

BENCHMARK STUDY

ON SUPPLEMENTARY PENSIONS



SUPPORTER OF YOUR EMPLOYEES



▶ **Event 20/04/2023**

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► Benchmark plans

Why is AG doing a benchmark study?

The supplementary pension plays an important role in the pension debate

The **supplementary pension** is a necessary addition to have a sufficient retirement income



75%

THINK THAT :

SUPPLEMENTARY PENSIONS ARE NECESSARY FOR A SUFFICIENT INCOME AFTER RETIREMENT

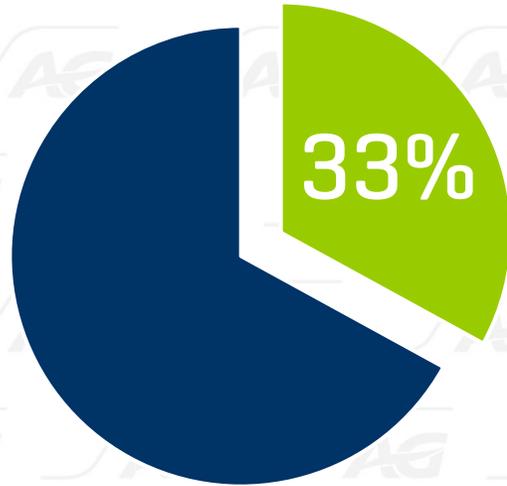


81%

THINK THAT:

MY EMPLOYER SHOULD CONTRIBUTE TO MY PENSION

Why is AG doing a benchmark study?



Market Share



Turning data into insights

The supplementary pension is important in the War For Talent



52%

THINK THAT :

The supplementary pension is important both for recruitment and staff retention

A SUPPLEMENTARY PENSION IS AN ESSENTIAL PART OF THE REMUNERATION PACKAGE AND NECESSARY TO **RETAIN EMPLOYEES AND ATTRACT NEW ONES**

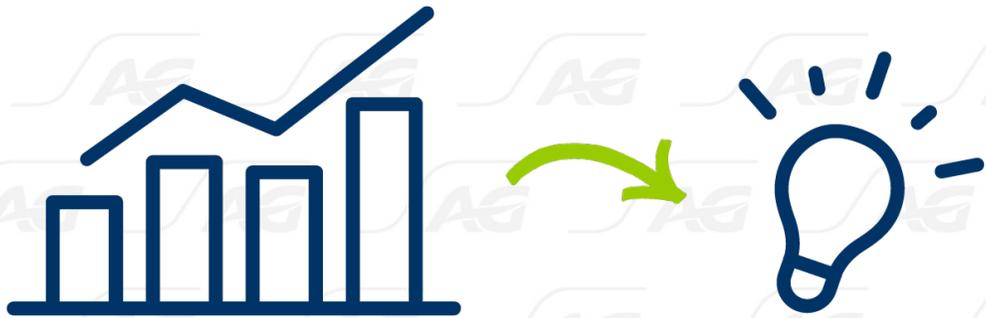


76%

THINK THAT:

IN **WAGE NEGOTIATIONS**, THE EXTENT TO WHICH THE EMPLOYER CONTRIBUTES TO THE SUPPLEMENTARY PENSION PLAYS A **MAJOR ROLE**

Why is AG doing a benchmark study?



Turning data into insights



Helping you to improve your position on the Labor Market

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Benchmark plans

Some key figures

Some key figures

316.826

Active affiliates in collective enterprise plans

5.374

Employers

18

Sectors



Administrative services



Chemistry



Consulting



Retail



Pharma



Financial activities



Wholesale



Higher education



Transport



IT



Manufacturing industry



Social services



Research & Development



Nutrition



Hospitals



Accounting & auditing

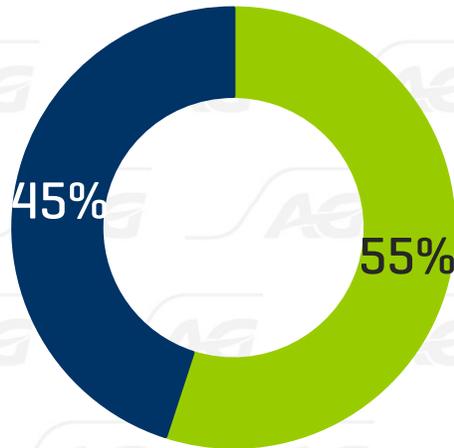


Coordination centres

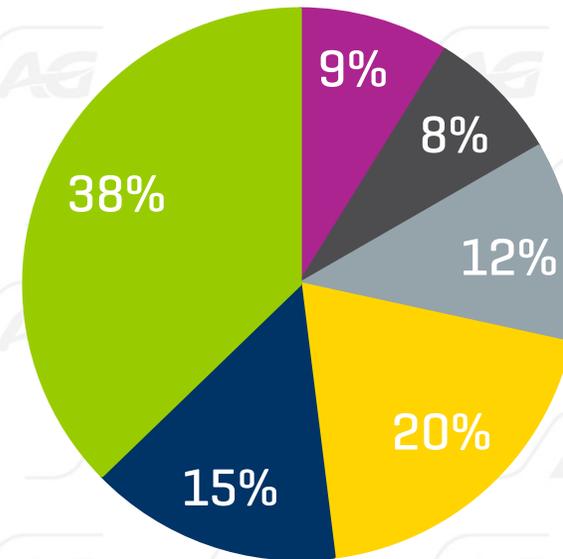


Engineering offices

What do we know about our affiliates?



80% of our affiliates work at a company with more than **100** employees



01-50 50-100 100-200 200-500 500-1000 1000+



What do we know about our affiliates?

81%

of those who work in the Hospitals are female

77%

of those who work in the Manufacturing Industry are male

40%

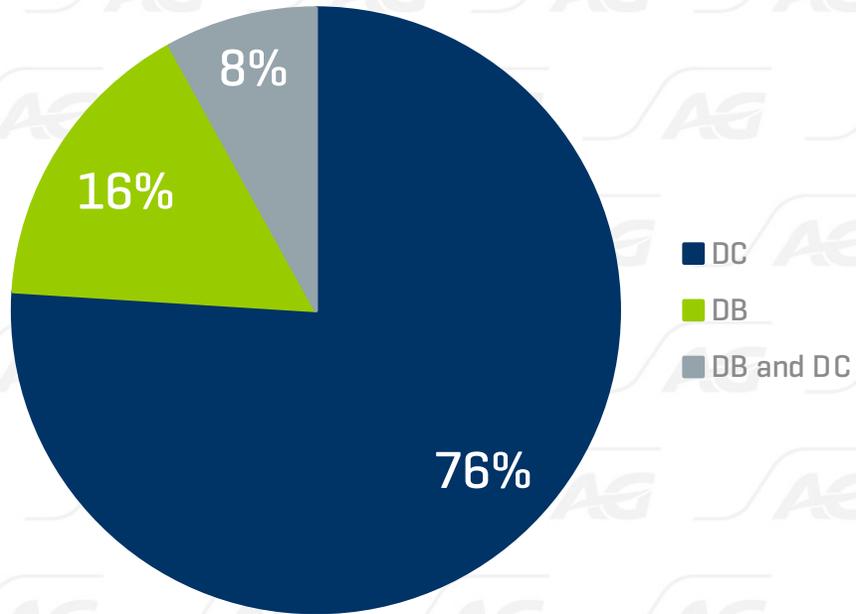
of those who work in the Manufacturing Industry and Chemistry are over 50 years old

