



Implementation plan Future of Pensions Act

Version 22 June 2023



Contents

1. Introduction	3
1.1 Implementation plan	3
1.2 NN Wtp adjustment proposals	3
2. Scope, project organisation and decision-making	6
2.1 Scope	6
2.2 Setting up project structure for transition process	6
2.3 Decision-making process in establishing implementation plan	7
3. Choices made: explanation and consequences	9
3.1 Introduction	9
3.2 Choices and consequences	10
3.2.1 Accrued pension entitlements and pension rights	10
3.2.2 Compliance with applicable laws and regulations	10
3.2.3 Description and justifications	11
3.2.4 Compliant scheme	12
3.2.5 Flat contribution scheme and compensation in salary	15
3.2.6 Cost structure	16
4. Risk analyses and control measures	17
4.1 Introduction	17
4.2 Operational and IT risks and controls	18
4.3 Process management	19
4.4 Technical feasibility of the new pension scheme	20
4.4.1 Adjustments to pension administration, asset management and IT systems	20
4.4.2 Involvement of internal and external resources including relevant outsourcing parties	21
4.4.3 Impact analysis of processes, systems and data, and feasibility analysis	21
4.4.4 Description of steps still to be taken (if any), including associated (critical) timelines to make IT systems ready for implementation of new pension scheme	23
5. Data and data quality	24
5.1 Data availability	24
5.2 Data quality risk analyses	25
5.2.1 Tasks, roles, responsibilities, documentation and processes	25
5.2.2 Correction policy	25
5.2.3 Protocol for collective value transfer	25
5.2.4 Roadmap renewals	26
6. Other information	27
6.1 Making the implementation plan available to pension members	27
6.2 Informing participating employers and advisers	27

1. Introduction

1.1 Implementation plan

Pension providers are obliged under Section 150b of the Pensions Act (*Pensioenwet*, or PA) to prepare an implementation plan if the three cumulative conditions set out in Section 150b(1) of the Pw are met. Pension providers are free in how they structure their implementation plan and the order in which the various components are addressed in that plan.

Nationale-Nederlanden Leven & Pensioen's (hereinafter: NN) Future of Pensions Act (*Wet toekomst pensioenen*, or Wtp) implementation plan follows the format of De Nederlandsche Bank's (DNB) fact sheet 'content implementation plan PPIs and insurers' which includes a good practice for the table of contents.

As indicated in the fact sheet, NN's Wtp implementation plan outlines its analyses and decisions. In-depth descriptions can be found in several documents¹, such as the PAR document (product development process) and the Wtp policy notes.

1.2 NN Wtp adjustment proposals

Based on obligations and possibilities of the Wtp, NN is introducing two NN-specific schemes:

- 1) Compliant scheme
- 2) Flat contribution rate and compensation in salary (flexible contribution agreement)

Both the Wtp schemes are a variant of the current *Persoonlijk Pensioen Plan* (Personal Pension Plan, or PPP) that we administer in SAP. NN operates both the flexible contribution agreement and the defined benefit agreement (*premie uitkeringsovereenkomst*, or PUR) through the PPP Wtp product. Where the document says 'Wtp schemes' or similar, this includes the PUR.

Other products/platforms do not receive Wtp product solutions. To compare:

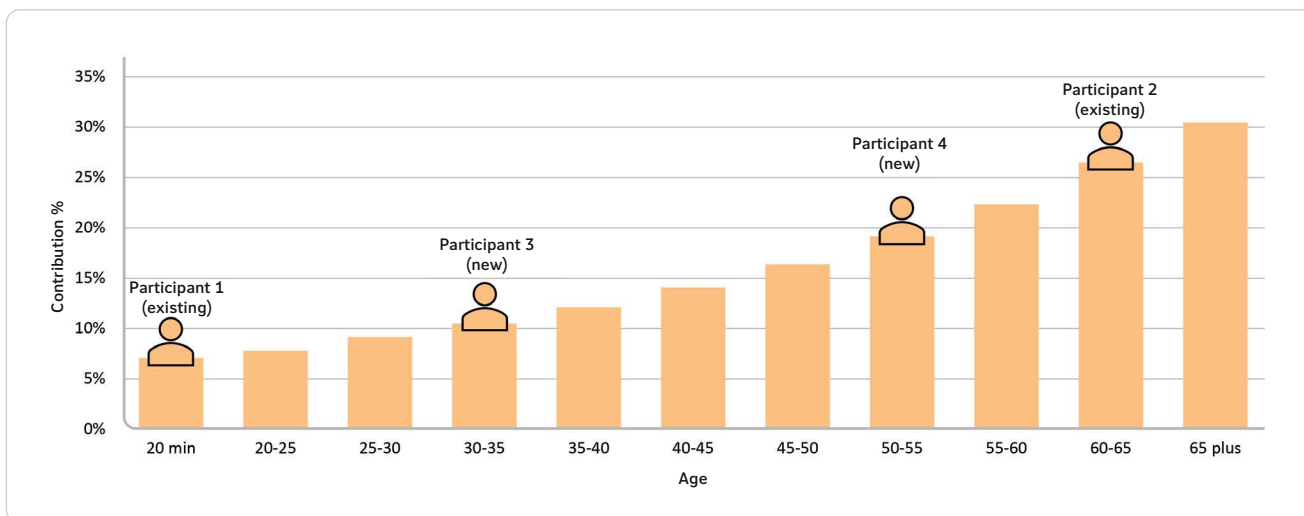
Current regime² and increasing contribution	Wtp: Compliant scheme	Wtp: Flat contribution and compensation in salary
In a scheme with a rising contribution rate, all pension members (existing and new) have an age-dependent contribution rate (according to the graduated scale).	In our product solution, existing pension members keep the graduated scale and new pension members receive a flat contribution ³ .	Flat contribution with the possibility of additional savings.

¹ These are internal documents that are not made available.

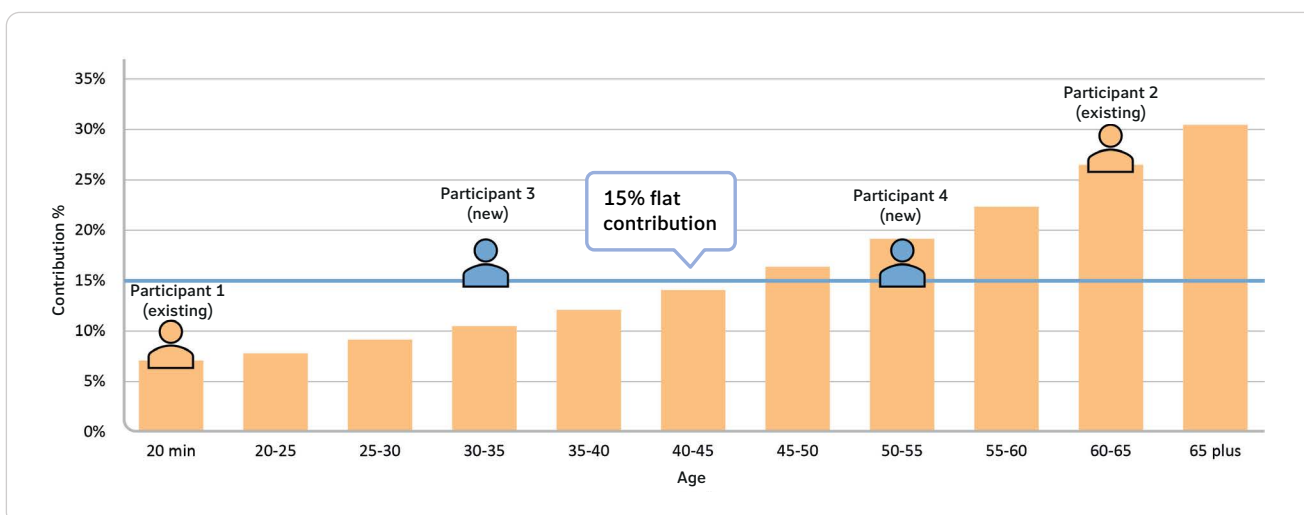
² Note: DB variants (contribution agreements) and individual pension insurances (capital agreements) can continue until 2028 at the latest.

