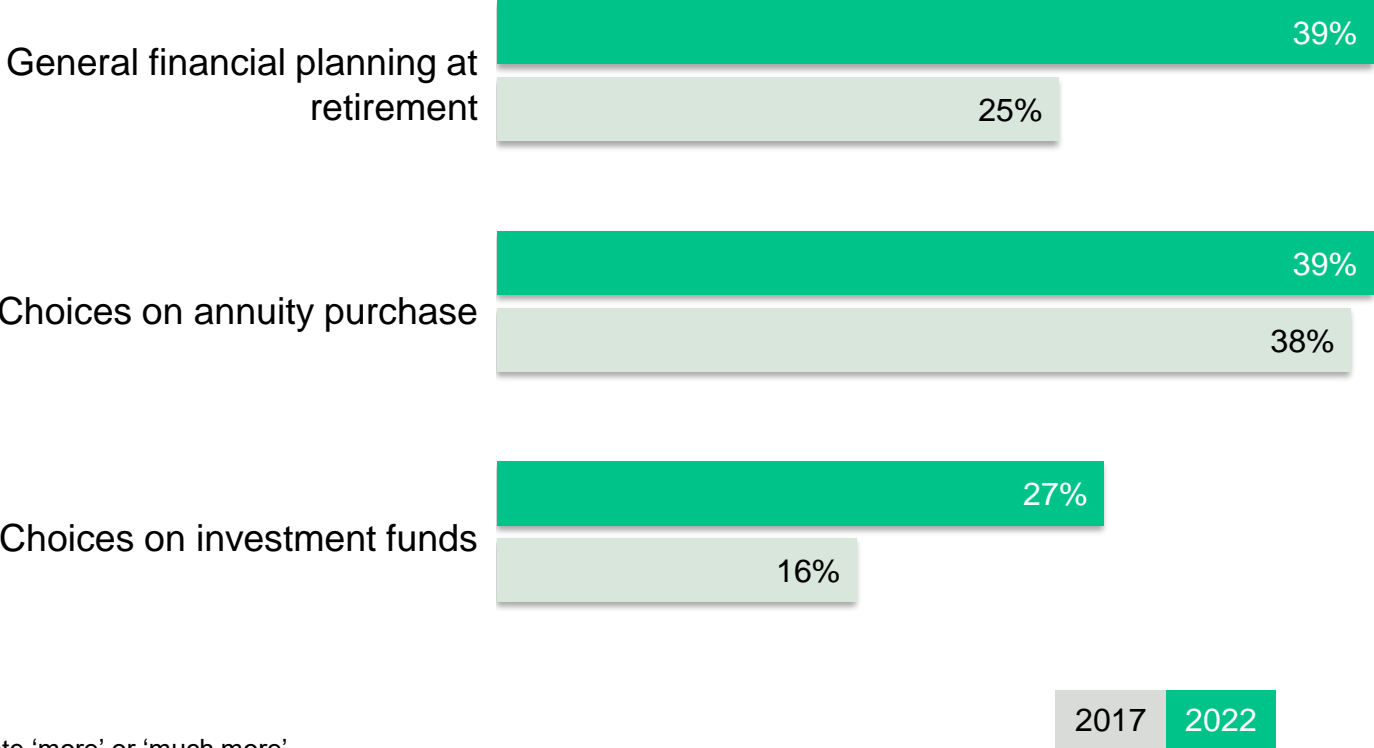
Source: 2022 Future of Pension Survey

# More employers are seeing the need for enhanced support for members

Particularly around financial planning at retirement

## Enhanced support

In the future, how much more or less support will your organisation provide to employees with regards to the following?