55%

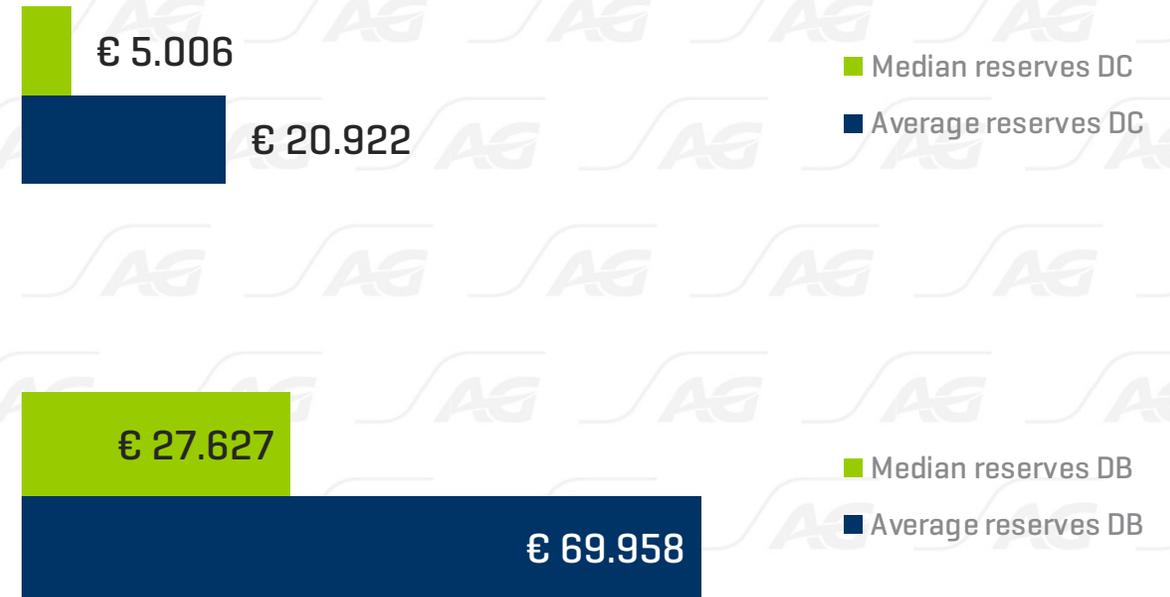
of those who work in IT and Consultancy are younger than 42 years old

What type of pension plan does the affiliate have?

More than **75%** have a DC plan*



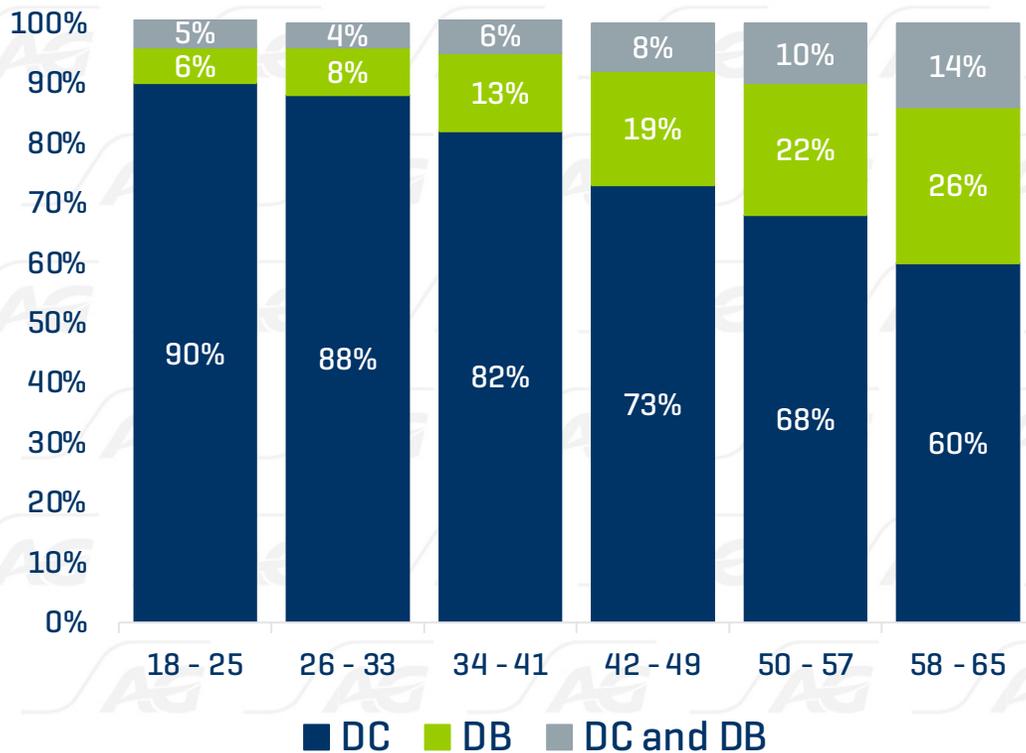
DB plans have **higher amounts** of reserves



*Cash Balance plans are considered as DC-plans

What type of pension plan does the affiliate have?

DC is most common in all age categories, but there is a generation gap



Average affiliate age

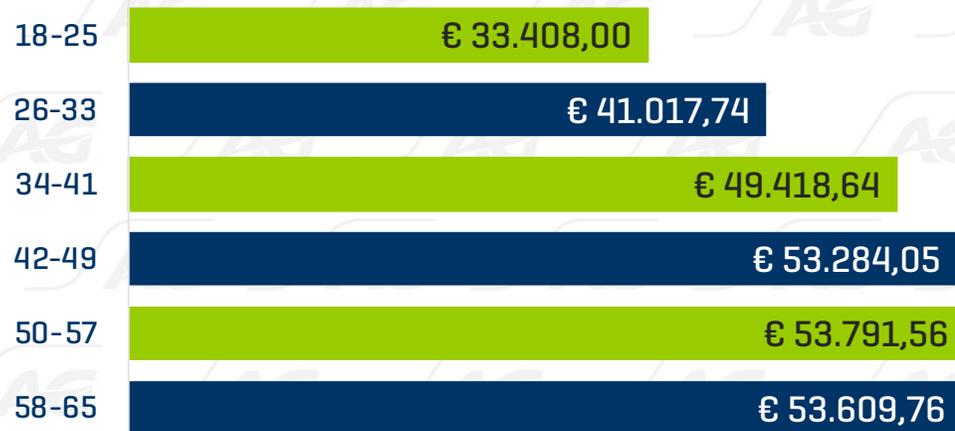
Average duration of affiliation

| | DC | DB |
|---------------------------------|----------|----------|
| Average affiliate age | 43 years | 49 years |
| Average duration of affiliation | 9 years | 17 years |

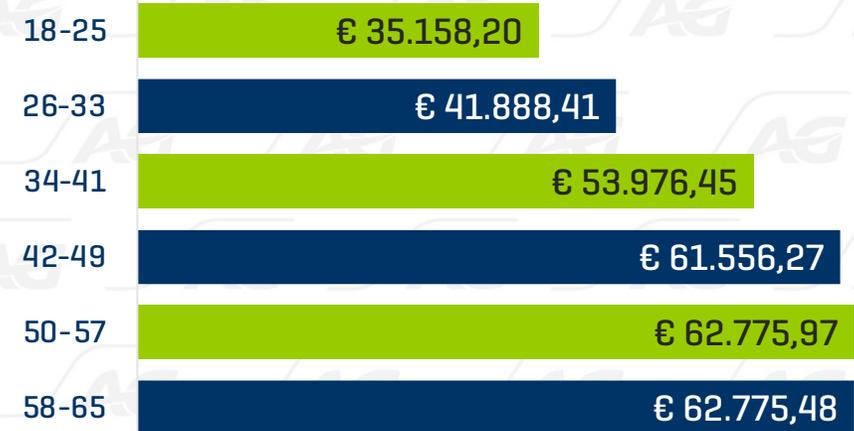
What type of pension plan does the affiliate have?