³ In a compliant scheme, legislation allows new members to join with a graduated scale, as long as the employer has not yet introduced a flat contribution scheme.

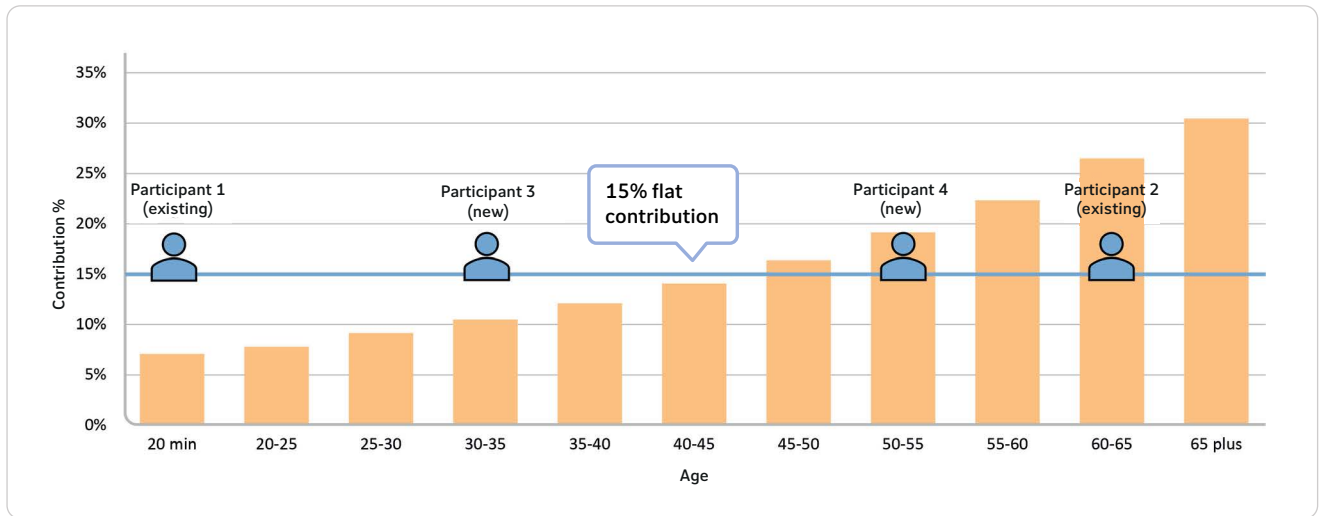
In a **current DC scheme** (contribution agreement) with a rising contribution rate, all pension members (existing and new) have a contribution rate according to the graduated scale.



In a **compliant scheme**, existing pension members keep the graduated scale and new pension members get a flat contribution. A 15% flat contribution is used as an example in the figure below.



With a **flat contribution and compensation in salary**, all pension members get a flat contribution. A 15% flat contribution is used as an example in the figure below. Pension members can voluntarily deposit their compensation for additional pension accrual up to the maximum taxable contribution rate via an opt-in or opt-out in the 'Extra Contribution' module.



2. Scope, project organisation and decision-making

2.1 Scope

The Wtp implementation plan concerns the Persoonlijk Pensioen Plan (PPP). Employers can only enter into a Wtp scheme at NN with a Persoonlijk Pensioen Plan (PPP). For net pension schemes, NN offers Pensioen Plus. All other active schemes are making the transition to a Wtp scheme through the PPP product. In doing so, we distinguish between two types of schemes:

- 1) Existing schemes where the end date of the scheme is before 1 January 2027⁴. These include investment pensions and guaranteed pensions.
- 2) The other existing pension products. For example, so-called 'target schemes' (capital agreements) and pension products where the end date is after 1 January 2027 (or after 1 January 2028 after legislative changes).

2.2 Setting up project structure for transition process

NN has set up a Wtp programme to prepare advisers, employers, pension members and the NN organisation for the transition to the Wtp before and after the implementation date (1 July 2023). The programme's steering committee comprises the executive managers of the Expert Centre (including product management), IT, Marketing and Client Service. Additionally, representatives of the second-line roles Legal, Compliance and Risk also make up the steering committee. The programme is managed by two programme managers, each of whom manages different sub-projects of the programme. Examples of sub-projects include policy drafting, adaptation of portals and IT systems and drafting the Wtp communication plan.

NN started preparing for the Wtp (then called 'Pension Agreement') in 2020. The first major milestone in early 2021 was the finalisation of the policy on the Wtp. In several policy notes, NN describes how the obligations and possibilities of the Wtp combined with market demands are reflected in the PPP product, associated processes, IT solutions and communication to advisers, employers and pension members. A further explanation of these policy notes and the decision-making process is given in the next section. After the passing of the law in the House of Representatives, the policy notes have been updated with a milestone of April 2023.

The second major milestone of August 2022 was the ability for advisers to request an indication of a Wtp scheme through the existing offer portal. The offer portal includes a comprehensive dialogue that allows advisers to request an offer for new business or a renewal of a scheme in the current regime. A second dialogue has been added to this which includes all (known at the time) features of the NN Wtp solutions as described in section 1.2. Advisers could (and still can), in anticipation of the introduction of Wtp, request an indication of one of the NN Wtp solutions in the form of an offer and calculation statements. An indication alone could not logically be converted into a scheme.

⁴ The minister has since pledged to extend the transition deadline by one year. In this plan, we assume the dates as they are currently laid down in the law. We will continue to monitor this development and, if necessary, adjust it at a later stage.

Otherwise, all outcomes are indicative. As part of this milestone, SAP was modified as the VTA (verzekeringstechnische administratie, or insurance administration) of the PPP product to administer a Wtp scheme. Features such as the flat contribution, the possibility of a supplementary partner's pension and more differentiation in the occupational disability premium (hereafter PVI) have been realised in the SAP system. In doing so, in anticipation of the final legislation, a step has already been taken in adapting the offer portal and the SAP system.

Broadly speaking, the following two milestones are the most important:

- 1) Being able to tender Wtp schemes by 1 October 2023
- 2) Administering and managing⁵ Wtp schemes by 1 January 2024

Linked to these milestones, we are working on the following sub-projects in the Wtp programme:

- The further⁶ implementation and optimisation of choice guidance
- Monitoring, establishing and/or reconsidering Wtp policy where necessary
- Preparing the internal organisation for the transition to Wtp
- Elaborating distribution strategy of current and Wtp regime
- Adjusting management processes in combination with adjustments in SAP (VTA)
- Adjusting management portals for both the pension member and the employer/managing adviser
- Specifying and setting up offer outputs and management outputs
- Drafting and implementing a communication plan
- Designing and realising the Was & Will Be communication at the pension member level
- Internal and external communication (complementary to the communication plan)
- Preparing template transition plan and realising building blocks of this plan for the adviser
- Designing and realising the Was & Will Be communication at the scheme level
- Drawing up implementation plan (this plan)
- Writing the PAR and adapting the PPP product note

2.3 Decision-making process in establishing implementation plan

Decision-making takes place along two axes:

- 1) The policy (content) axis
- 2) The project-based axis with respect to time, money/staffing and scope/quality

NN Leven & Pensioen's Policy Board consists of Commercial, Customer Services, Expert Centre (product management), Finance, IT Open Book, IT Closed Book, Marketing and Operational Chain DC, Operational Chain Individual, and Operational Services Pension. Additionally, the second-line roles Legal, Compliance and Risk are also represented.