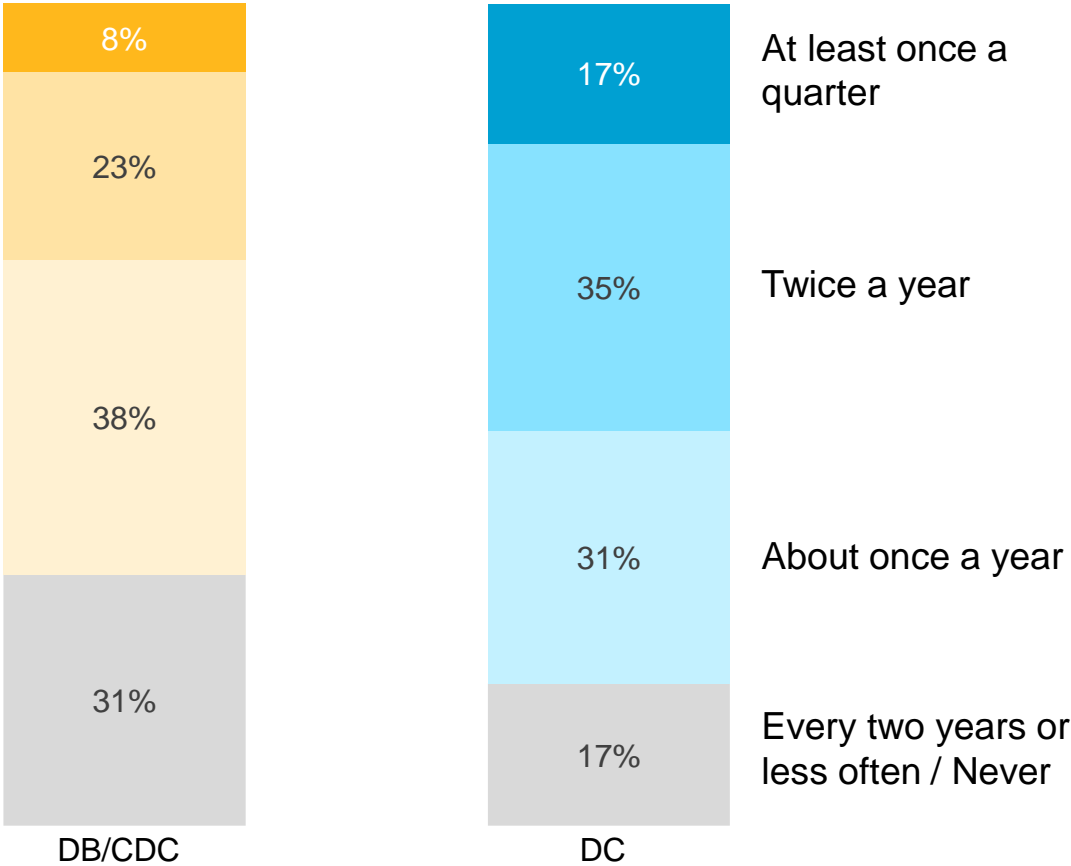
Note: Percentages indicate 'more' or 'much more'.  
Source: 2017 & 2022 Future of Pension Survey

# Only 3 in 10 employees check their DB/CDC plan every two years or less often



Employee view

Approximately, how often do you check your retirement plan (information, fund balance, investment performance)?



Sample: Full-time employees only.  
Source: 2022 Global Benefits Attitudes Survey, Netherlands

# Employees are not frequently using any source of information regarding their pensions

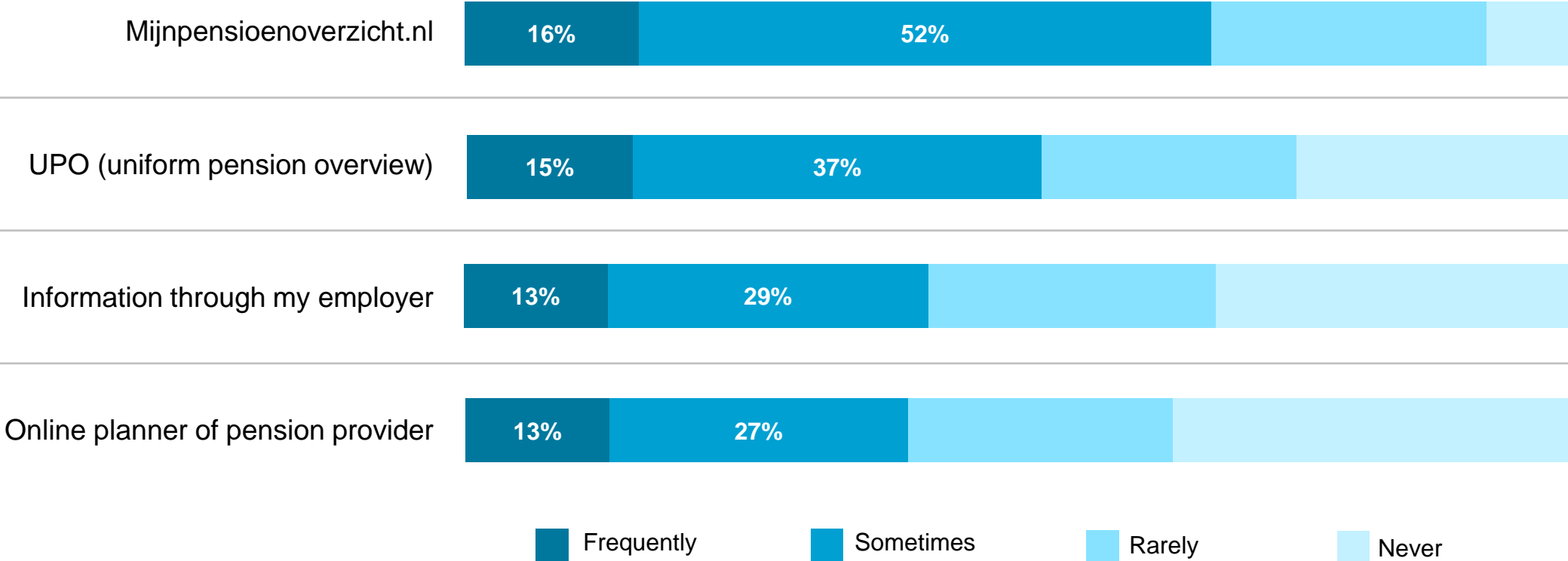
1 in 4 have never used additional information either through their employer or their provider