From the age of 42, the median annual salary also differs depending on the plan type:
for DB this is considerably higher

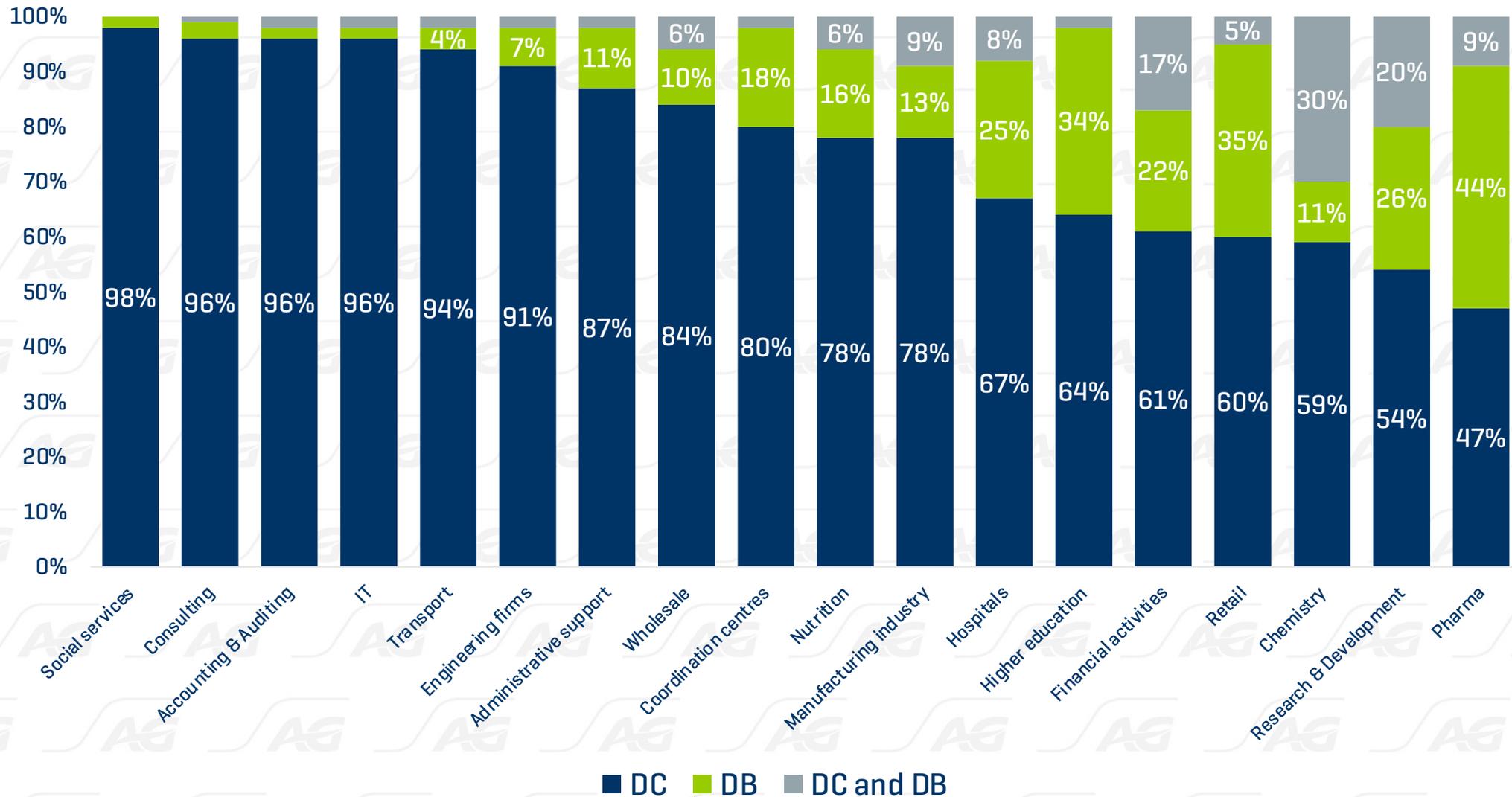
Median salary* DC plans



Median salary* DB plans



What type of pension plan does the affiliate have?



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► Benchmark plans

Do DC plans help us build a decent pension capital?

Supplementary pension remains socially important

3%

of the gross salary

DC plans: what supplementary pension do employees accrue?

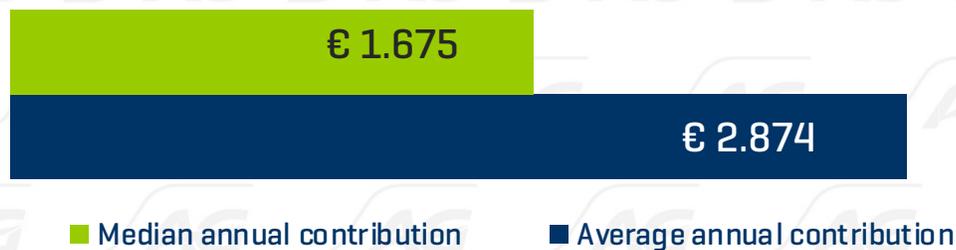
Contribution rate*



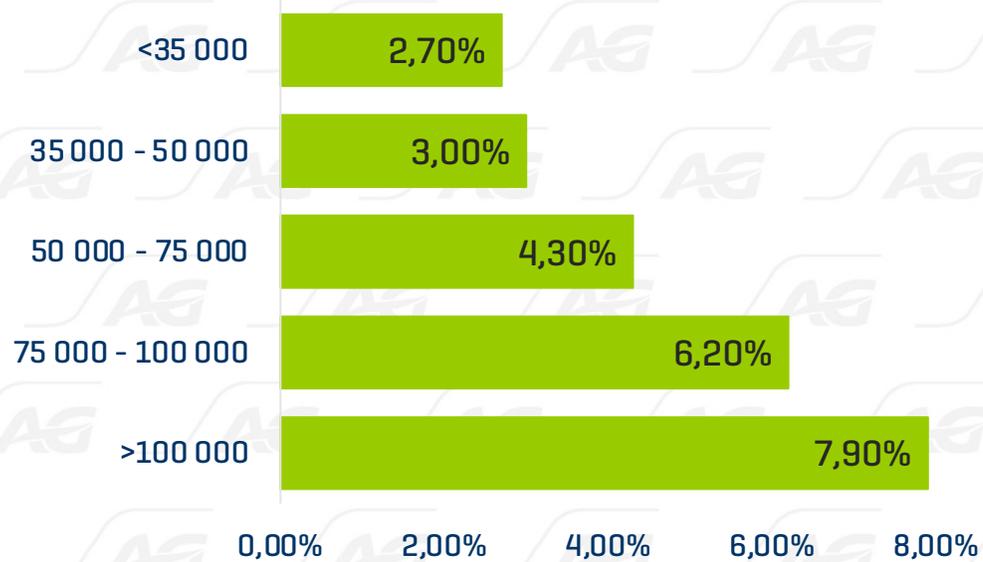
39%

Percentage that does not reach 3% contribution*

Annual contribution*

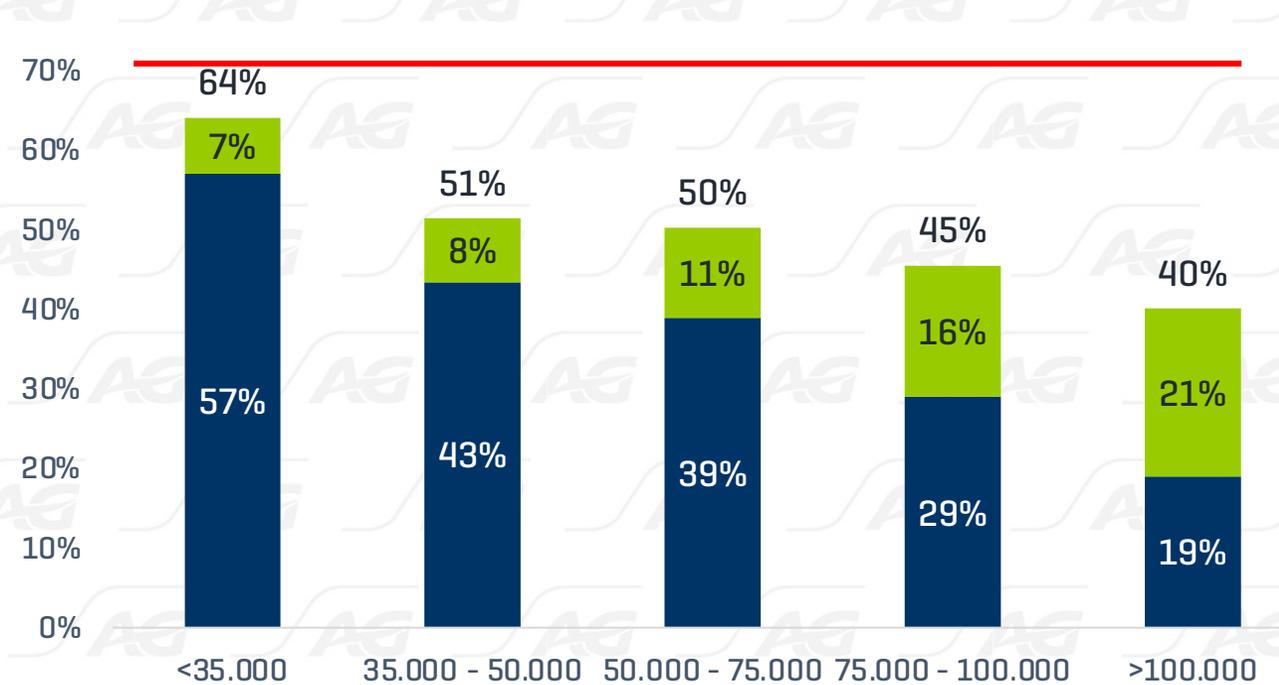


DC plans: what supplementary pension do employees accrue?