⁵ A Wtp scheme can take effect at NN from 1 January 2024 (and not before).

⁶ Meanwhile, an interpretation of the open standard of choice guidance has been given. As part of said interpretation of the open standard, all member choices of all products were assessed.

The Policy Board decides on policy and product-related matters, e.g. the development of a new product (feature). Policy notes, also known as 'Policy Board notes', set out policies with sufficient space to explain and justify policy choices. A policy note contains the description of a new product or new features of an existing product in conjunction with implications in terms of pension members, advisers, employers, marketing, operations, finance, legal, tax, compliance and IT. A number of policy notes have been drafted specifically for the Wtp, which are discussed in more detail in the next chapter of this implementation plan. During a Policy Board meeting, one or more policy notes are on the agenda for agreement. Before a policy note features on the agenda, various departments involved participating in the Policy Board provide review comments and ultimately agree or not. Corporate Audit Services (CAS) follows the Wtp programme through account management. In addition, CAS established in 2022 that the programme has established a systematic and structured system to analyse laws and regulations and which is able to translate them into adequate (product) requirements.

The steering committee of the Wtp programme decides on all matters regarding time, money/staffing and scope/quality. The steering committee meets monthly and, if necessary, on an interim basis. On the agenda is the progress of the programme and, in terms of decision-making, issues concerning time, money/staffing and scope/quality as mentioned above.

3. Choices made: explanations and consequences

3.1 Introduction

The following documents⁷ describe the PPP Wtp and Pensioen Plus product:

- Wtp policy notes
- The PPP product note
- The PPP Wtp PAR document

This introduction explains these documents. The following section describes the main features of the PPP Wtp product.

Wtp policy notes

Renewing the existing PPP product to the new types of Wtp schemes is quite an undertaking, which is why this has been spread across several Wtp policy notes:

- The policy note 'Equal contribution rate new tax framework Wtp for PPP' deals with the new tax framework for DC in which existing schemes switch (in the period between 1 July 2023 and 1 January 2027 or 1 January 2028 after amendment of the law) from defined graduated contribution scales to an equal contribution rate (flat contribution).
- The policy note 'New form of dependant's pension (50% salary) in Wtp' deals with the new form of dependant's pension (max 50% salary). This document describes this new dependant's coverage including the description of the Anw shortfall pension and orphan's pension.
- The policy note 'Transition options from DC for Pensioenakkoord into PPP' deals with how NN can convert the current DC schemes in terms of contribution systematics within and into PPP to the new Wtp regime and what compensation options NN offers including the associated support processes.
- The policy note 'Product features Pensioen Plus 100k⁸ Pensioenakkoord' deals with the proposed adjustments to net pension (100k) for new business and renewals in the Pensioen Plus product.
- The policy note 'Defined contribution agreement within Wtp' deals with adjusting the existing Pensioenclik to the Wtp. If employers want to include the Pensioenclik in the pension scheme, the new legislation demands the PPP will have the character of a Defined benefit agreement, giving the pension member the option to buy a fixed pension as early as 15 years before the state pension date with (part of) the contribution and/or accrued value. This is realised by maintaining the current Pensioenclik with a minor modification.

⁷ These are internal documents that are not made available.

⁸ The 100K product relates to pension accrual and PP coverage for the salary portion above the fiscal limit amount from Section 18ga of the 1964 Employees' Pay Act.

PPP product note

Whereas the policy notes focus mainly on explaining and justifying the policy choices made, the PPP product note contains a fully coherent description of the PPP product. Both the current product and the Wtp product are described in the same product note. A distinction has been made here between the standard options (online tender) and deviations that can only be offered through the back office. Within the accrual product, the employer can add further modules: the Pensioen Plus (100k) product. For the DMS not covered by the provisions of the Pension Act, we offer a specific DMS scheme.

We treat the DMS as an 'ordinary' pension member as much as possible, seeing as how we offer the DMS the same pension product. And, as long as this fits within the new pension rules, the DMS will be given the same choices when adjusting the pension scheme.

The Wtp PAR document

The PAR document for the PPP Wtp product is the result of the implementation and recording of the PAR procedure (PARP).

3.2 Choices and consequences

3.2.1 Accrued pension entitlements and pension rights

In transitioning from current schemes to the Wtp, NN does not apply so-called integration⁹ (invaren). Integration does not play a role in final and average salary schemes (DC schemes) executed by an insurer, as the accrued pension rights and entitlements (or, in other words, benefits) are guaranteed and therefore do not change due to the Wtp (the new pension legislation). Integration is also not an issue in existing defined contribution schemes. Accrued pension entitlements and pension rights will be respected. However, this does come with the caveat that, at the employer's request, it can be opted to take the accrued (investment) value into the Wtp scheme with NN or another pension provider (and vice versa) via group value transfer (according to section 83 Pw).

3.2.2 Compliance with applicable laws and regulations

Compliance with applicable laws and regulations is mainly organised in two ways:

First, in the Wtp programme, a separate working group 'Wtp policy consultation' deals with all legislative and regulatory developments concerning the Wtp. The working group includes representatives from Legal, Compliance, Marketing, Pricing and the Expert Centre. During the programme, this working group followed all developments in (draft) laws and regulations, reviewed them and translated them into consequences for the interpretation of the Wtp within NN. For example, an overview of all new or to-be-adapted legally required communication has been prepared. The Wtp programme linked actions to these communications to provide for this.

Secondly, the Wtp policy notes form the basis for all results and related efforts of the Wtp programme. An important starting point for any Wtp policy note is, of course, the Wtp (including sub-regulations) itself and, as described in section 2.3 'Decision-making process in establishing implementation plan', a large number of departments review Wtp policy notes. In this regard, Legal & Compliance has an advisory and review role to ensure that a policy note complies with laws and regulations; not just the Wtp, but in a broader sense, such as equal treatment legislation.

⁹ Integration is the term used for transferring pension rights and entitlements accrued under current legislation to a pension that fits within a new pension regime. It therefore involves transferring pension rights and entitlements from the old to the new system.

3.2.3 Description and justifications

For a detailed explanation of topics as indicated in the box at the introduction, please refer to the content of the aforementioned documents.

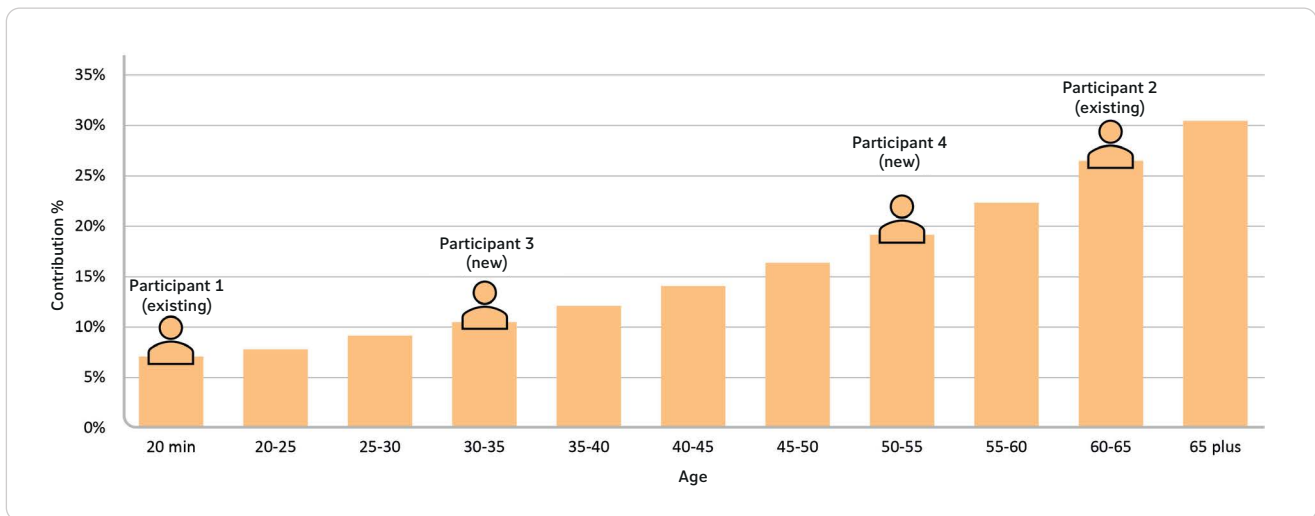
Below is an overall description of the two variants of the PPP Wtp product:

- 1) Compliant scheme
- 2) Flat contribution and salary compensation (flexible contribution agreement)

Both Wtp schemes are a variant of the Persoonlijk Pensioen Plan (PPP) that we administer in SAP. Other products/platforms do not receive Wtp product solutions. To compare:

Current regime ¹⁰ and increasing contribution	Wtp: Compliant scheme	Wtp: Flat contribution and salary compensation
In a scheme with a rising contribution rate, all pension members (existing and new) have an age-dependent contribution rate (according to the graduated scale).	In our product solution, existing pension members keep the graduated scale and new pension members receive a flat contribution ¹¹ .	Flat contribution with the possibility of additional savings.

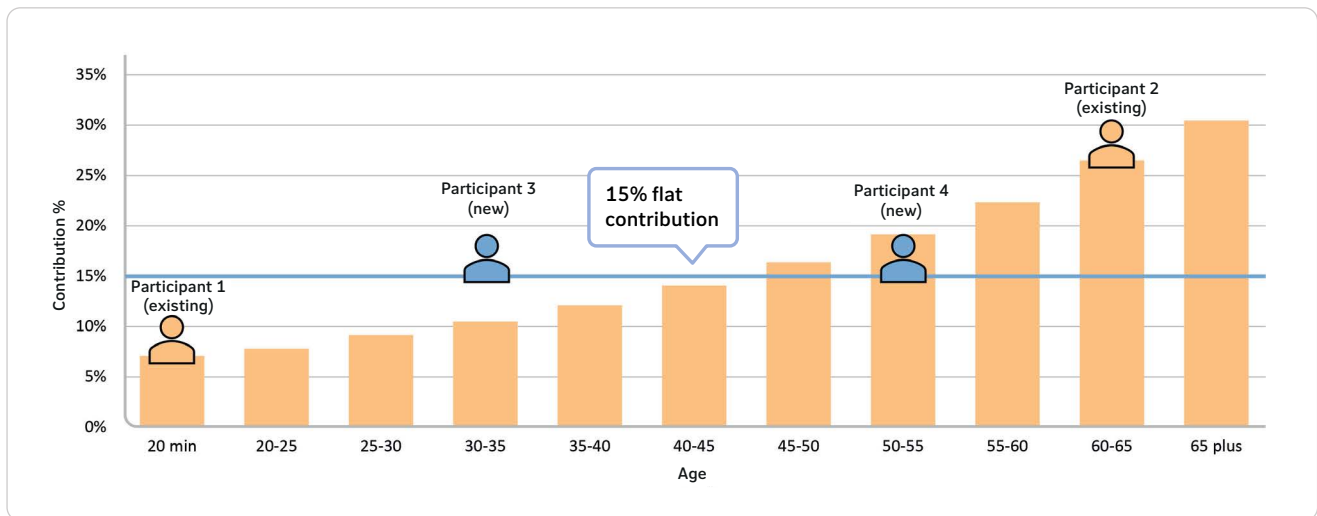
In a **current DC scheme** (contribution agreement) with a rising contribution rate, all pension members (existing and new) have a contribution rate according to the graduated scale.



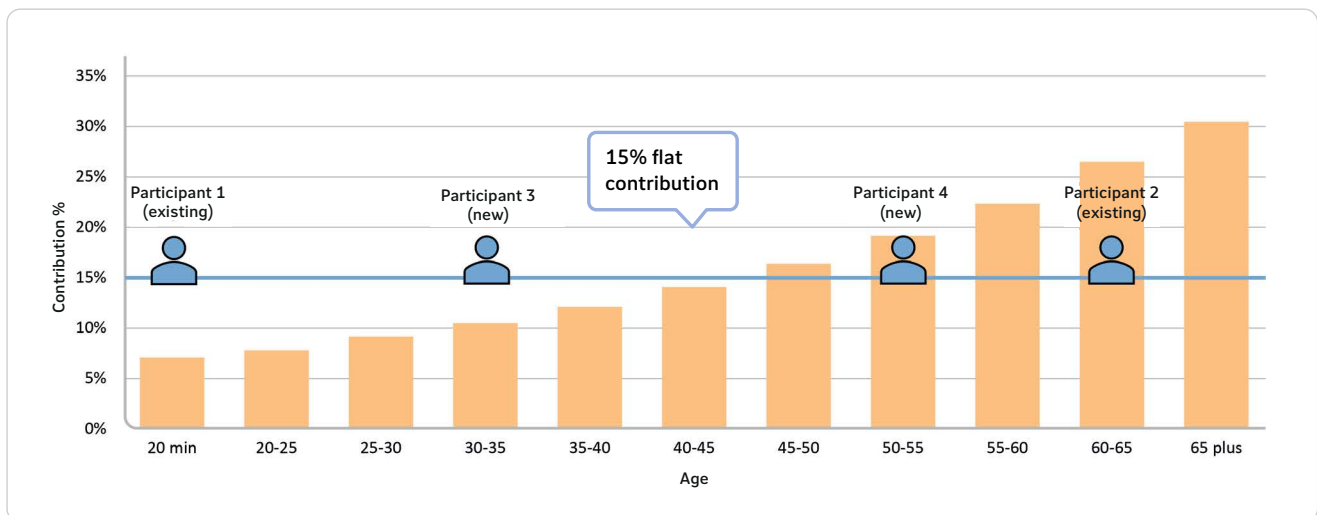
¹⁰ Note: DB variants (contribution agreements) and individual pension insurances (capital agreements) can continue until 2028 at the latest.

¹¹ In a compliant scheme, legislation allows new members to join with a graduated scale, as long as the employer has not yet introduced a flat contribution scheme. Our policy choice is that new members participate immediately in a scheme with a flat contribution.

In a compliant scheme, existing pension members keep the graduated scale and new pension members get a flat contribution. A 15% flat contribution is used as an example in the figure below.



With a **flat contribution and compensation** in salary, all pension members get a flat contribution. A 15% flat contribution is used as an example in the figure below. Pension members can deposit their compensation for additional pension accrual up to the maximum taxable contribution rate via an opt-in or opt-out in the 'Extra Contribution' module.



3.2.4 Compliant scheme

Under respectability, existing and new pension members transfer to a pension scheme that complies with the Wtp. To make use of a compliant scheme, an existing scheme with an age-related contribution (graduated or DC scheme) must exist on the day prior to the entry into force of the Wtp. While it may seem logical, it is important to note that all features of the scheme must comply with the Wtp. It is not possible to include a partner's pension from the current regime in a scheme under the compliant regime. A mix between two different tax regimes (current and the new Wtp) in one scheme is not legally possible.

Contribution retirement pension and partner's pension upon passing away on or after the retirement date

- **Existing pension members** keep an age-dependent graduated contribution scale for their pension accrual. Incidentally, within this framework, we also accept other graduated scales based on different interest rates. This graduated scale is capped at the statutory graduated scale of the Wtp, also known as 38r graduated scale (after the relevant section of the law).
- **New pension members** all have the same flat contribution rate for their pension accrual. According to our policy, a pension member is 'new' to the compliant scheme¹² if he/she joins after the effective date of the pension scheme with us. The contribution is a percentage of pensionable earnings. In percentage terms, the flat contribution remains the same over the life of the scheme (hence the term 'flat'). Naturally, the contribution – denoted in euros – moves with the salary.