How often do you review the following sources of information with regards your pension(s)?



Employee view

Additional



Sample: Full-time employees only.  
Source: 2022 Global Benefits Attitudes Survey, Netherlands



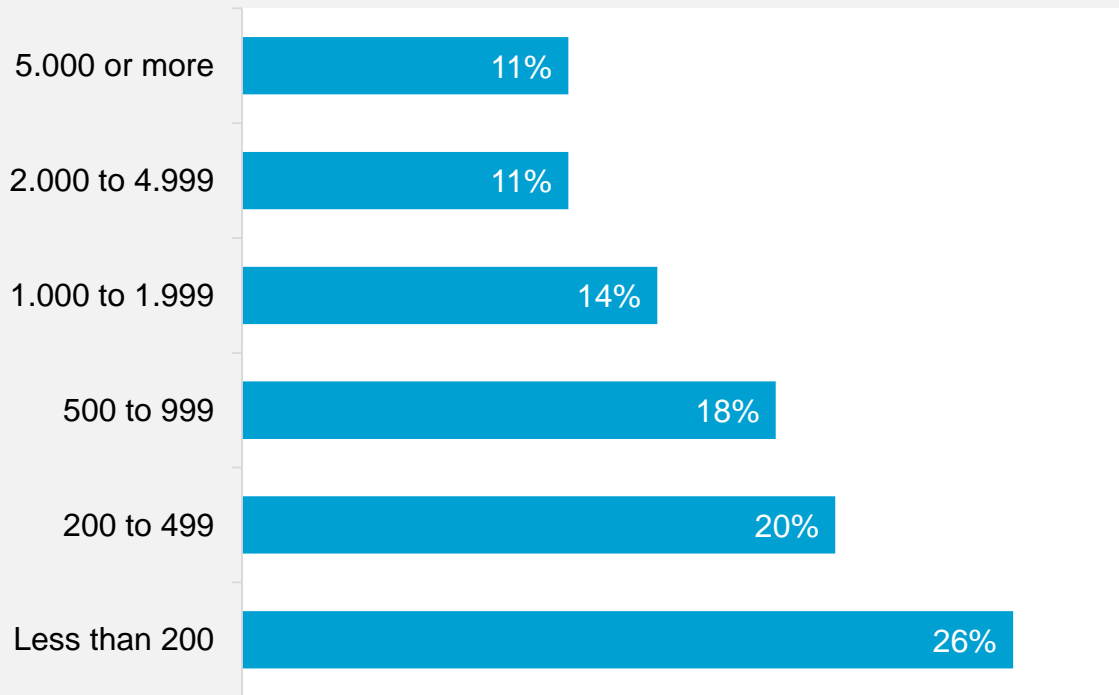
# APPENDIX

# About the employer survey

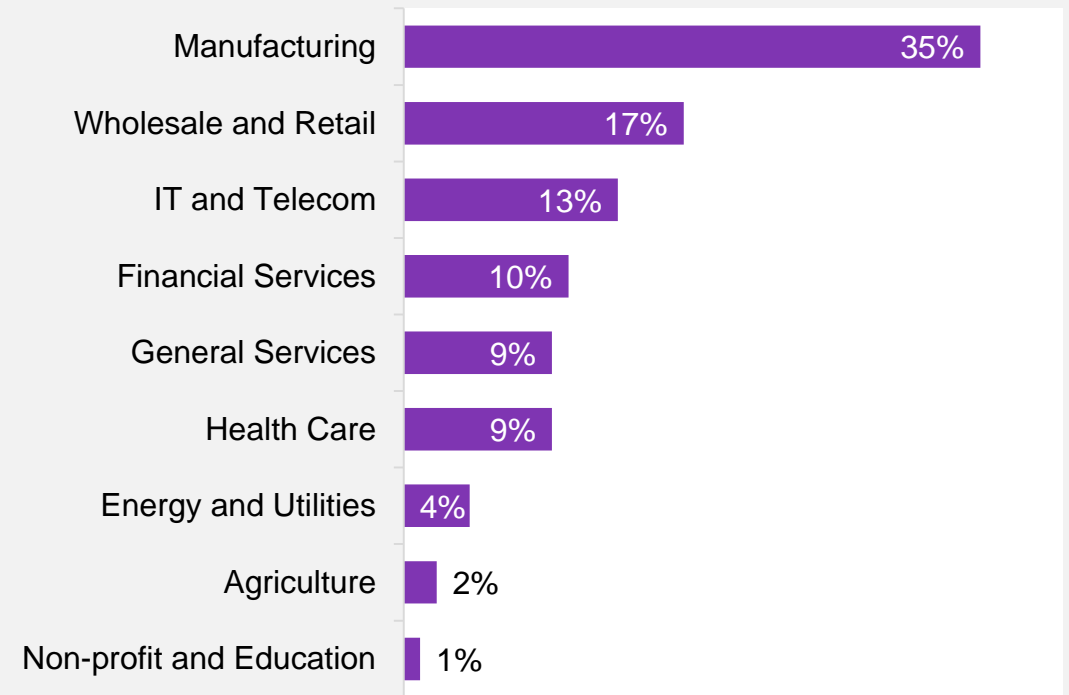
**100** Employers with operations in the Netherlands responded to the survey during January-February 2022