The contribution rate increases with the salary

Partly explained by "Step Rate" formula
eg. 3% S1 + 9% S2



■ Replacement ratio statutory pension

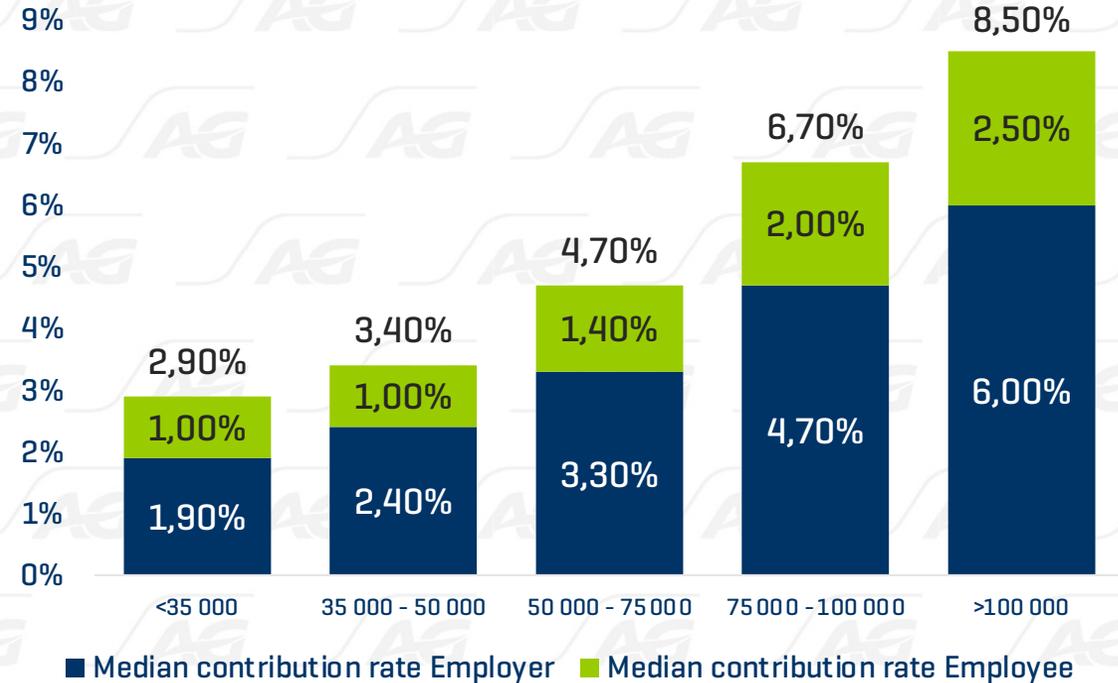
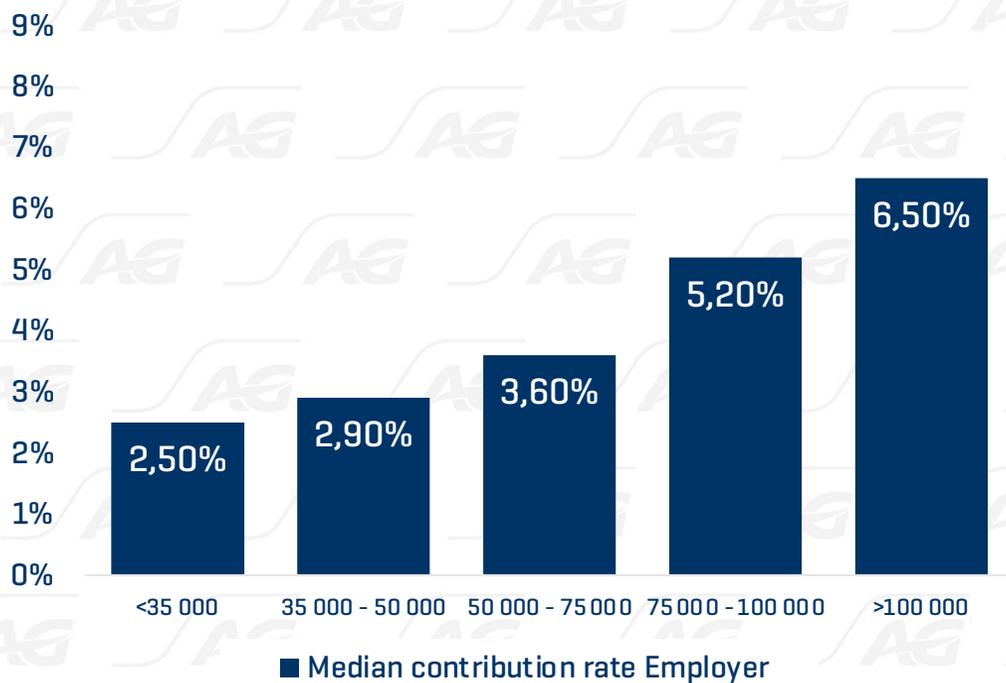
Higher wages → Lower replacement ratio "statutory pension"
→ Higher contribution rates

DC plans: what supplementary pension do employees accrue?