Upper and lower contribution OP/PP

The **upper limit of the flat contribution** is 30% of pension base and the **lower limit of the flat contribution** is 3.9%. All new pension members – after the scheme starts – have the same flat contribution. The upper limit is dictated by law and may be adjusted every 5 years by the legislature; the lower limit is our own policy. The 3.9% is the current minimum available contribution rate we use and is derived from the lowest contribution cohort of the current 4% interest rate scale. By setting the minimum in this way, we prevent employers from having to increase the current pledged rate at renewal. It should be noted that there is no legal lower limit for the defined contribution. In addition, we do think it is important for a pension member to be able to accrue sufficient pension. This may take the form of a combination of the contribution paid in by the employer and an additional top-up contribution from the pension member. Giving insight into possible pensions, combined with providing action perspectives, is a good tool in this regard. The current lower limit is derived from the statutory graduated scales and we use it to easily continue existing pension schemes.

Other differences between existing and new pension members

Two distinctive differences between existing pension members and new pension members:

- 1) For existing pension members, the contribution-free pension accrual follows the contribution rates according to the graduated scale during occupational disability. For new pension members, the PVI is a flat percentage just like the contribution. Naturally, the PVI expressed in euros moves with the salary.
- 2) For existing pension members, the additional savings margin is the top-up to the maximum of the 1.5% fiscal maximum transitional scale (taking into account the 38r scale) and new pension members get an additional savings margin of up to 30%.
 - If the offset (franchise) is higher than statutory minimum offset, additional savings can also be pledged on this part of salary equal to the maximum equalised contribution rate (in line with current policy).
 - If the salary in the scheme is capped at an amount lower than the statutory maximum salary (100k limit), we include this salary space in the additional savings (in line with current policy).
 - Room to catch up is also available up to the effective date of the scheme (in line with current policy). The catch-up period remains a maximum of seven years.

¹² This is called a 'compliant scheme'. New members get a flat contribution in this scheme.

The rest of the features of our 'compliant' product are all the same for existing and new pension members

- A **personal contribution**¹³ of 0% up to the available contribution rate specified by the employer remains possible.
- The **partner's pension**¹⁴ amounts to a maximum of 50% of the pensionable salary. The **employer** makes this choice at the scheme level (and is therefore the same for all pension members). The 50% cap is set by law.
- The **supplementary partner's pension** allows a pension member to supplement the partner's pension up to a maximum of 50%. This is relevant if the employer has not chosen in the basic scheme to maximise the partner's pre-death pension. The employer decides whether supplementing the partner's pension is an option and, if so, whether this is an opt-in or an opt-out choice. The **employer** makes this choice at the scheme level (and is therefore the same for all pension members). The **employer** also has the option for 'additional partner's pension' to keep the PP the same as the current scheme. The individual **pension member** can then choose their own level of supplementary partner's pension in the pension member portal (mijn.nn Financial Future). It is also possible to voluntarily continue coverage at your own expense after the end of pension membership.
- The orphan's pension amounts to a maximum of 20% of the pensionable salary. The **employer** makes this choice at the scheme level (and is therefore the same for all pension members). The 20% cap is set by law. Unlike the partner's pension, the pension member has no option to supplement the orphan's pension. The orphan's pension is paid up to age 25 (determined by law). The law also provides for doubling to 40 per cent for 'full orphans'.
- The employer makes the choice whether **extra deposits** (additional savings) are possible or not. This is our policy and this is how the current product works. The **employer** makes this choice at the scheme level (and is therefore the same for all pension members). The employer also makes the choice of who pays the **PVI** on the additional savings: the employer or the pension member. Under the current regime, this is always the employer. The **employer** also makes this choice at the scheme level (and is therefore the same for all pension members). We bill the employer and not the pension member.
The arrangements between employer and employee regarding co-payment of the cost of the pension scheme are made through the employer's payroll.
- The **employer** makes the choice whether the **Anw shortfall pension** is part of the pension scheme and whether this is compulsory or voluntary participation. If participation is voluntary, the employer chooses whether participation is an opt-in or opt-out choice.

The legal default remains accrual to a fixed benefit. However, both a lifecycle with phase-out to a fixed benefit and a **lifecycle** with phase-out to a variable benefit are possible. The **employer** makes this choice at the regulation level. An individual **pension member** can deviate from this via the pension member portal.

What is new in the Wtp is that the employer, in consultation with the employees and/or any employee representation, can opt for a standard phase-out to a variable benefit from the retirement date. The company default becomes the Balanced lifecycle with phase-out to 30%. We see this as the best possible fulfilment of our legal obligation in line with the established risk attitude of our pension members. As mentioned above, this is only possible if the employer has agreed this with the pension members and/or any employee representative body.

¹³ For graduated schemes, there is a condition that the personal contribution (to be specified by the employer) can never exceed the contribution for the youngest entrants to the scheme.

¹⁴ In full, this is the 'risk partner's pension in the event of passing away before retirement date and during membership'.

3.2.5 Flat contribution scheme and salary compensation

If an employer does not want two different schemes, existing and new pension members will receive a flat contribution. For this, we have our **flat contribution and compensation in the salary solution** available.

All pension members have the same flat contribution rate for their pension accrual, and the employer chooses an available contribution rate of the pension base.

The compensation aims to compensate **existing pension members** for the difference in pension prospects between the 'previous pension scheme' and the 'new Wtp scheme', so that a pension member does not suffer financially.

The adjacent figure shows what is meant by this. In this situation, the contribution according to the graduated scale is higher than the flat contribution starting at age 45.



Next, take someone aged 35, for example:

- Between 35 and 45 years, the new (flat) contribution is higher than the current contribution
- From age 45, the new (flat) contribution is lower than the current contribution

Taken together, the new contribution between the ages of 35 and 65 is lower than the contribution based on the graduated scale.

The employer commits to an **age-related compensation in the form of additional salary**. Compensation in the form of additional salary is a percentage of the pension base and starts from the moment the scheme starts. The percentage remains the same until the retirement date as long as there is membership in the pension scheme. As it is a percentage, the resulting additional salary naturally moves with a change in the amount of salary. This additional salary is not part of the pension base and therefore does not count towards pension accrual. The employer must explicitly arrange this with the employee.

The employee can use this additional salary to pay in additional contribution. How much the pension member actually pays in additionally is up to the pension member. How this works is described below under the heading 'Pension member choice'. Relevant to note is that the extra deposit simply remains; in fact, a pension members can always pay in extra deposits (within tax limits). The fact that a pension member receives extra salary as compensation does not matter.

The features of the 'NN flat contribution with compensation in salary' are all the same for existing and new pension members.

Otherwise, for all pension members, all parts of the scheme (such as paying in additional deposits, partner's pension, orphan's pension, etc.) are the same as in the compliant scheme. A list of these is available under Compliant scheme.

Pension member choice

At the offer stage, the employer/adviser specifies the compensation per age. The individual pension member then makes a choice in their portal. Here, the pension member can indicate that he or she does not want to use the compensation for additional deposits or only partially. Or decide to pay in additional money into their pension scheme. The PUR is a variant, where only the Pensioenclik is an additional option.

3.2.6 Cost structure

We offer customer a five-year pension contract as standard. After this period, a contract expires.

The customer is free to sign a new contract with a modified scheme. It is NN policy to make the transition to Wtp coincide with the renewal moment as much as possible. In that case, the Wtp transition coincides with the normal adjustment moment of the scheme. We have two types of renewals:

1) DC – Wtp DC renewals.