## Number of employees

**379.000** employees at responding organisations



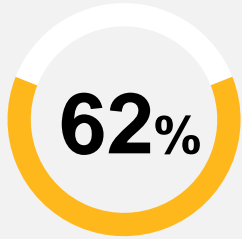
## Industry



Source: 2022 Future of Pension Survey

# About the employer survey

What type of pension plan does your organisation provide today?

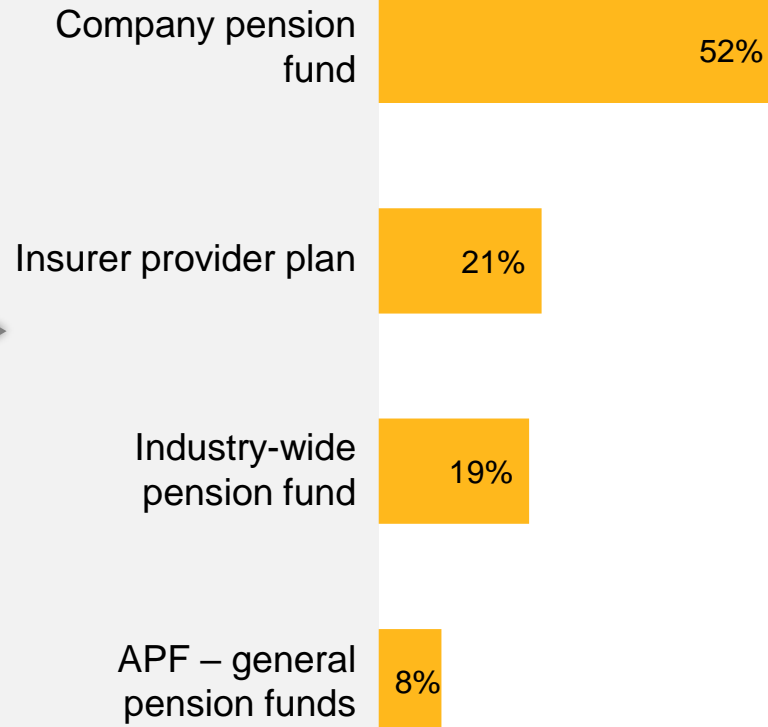


Defined Benefit Plan / CDC



Defined Contribution Plan

## DB Type



## DC Provider



Source: 2022 Future of Pension Survey

# Global Benefits Attitudes Survey 2022

## About the employee survey

**35,549**

responses in  
23 markets



### Number of respondents

Argentina	1,004	India	1,078
Australia	1,019	Ireland	828
Belgium	1,020	Italy	1,001
Brazil	1,004	Japan	1,027
Canada	1,508	Mexico	1,003
Chile	1,012	Netherlands	1,036
China	1,019	Singapore	1,074
Colombia	1,005	Spain	1,023
Denmark	1,004	Switzerland	774
France	1,014	UK	4,129
Germany	1,556	US	9,658
Hong Kong	753		

**1,036**

employees in  
Netherlands



Netherlands

An online survey of employees working for medium or large private sector employers, randomly chosen and weighted to be nationally representative. Most data cuts have a confidence interval of +/- 3.0%.

The survey took place globally between December 2021 and January 2022.

**5<sup>th</sup>** Global survey

2013 ▶▶▶▶▶ 2022

WTW has been surveying individuals for two decades about their retirement and health benefits, their wellbeing and the steps they need to take to improve and ways they want their employer to get involved.

This is the fifth bi-annual global survey.