Those who also personally contribute have a higher TOTAL contribution percentage

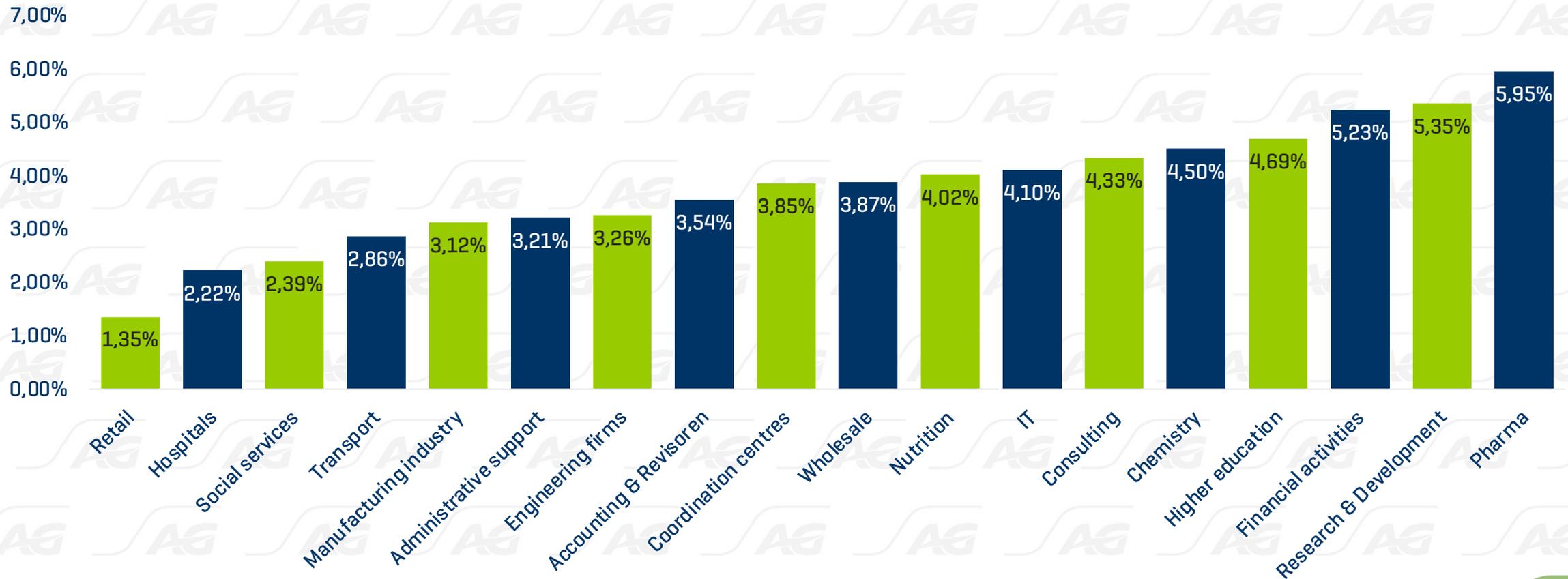
53% only employer's contribution

47% employer's and personal contribution

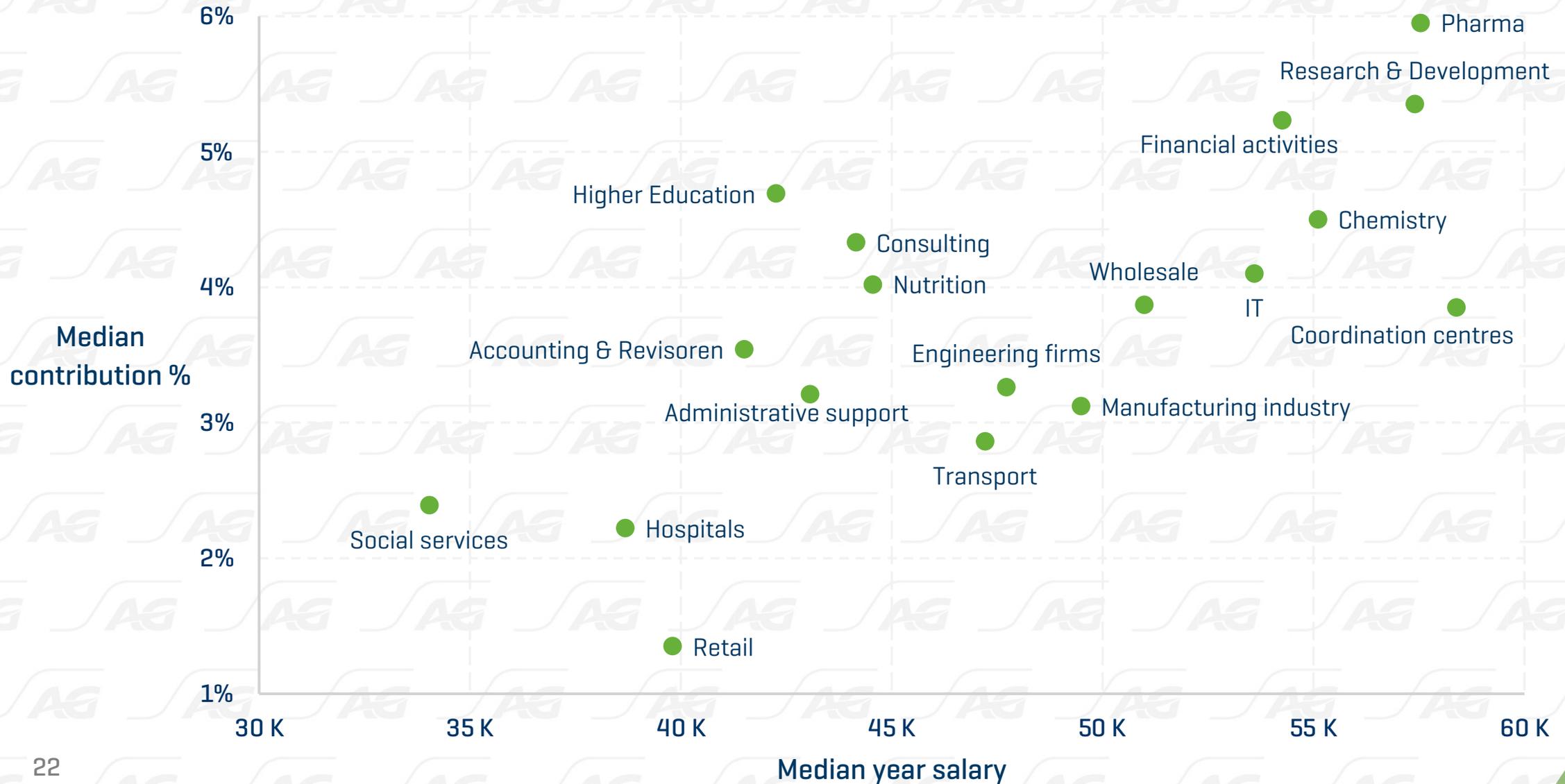


DC plans: what supplementary pension do employees accrue?

Median contribution rate by sector

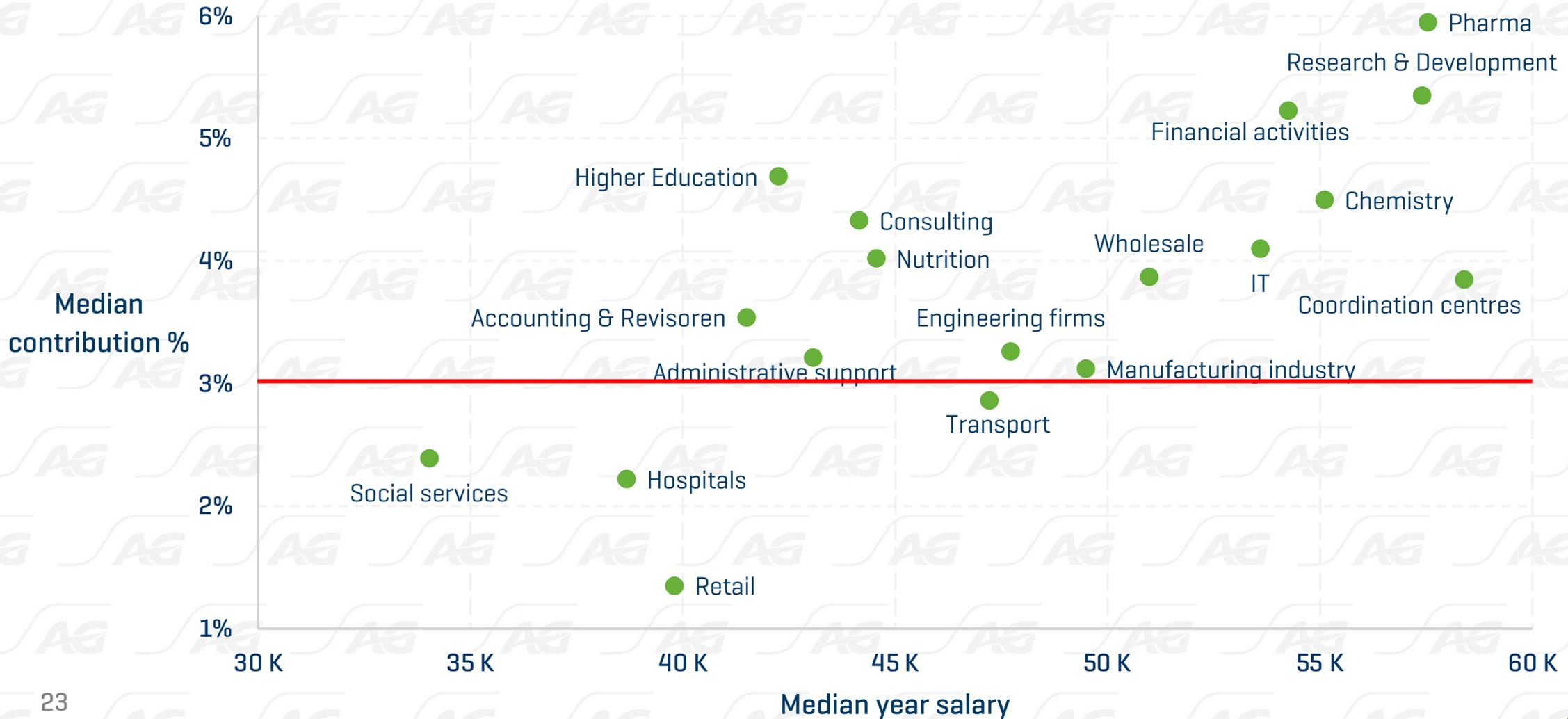


DC plans: what supplementary pension do employees accrue?