The accrued entitlements are not transferred to the DC scheme but remain non-contributory.

Thus, the cost structure of these accrued entitlements does not change. The costs in the new Wtp DC scheme are described in the administration agreement.

2) DC – Wtp DC renewals

The costs in the new Wtp DC scheme are described in the administration agreement. The implementation costs of a DC scheme do not differ between the current PPP product and the PPP Wtp product. The accrued values can be pooled in the Wtp scheme in accordance with the investment policy defined in the new offer. If, as a result of a changed investment policy, funds have to be bought and sold, a fee will be charged.

Besides a transition at the normal renewal moment, a Wtp scheme can also be converted during the contract term, for which we will not charge any extra costs.

Details on costs and their explanation are in the administration agreement and pricing note 22/23.

Broadly speaking, the following applies:

- Costs received by NN relate to Administration Fees and Service Fees.
- Fees received by the asset manager are Asset Management Fees/running costs and Transaction Fees/insurance fees.

4. Risk analyses and control measures

4.1 Introduction

Several risk assessments are part of the Wtp programme. At an overarching level, a so-called HLRA (High-Level Risk Assessment) was carried out by the steering committee. In addition, more detailed risk assessments in various sub-areas were also carried out. The risks have been reassessed several times, with each risk estimated based on probability and impact. Probability and impact are classified into different categories according to the NN risk methodology. Each probability category and each impact category has a unambiguous description. The result is a unified framework for assessing risks using probability and impact. Probability x impact results in a level that we denote with a colour. From low to high, these are green, yellow, orange and red. Green and yellow fall within the risk appetite. Orange and red were followed up with additional control measures after the risk assessment.

This implementation plan identifies the additional control measures of the HLRA risks. This section outlines the various non-green risks and the level of each risk. The PAR document furthermore contains the results of the risk assessment carried out specifically for the PAR. For this, please refer to the PAR document itself.

As NN is not dealing with integration and funding ratios, an 'analysis of any financial, economic and other shocks during the transition period that impact the implementation of the implementation plan (triggers)' is not applicable.

Overarching level (called 'HLRA' within NN)

No.	Risk	Level of risk
1	Insufficient capacity planned	Orange
2	Taking too long to determine policy	Yellow
3	A perfect storm	Yellow
5	Removal of specialists/ key staff Expert Centre	Yellow
7	Incorrect choices in prioritisation for legal	Yellow
8	Excessive administrative load	Orange
9	Workarounds on offers and mutations	Orange
11	Insufficient consideration of new customer needs	Yellow
12	Wtp solutions do not meet expectations (implicit and explicit) and/or that expectations differ within the organisation	Yellow
13	Targets are not met within set deadlines	Orange
14	The internal organisation is insufficiently prepared for the transition to the Wtp	Yellow
15	External organisations (especially advisers) are insufficiently prepared for the transition to the Wtp	Yellow
16	The governance and control of the programme does not fit the nature and scale of the programme	Yellow

The orange risks can be summarised in two parts:

- 1) Risk of untimely implementation of the Wtp (risks 1 and 13)
- 2) Risk of excessive operational load (risks 8 and 9)

Mitigating measures for the first part involve adjusting the governance of the programme and adding capacity to key subsections. The control measures for the second part involve closer involvement of the Wtp operational core team. Processes are also divided into different phases (waves) based on operational impact, among other things. See section 4.4.3 for this.

4.2 Operational and IT risks and controls

Operational risks and process risks are listed together in the next section. The following IT risks have been identified:

IT

No.	Risk	Level of risk
1	Insurance technology provides source documents too late	Yellow
2	Misjudged risk-based testing	Yellow
3	Too many pension member processes	Orange
4	Reputational damage	Yellow
5	Management portal not available in time	Orange
7	Commercial requirements make SAP complex	Yellow
8	Risk of decisions not being made in a timely manner (need to haves)	Orange
9	The risk of implementing the incorrect functionalities	Yellow
10	The risk that new IT adaptations still have to be made at the end of the chain	Orange
11	The risk of mismatch between functionalities in terms of content	Yellow
12	Risk of specialists/key men falling away	Orange
13	Risk of other projects claiming too much capacity	Yellow
14	Risk of pension member processes not being completed	Orange
15	Risk that the necessary output is not finished for proper choice guidance to pension member, employer and adviser	Orange
16	The risk of not being able to do a chain test in time for all management processes	Orange

4.3 Process control

Operational risks and process risks are divided into three categories: Client Service & Advisers, Services, and Legal Communications. Non-green risks are listed below. The control measures are included in detailed reports.

CS & Advisers

No.	Risk	Level of risk
1	Limited service customer managers	Yellow
2	NN limited in terms of flexibility	Yellow
3	Missing functionalities	Orange
5	Insufficient customer managers available	Orange
6	Unable to send offer choice on time	Yellow
8	Incorrect commitments	Yellow
9	Dissatisfied advisers	Yellow
10	Operational peak	Yellow
11	Failing to deliver on promises	Yellow
12	Support advisers with numerical comparison	Orange

Services

No.	Risk	Level of risk
2	Lose sight of active customers at Services	Yellow
3	Communication Digital	Yellow
5	Separate registration of occupationally disabled employees	Yellow
6	Risk-based insurance	Yellow
8	Leverage effect	Yellow
9	Incomplete letter	Yellow
10	Uncertainty DMS	Yellow
12	Choice guidance + activation not 'in place' on 1 July 2023	Orange
13	PPP Wtp product not fully implemented in time	Yellow
14	Insufficient testing capacity for mail merge 'Was & Will Be' letters	Yellow
15	Delay in approval from regulators on implementation and/or communication plan	Yellow
16	Insufficient attention to continuation event test for 'old regime' non-contributory pension entitlements	Orange
17	Delay in processing 'old' pension data from previous pension provider to display 'Was & Will Be' calculations when taking out Wtp scheme with NN	Yellow
18	Failure to have full legal output ready in time for renewals and new Wtp schemes from 1 January 2024	Yellow
19	Reputational loss due to NN not (yet) being able to accept and administer a Wtp scheme for new customers from 1 January 2024	Orange
20	No capacity or priority in the coming period (2024-2025) for the follow-up steps to the further elaboration and implementation of Choice Guidance and activation of pension members	Yellow
21	(Numerical) comparison old vs new for pension member (Was & Will Be)	Yellow

Legal communication

No.	Risk	Level of risk
1	The risk of workarounds being used	Yellow
2	Risk that NN's interpretation of the open standard does not meet the spirit of the pension agreement	Yellow
4	The risk that the Wtp s too complex to communicate in clear and concise language	Yellow
6	Risk of NN not meeting pension members' digital communication choice	Yellow
7a	Risk that NN cannot comply with statutory pension communications	Yellow
7b	The risk that NN cannot comply with statutory pension communication (choice guidance)	Orange
8	Risk of legislation crystallising too late	Yellow
9	The risk that the transition plan will require a lot of operational effort	N/A
10	Risk that active customers at Services are not included in customer communications	N/A
11	The risk of the CAP procedure taking a long time (see section 4.4.2 for an explanation of the CAP)	Yellow
12	Risk that the process of making the communication plan and/or transition plan available is cumbersome	Yellow
13	The risk of numerical inconsistency in the Was & Will Be overview	Orange
14	Risk of confusion among members after receiving a second Was & Will Be overview in case of a commercial agreement not being approved by the AFM 8 weeks or later before the start of the scheme	Orange

4.4 Technical feasibility of the new pension scheme

4.4.1 Adjustments to pension administration, asset management and IT systems

Section 6.1 of the PAR document explains the adjustments to the pension administration and IT systems. Asset management is not significantly affected. In outline, the adjustments are listed below.