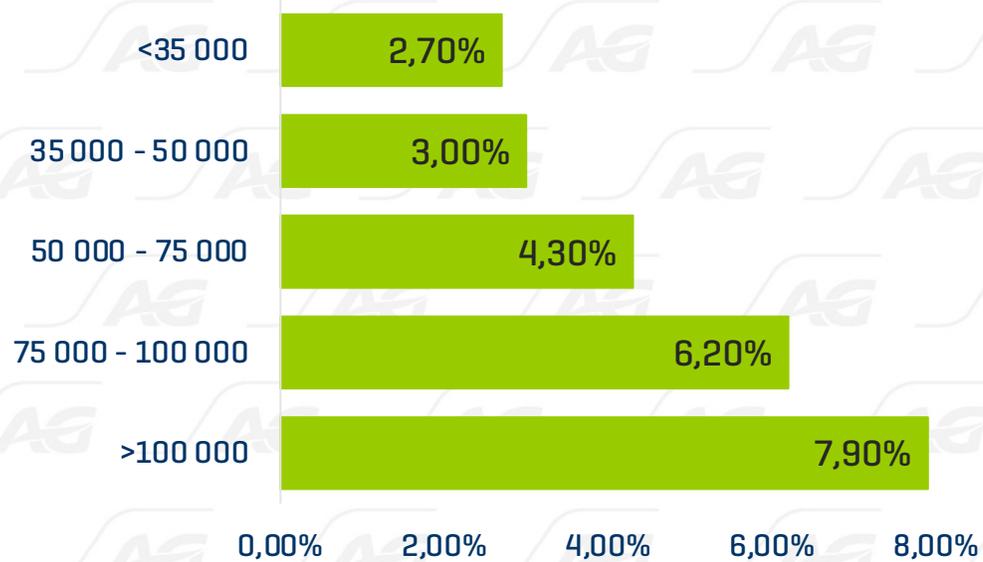


DC plans: what supplementary pension do employees accrue?

In 4 sectors, half of the people do not reach the contribution rate of 3%

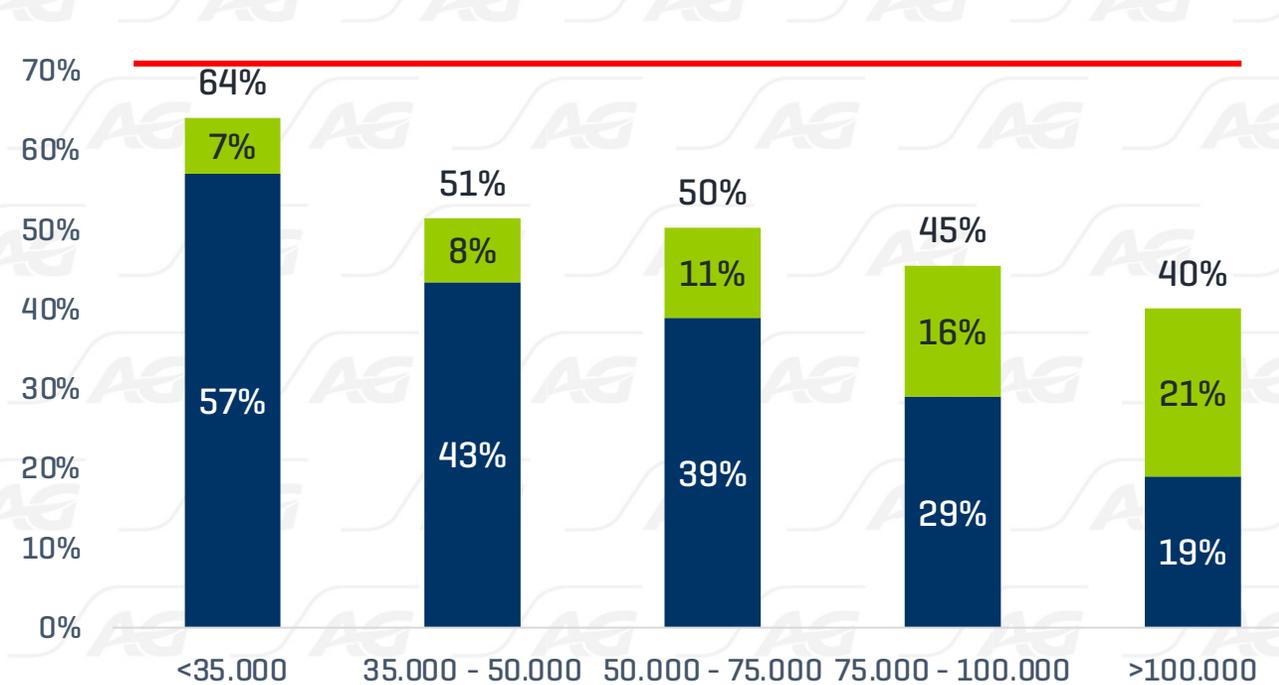


DC plans: what supplementary pension do employees accrue?



The contribution rate increases with the salary

Partly explained by "Step Rate" formula
eg. 3% S1 + 9% S2



■ Replacement ratio statutory pension

Higher wages → Lower replacement ratio "statutory pension"
→ Higher contribution rates

* 1% contribution leads to 2,67% replacement rate

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Benchmark plans

What lump sum payment can be expected in a DB plan?

DB plans: What lump sum payment can be expected?

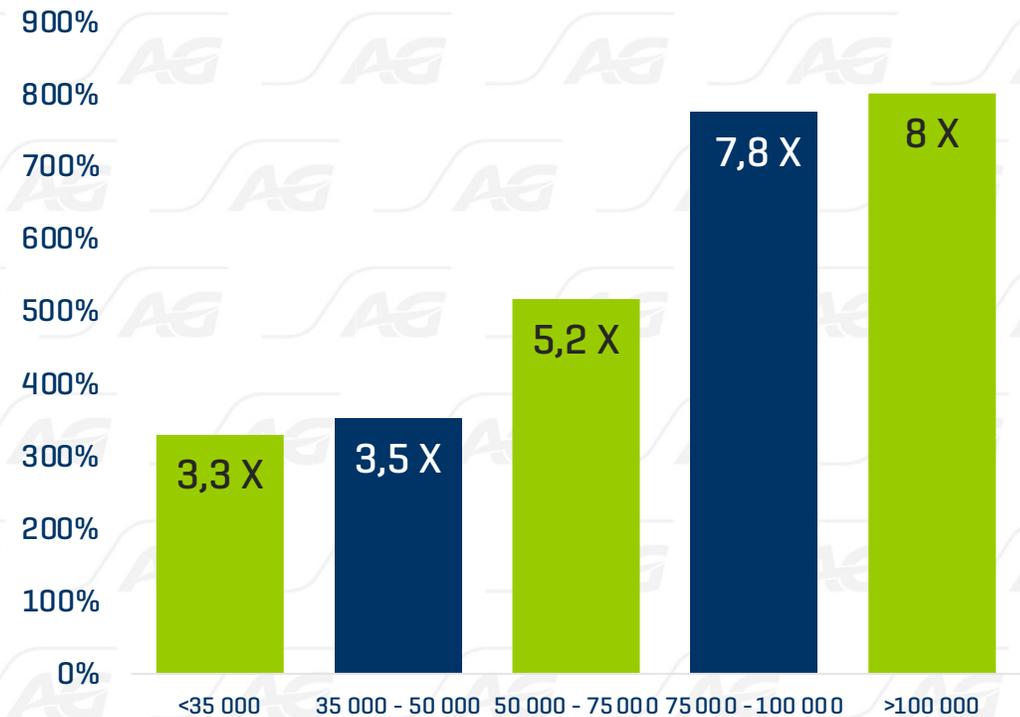
Median lump sum according to the yearly salary for both short and long careers



Median lump sum according to the yearly salary for careers of at least 35 years



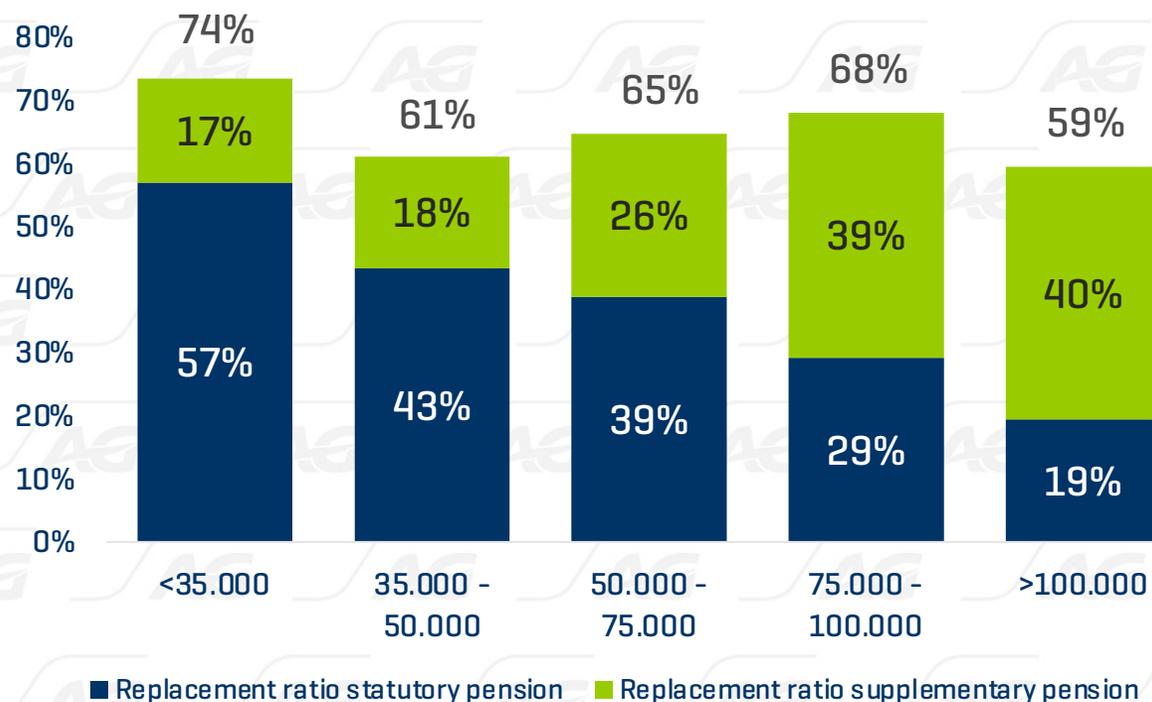
Median lump sum according to the yearly salary for careers of at least 35 years



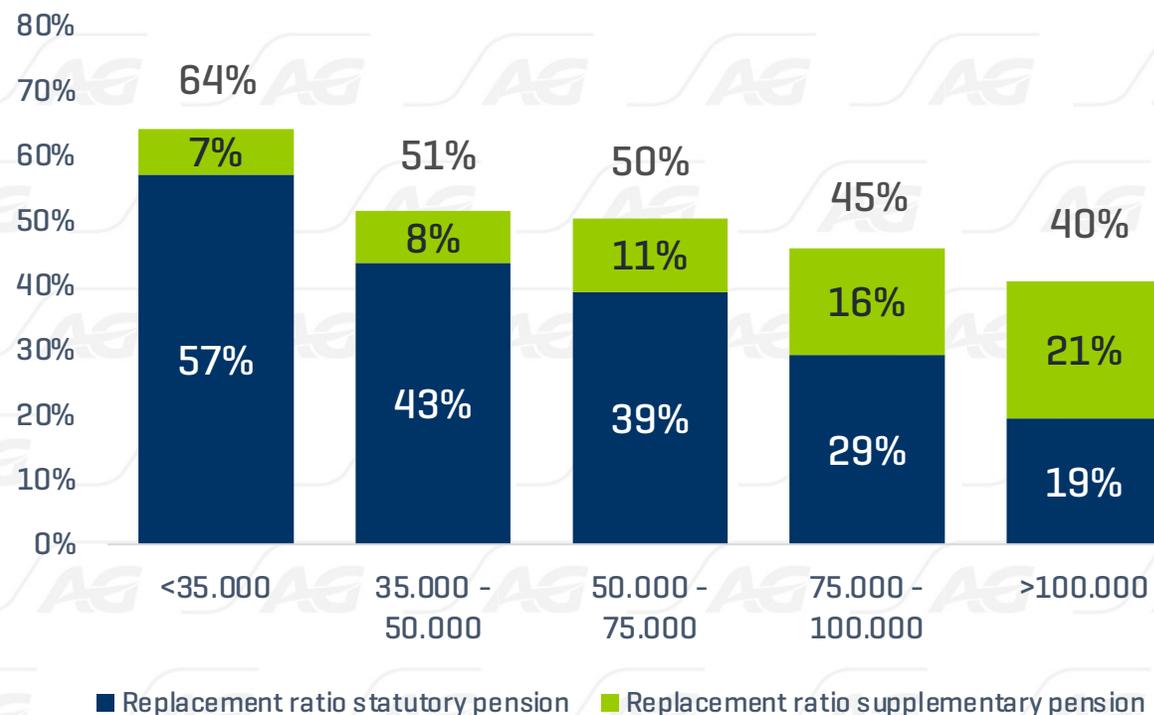
DB plans: What lump sum payment can be expected?

For those with a (nearly) full career, the replacement ratio in a DB plan is more comfortable than in a DC plan

[Gross] DB plan replacement ratio



[Gross] DC plan replacement ratio



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Benchmark plans

Death cover: your dependants well protected?

Death cover: your dependants well protected?



Population dying before retirement age

The minimum age to be entitled to a survivor's pension

Number of affiliates without death cover

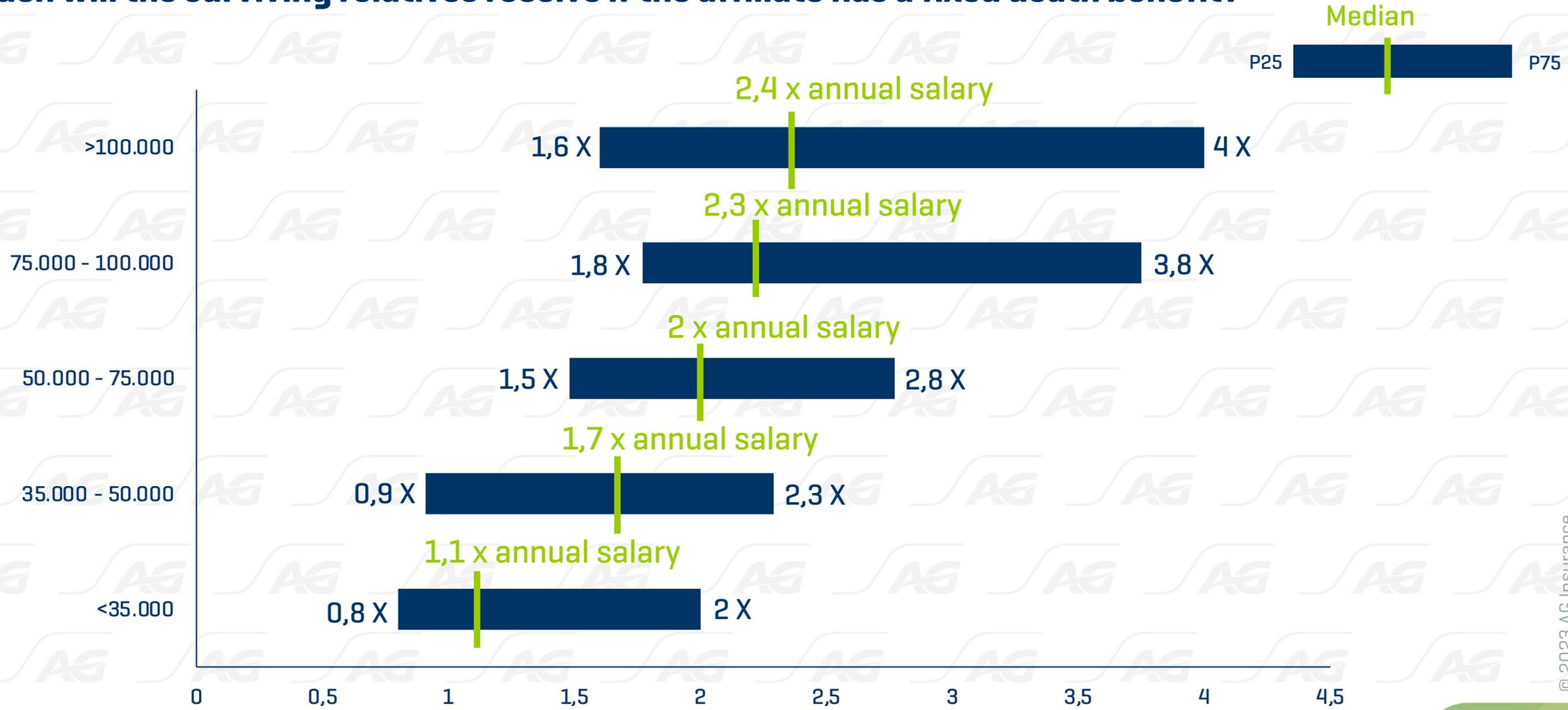
Number of affiliates where the dependants are paid only the accumulated reserves