SAP FS-PM (SAP for short)	The administration of the PPP Wtp product takes place in SAP FS-PM. The existing PPP product was expanded in SAP to include a Wtp variant. To this end, new features and existing features have been adapted to comply with the Wtp requirements. The Wtp requirements are derived from the Wtp policy notes (see section 3.1)
Offer portal (for the adviser)	A new dialogue ('funnel') for requesting an offer for the PPP Wtp product has been included in the offer portal. This new dialogue functions alongside the existing dialogue for the current regime's PPP product. Advisers choose one of these dialogues in the offer portal.
Pension member portal (for the pension member)	Pension members can access the mijn.nn Financial Future portal via the mijn.nn portal and via the NN app. Mijn.nn Financial Future gives pension members insight into their financial situation when they reach retirement age. They can also add other sources of (retirement) income to round up their financial situation. The pension member portal has been expanded with insights and choices (and the appropriate choice guidance) for new features of the PPP Wtp product.
Mijn NN Business portal (for the employer and managing adviser)	The Mijn NN Business portal has been expanded with new functionality specific to the PPP Wtp product. Existing screens have been expanded to show relevant information in the case of a PPP Wtp scheme.
Human Capital Planner, or HCP for short (for the employer)	The HCP has been expanded to include new numerical and visual insights specific to Wtp schemes.

4.4.2 Involvement of internal and external resources including relevant outsourcing parties

The programme is divided into several sub-tracks and each track has a broad representation of all kinds of resources from the organisation. Broadly speaking, the following applies:

- Drafting Wtp policy notes: implementation by Expert Centre (including product management) and involvement of all roles described in section 3.1.
- In preparing the organisation for the Wtp, the business has an important role to play first and foremost. The DC chain management team (CMT) makes choices about the order and priority with which SAP processes are adapted to the Wtp. The CMT is led by a chain director and includes representatives from IT, Expert Centre, Marketing, Sales, Finance and Business.
- Adapting SAP and the portals: firstly, the work on the SAP and portal chain is divided among several IT development teams, each led by a product owner. Business analysts in the IT development teams collaborate with business and EC, among others, in carrying out their analyses. Marketing is responsible for the design of customer journeys for pension member-adviser interaction through the portals. Texts on portals always go through the CAP procedure, with EC, Legal and Compliance checking for product features/accuracy and Communication for consistency in language and understandability.
- A specialised output team creates the specifications for the legal output for offers and management. The basis for the specifications are the Wtp policy notes, in which process the team works closely with the Expert Centre. Furthermore, the team coordinates a lot with Business and also Marketing. A specification is only finalised after a positive CAP assessment (see point above).
- Communication about the Wtp both internally and externally is through the Communications Department which falls under Marketing.
- The preparation of the communication plan and implementation plan (this plan) was divided between several disciplines, including Marketing, Expert Centre, Legal and Compliance and Business. IT further has a significant involvement in the creation of a solution for the Was & Will Be overviews at pension member level and scheme level. All the above roles are also involved in making information available to advisers needed to prepare a transition plan.
- NN has all the above activities in-house and all systems are owned by NN. Also, all the sub-tracks of the Wtp programme are owned by NN. In short, there is no outsourcing to external parties. However, a limited number of roles were filled by external staff. An actuarial firm was furthermore hired to assist in working out net profit calculations.

4.4.3 Impact analysis of processes, systems and data, and feasibility analysis

Several processes are available in the SAP system to manage a PPP scheme. Examples include entering a new pension member in a scheme, running the monthly roll-over, processing a divorce, processing a death and processing a member leaving employment. A comprehensive overview of all processes is available for the current product, explaining and classifying each process according to a number of characteristics. This classification has been further extended under the Wtp programme. For example, a large proportion of the processes have already been tested for their ability to cope with a Wtp scheme. One example is the monthly prolongation process. The processes are furthermore divided into a number of phases (waves):

Processes included in wave A - Must have by 01-01-2024:	At GO-live (before 01-01-2024), all wave-A PPP Wtp processes are functional in the production environment, after positive tests have been performed in the test environment. Customers will thus not experience reduced service levels as a result of implemented (STP) processes.
Processes that are part of wave B - Non-must have will be delivered after 01-01-2024	Some processes required as part of the new proposition and/or not yet needed by 01-01-2024 will be delivered after 01-01-2024. The timing of this delivery will be prioritised based on business value. Business value is the product of (operational) risks and/or costs and the effort it takes to deliver the function. An example is the termination of a contract. For example, a Wtp scheme that just started on 1 January 2024, will not be terminated already on 2 January and can therefore wait a bit longer to be adapted to the Wtp.
Processes included in wave C - No impact and no priority for implementation:	There is no impact on these processes.

The Wtp policy notes (see section 3.1) have been elaborated in the form of Wtp requirements. A policy note has a narrative character and the Wtp requirements are compact modular descriptions that, in conjunction, guide the adjustments to the PPP product, processes and SAP, and portals. In the fourth quarter of 2021, IT, Marketing, EC and Business went through the requirements together, thus working towards a common view of the required functionalities. This involved outlining the impact of the required IT modifications. An overall schedule has been drawn up including key milestones. Specific parts of that overall schedule are further elaborated in detailed plans, such as those for offers.

NN follows an agile working method, with IT development teams deciding prior to each quarter what they will achieve the following quarter. In doing so, the various IT development teams work out the specific impact for their part of the chain based on the requirements. This results in a sprint planning where the impact is determined down to the user story level.

As described in section 3.2.1, there is no integration of schemes at NN, so the impact on data is limited. All the impact on the data can be traced back to the adjustments to the PPP product, such as the supplementary partner's pension. This is not present in the existing (current regime) PPP and results in additional data in existing data flows to, for example, Finance. Of these, functional and technical analyses were prepared down to the level of fields in SAP.

Part of the impact analysis are discussions on the feasibility and achievability of how requirements are implemented in SAP and the portals. The detailed planning for offers shows that sending offers by 1 October 2023 is feasible. The adaptation of processes in several waves will ensure that key processes will have been adapted from 1 January 2024. As part of the Agile development process, all changes to software are naturally tested, with the IT development teams carrying out functional, integration and user tests. Testing takes place based on acceptance criteria and is recorded in user story documents by the development teams. Results of this are captured in Azure, Excel test scripts and test tools. The teams themselves are responsible for these testing processes.

In addition, overarching user acceptance tests and a functional chain test are carried out with a view to the Wtp programme. Results of these tests are recorded in Test Scripts. These tests rely on the tests performed by the teams and include a different scope. This scope broadly covers all possible variations possible in a Wtp scheme, including matters such as the choice of supplementary partner's pension Yes/No or who pays for PVI coverage.

4.4.4 Description of steps still to be taken (if any), including associated (critical) timelines to make IT systems ready for implementation of new pension scheme

Section 2.2 identifies the main milestones realised and yet to be realised in the Wtp programme. Below is a more detailed explanation of the steps and timelines yet to be taken to make IT systems ready.

Sending offers by 1 October 2023

As described in Section 2.2, the milestone of an adviser being able to request an indication of a Wtp scheme through the existing offer portal will be reached in August 2022. Based on that milestone, work continued on the offer portal and SAP. In particular, the latest adjustments to the Wtp from December 2022 will be incorporated into the timeline up to October 1. Examples include (non-exhaustive):

- Possibility of additional¹⁵ Partner's Pension/Orphan's Pension (PP/OP)
- Adjustment of the partner definition
- Adjustment of walk-out cover
- Voluntary continuation after retirement
- Entry age 18 years old

The offer portal and SAP will be updated accordingly in the coming period. For example, the additional PP/OP leads to new input fields in the offer portal. For each pension member, the adviser must be able to list the extra PP and/or extra OP. In SAP, this is implemented with additional coverage. The calculation rules for this come from Insurance Technology and are tested for correct outcomes. Another example is giving the adviser the choice of opting for three-month or six-month walk-out cover in a Wtp scheme. The draft legislation only mentioned three months (and thus no choice). Part of the 1 October milestone is to further describe, further build and test legal outputs needed for sending offers ('further' because this has already started). Key documents that belong to this are the Pension 1-2-3, the administration agreement and the management summary of the offer.

Manage by 1 January 2024

The SAP processes identified in section 4.4.3 are being adapted to the Wtp in several waves. The result of the adjustment is that a process can deal with a current regime scheme and with a Wtp scheme. The first stage concerns processes strictly necessary as of 1 January 2024 to operate a scheme. An example is entering a new pension member or performing the monthly roll-over. Besides the SAP system, we are also adapting the pension member interaction in the Financial Future portal. This concerns choosing the level of the supplementary partner's pension and making choices relevant when leaving employment.

Processes to be adapted in 2024

The second and third waves concern SAP processes that are adapted to the Wtp in order of priority.

¹⁵ The employer also has the option for 'supplementary partner's pension' to keep the PP the same as the current scheme.

5. Data and data quality

5.1 Availability of data

As described in section 1.2, NN is introducing two specific NN schemes under the Wtp, both of which are a variant of the Persoonlijk Pensioen Plan (PPP). Besides the two PPP Wtp variants (compliant scheme and flat contribution rate), we also have the PUR (the defined contribution agreement) and the net scheme through Pensioen Plus.

The administration of the PPP, PUR and Pensioen Plus takes place in the SAP system; other products/systems do not get Wtp product solutions.

These two Wtp schemes¹⁶ differ from the current scheme in many ways, only the process when renewing a scheme to a PPP Wtp scheme is essentially the same as a renewal to a current regime PPP scheme. This applies both to the situation when the scheme is administered at NN and the situation when the scheme is administered elsewhere.

The main reason for this is that at NN, the transition from current schemes to the Wtp does not involve what is known as integration¹⁷. Integration does not play a role for final and average salary schemes run by an insurer, as benefits are guaranteed by the insurer. Integration is also not an issue with defined contribution schemes. However, at the employer's request, it is possible to merge pension entitlements accrued elsewhere or previously with NN via a collective value transfer (in accordance with Article 83 Pw) with the pension to be accrued in the Wtp scheme.

All this means that the transition to a Wtp regime does not introduce any new or changed data quality risks compared to existing risks. Risks related to data availability before, during and after the transition are therefore covered by data quality tasks, roles, responsibilities, documentation and processes within NN. These are all described in detail in the 'Data quality manual'.

Specific control measures relevant to renewals and thus the transition to Wtp are:

- The corrections policy
- The protocol for collective value transfer
- The roadmap for implementing renewals

A specific situation concerns the provision of a Was & Will Be overview to pension members who are transitioning to a flat contribution (for completeness: this is not required in the case of a transition to a compliant scheme). For the transition from a scheme at NN to a PPP Wtp scheme (and thus having both at NN), we provide a solution for the creation and provision of Was & Will Be overviews. Part of the solution are controls focused on data quality. For an existing scheme (the 'Was' situation) administered by another party (i.e. not NN), we depend on the accuracy and timeliness of the 'was' data. This can only be influenced to a limited extent by NN.

¹⁶ An example of a difference is the partner's pension. In the current PPP, the partner's pension is employment-dependent and in the PPP Wtp, the partner's pension is a flat contribution that amounts to a maximum of 50% of the pensionable salary.

¹⁷ Integration is the term used for transferring pension rights and entitlements accrued under current legislation to a pension that fits within a new pension regime. It is in short about transferring pension rights and entitlements from the old to the new system.

5.2 Data quality risk analyses

5.2.1 Tasks, roles, responsibilities, documentation and processes

NN Leven & Pensioen has set up a 'Data Quality Framework' that reflects how the quality of source data in the VTAs is ensured. The Data Quality Manual describes this Data Quality Framework in the form of data quality tasks, roles, responsibilities, documentation and processes. The Data Quality Manual sets out NN Leven & Pensioen's data quality mission:

'To ensure proper data quality enabling NN Leven & Pensioen to fulfil its promises, obligations and rights towards its stakeholders e.g. customers, distribution partners, shareholders, supervisors accordingly. And to serve as a trusted enterprise asset for NN Leven & Pensioen and NN Group.'

5.2.2 Corrections policy

The corrections policy is designed to correct entitlements and, as a result, too much or too little pension having been paid out. Part of this process differentiates between claims that are too high and too low. Correction(s) of claims are made via regular corrections (incident) or, if the error affects multiple policies, via bulk corrections. To map out the effects, we look at correction of entitlements, funding and benefits. The correction policy applies broadly to errors in the process including those related to data quality.

The premise of the policy is that a deviation is found in the insured claims, which can have several causes. A comprehensive procedure describes all possible causes, how to act, what to document and how to communicate to the employer and the pension member. In addition, this document includes the mandates and leniency as well as a reference to the recovery costs scheme.

An abridged version of our corrections policy can be viewed on our website www.nn.nl.

5.2.3 Protocol for collective value transfer

The 'Protocol for Collective Value Transfer' of the Dutch Association of Insurers is a document that describes the agreements made by pension insurers regarding the transfer of pension entitlements of active pension members to a new pension provider at the request of the employer. The aim of the protocol is to simplify, speed up and reduce costs for all parties involved in the collective value transfer process. The protocol includes the following sections:

- The legal frameworks and principles for collective value transfer, as laid down in the Pensions Act.
- The procedure and deadlines for requesting, assessing and implementing a collective value transfer.
- The information that the transferring and receiving pension providers must provide to each other. From the protocol and relevant to the topic of data quality: 'When providing information to those concerned, both the transferring and receiving pension providers shall ensure the accuracy of the information provided as far as their own pension scheme is concerned. The communication moments vis-à-vis the employer and stakeholders can be found in the protocol. This fulfils the duty of care from the pension provider.'
- The conditions that a collective value transfer must meet, such as the consent of the pension members, the equivalence of the pension schemes and the financial position of the pension providers.
- The model agreement that can be used to set out the arrangements for a collective value transfer.

The protocol is generally binding on all members of the Association of Insurers and came into force on 1 January 2019.

5.2.4 Roadmap renewals

To run renewals in a uniform and consistent manner, a Roadmap for renewals is available, or better said 'roadmaps'. For the renewal of a scheme X in VTA A to a scheme Y in VTA B, a roadmap describes the actions and steps involved and also the points of attention to ensure the renewal runs smoothly. Using the roadmaps ensures uniformity and thus reduces the chances of making mistakes. The existing roadmaps will be expanded with renewals to PPP Wtp in SAP.

6. Other information

6.1 Making the implementation plan available to pension members

The implementation plan will appear as a download on a page of NN's website.

6.2 Informing participating employers and advisers

- During the term, the employer can assess in the HCP what the changes are as a result of the Wtp.
- Also included in the HCP is a download package on the Wtp. This allows an employer to inform employees about the Wtp
- Employers can find information on the Pension Agreement on this section of the public website: Future of Pensions Act: NN
- Employers also receive e-magazines: Cover - Employer Pension Agreement (h5mag.com), Pension agreement: what does it mean for you? : NN
- Employers have been informed about the possibility of requesting indicative proposals (through advisers): Principles indicative Wtp proposals: NN
- New employers are informed about the Wtp by advisers
- We ensure through knowledge sessions/webinars/information on the website that advisers are well informed about the Wtp and the possible solutions we offer

We have also created a presentation for advisers to give employers specifically about the transition to the Wtp.