Number of affiliates where dependants are paid a fixed death benefit

Number of affiliates with mixed insurance

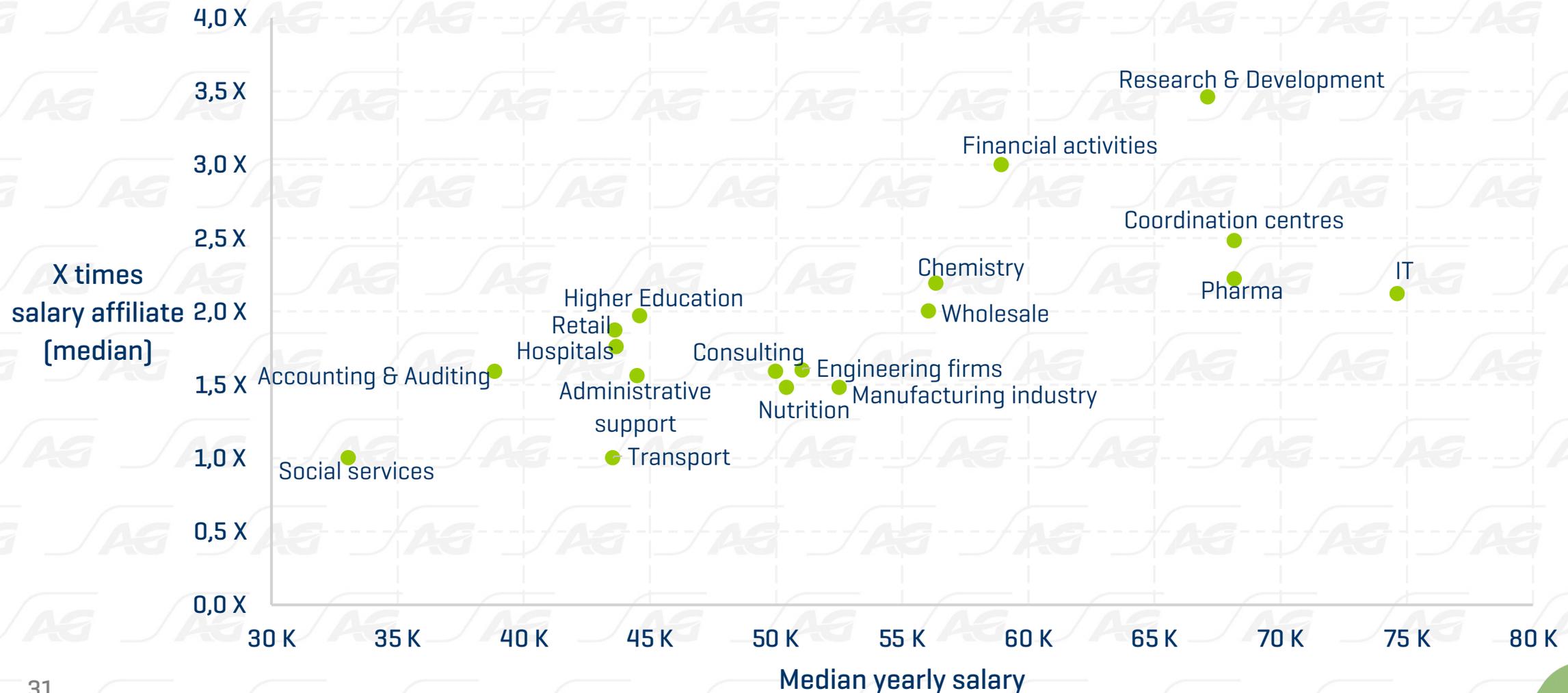
Death cover: your dependants well protected?

How much will the surviving relatives receive if the affiliate has a fixed death benefit?



Death cover: your dependants well protected?

How much will the surviving relatives receive if the affiliate has a fixed death benefit?



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Benchmark plans

Conclusion

What do we take with us?

- DB plans **less numerous** and disappearing but **higher replacement ratios** than DC plans in a full career

- DC plans

For a **comfortable** replacement ratio:

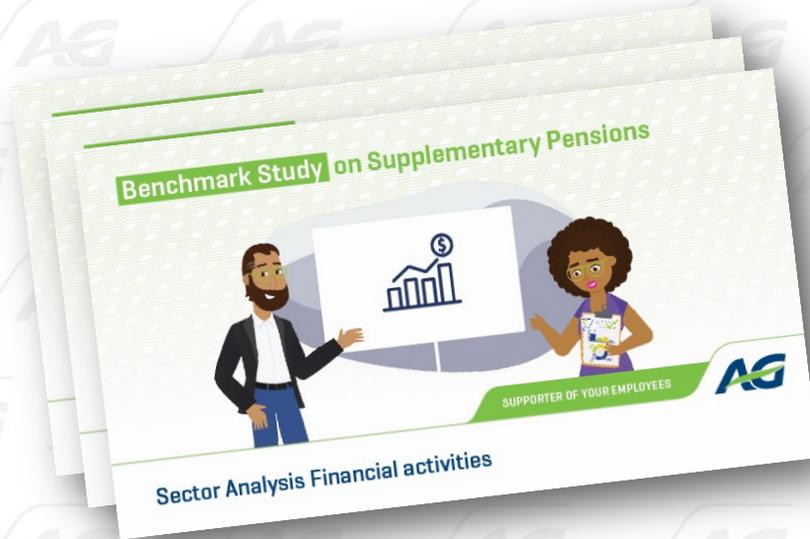
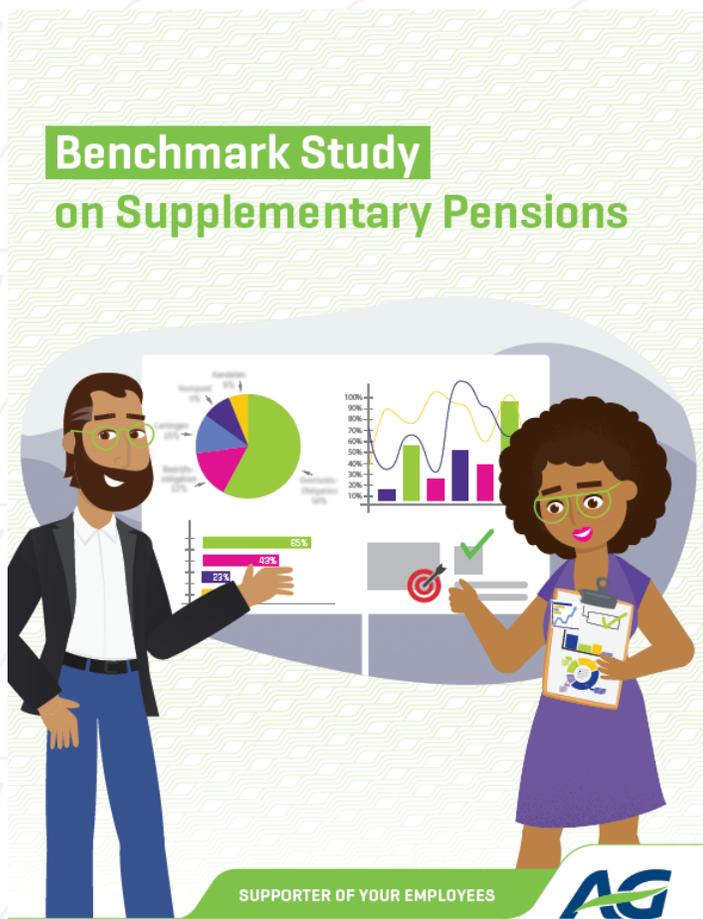
much more effort needed &

acceleration of 2nd pillar generalisation is URGENT

There is more ...

Whitepaper

Sector presentations



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