



# The strength of a pension happy employee

Prepare your employees  
better for their financial future

The importance of good pension  
communication:

- Low pension literacy in the Netherlands
- Employees are missing financial grip
- Preparing for your pension is increasingly complex
- Advantages of good pension communication



## Low pension literacy in the Netherlands

Unfortunately, the pension literacy of the Dutch employee is low. As a result, people do not have an accurate picture about what their pension will look like and expectations must be adjusted in a very late stage. The good news though, is that you as an employer can change this. During their career, employees have many opportunities to create more financial insight and can start saving to arrange an adequate income after retirement. It is important to get this financial insight in time to be able to start acting and make the right choices.

## Making your dreams come true

We have asked more than 1.000 employees working in the Netherlands about their pension knowledge, their need and preferences for pension communication and the new Dutch pension agreement as agreed upon in 2019. The survey reveals that especially young people, women and employees with a low-income level have a low pension literacy. This is a pity as you, as an employer, have the possibility to make your employees “pension happy”. In case you offer tailor-made pension communication to different target groups as well as individual support, your employees will get insight and peace for now and in the future. Your employees will experience better financial grip, and pension income will be considered as a way to make their dreams come true. That is why you should invest in personal pension communication to make your employees “pension happy”.

# Insight in pensions triggers your interest

Pension is all over the news. It concerns the new Dutch Pension Agreement, the funding levels of the pension funds, and the increasing retirement age. This contributes to the pension literacy; but what is the effect of these developments for an employee and their financial future? Can I still retire decently? When can I retire? And what can I do at this moment to make this happen? Most employees consider pensions as a complex topic, therefore they postpone decisions. The Dutch Uniform Pension Overview (UPO) which they receive annually is not even looked at. This is a pity, because the sooner they start, the better it will be. When employees have a closer look at their pension and know more about the retirement options, the topic becomes more interesting and relevant for them. It is highly appreciated if an employer supports them in taking the first steps.



Help your employees with **their first step** to more financial grip

In our survey we asked how employees prepare for retirement.

52%

52% FEELS MODERATELY  
OR BADLY PREPARED FOR  
RETIREMENT

13%

13% FEELS WELL PREPARED  
FOR RETIREMENT

78%

78% HAS  
NO PENSION PLANNING

“These results confirm what we see in our daily practice: more and more employees have no financial grip on their situation”, explains **Heleen Vaandrager** Commercial Chief Officer at Aon Retirement & Investment. “Good pension communication can change this. If employees receive tailor made information in an earlier stage about their retirement income, they have still ample time to make sure that they receive an annuity that fits their needs and fulfills their wishes. Employers have an important role to play and we encourage them to take up this role. Take your employees by the hand as from the first step, so they have enough time to prepare themselves well for their retirement.”

# Make pensions fun and easy to understand.

The assumption that you will receive at retirement a guaranteed annuity of 70% of your last salary is persistent. In fact, this is rarely the case. Retirement income has become less predictable over the years. Final pay plans become very rare, even average pay plans are being more and more replaced by defined contribution plans with an uncertain outcome. This simply means that we accrue a lower company pension than we think in advance.

The confidence in company pension is decreasing. Elderly respondents will still accrue their pension in the traditional way. Younger employees, which already started to increase their pension knowledge, opt to rather grow their private savings as they do not fully count on their company pension plan.

## Backfire

In case you, as an employer, do not communicate about what your employees can expect at retirement, this may backfire on you. The moment an employee comes close to the retirement age and starts to take an interest in his personal financial situation, he may realize that the situation is far from what he expected. The employee always thought that the employer was offering “an excellent pension scheme”. Now it suddenly turns out that the employee cannot make his dreams come true with the current financial situation. The employee will go to the employer and asks why he wasn’t properly informed.



## Change in pension accrual; from company pension to private savings

**50,88%** of the respondents between **20 and 30 year** accrues in a company pension plan

**87,88%** of the respondents of **60 years and older** accrues in a company pension plan



# What is **good** pension communication?

In order to ensure a good income after retirement, employees should understand their pension plan, be able to know what a good pension plan means and understand the impact of important life events. It all starts with having insights in your pension plan. Pension communication is therefore essential. Employees do receive information from insurers and from the government, but additional information and individual explanation through the employer is essential to inform employees in a good way and to fully understand the complete financial picture and encourage them to take action.

## How would employees **like to be informed**?

“We note a positive trend in employers offering increasingly group information sessions for their employees”, explains Frank Driessen, CEO Aon Retirement & Investment.” During these sessions information is provided on the design of the company’s pension plan, important changes which will be implemented or life events which will impact their pension outcome. This is good for the pension awareness of the employees, however we note that employees do not really start to act. For this to happen, you really need a one-to-one information session.”

Heleen adds to this:” The government develops new and better solutions to provide insights for employees, like the UPO and mijnpensioenoverzicht.nl. However, to really support employees, there is a need for personal attention which should be tailored to their needs and understanding. This means personal financial education and support in financial planning. And very important: start on time”.

# Advantages of good pension communication

Good pension communication and financial planning has many advantages for both, the employee and the employer.

## Advantages for the employee:

- Happy employees without financial stress
- More insight and overview in their situation after retirement
- Thought-out choices matching financial planning and retirement income with the individual financial situation.

## Advantages employer:

- + Financially fit employees without stress are more motivated and efficient.
- + Less sickness leave; especially in the age group of 60+ part time pension is the solution to prevent a high absenteeism due to illness or stress.
- + Higher employee satisfaction and loyalty; employees are grateful to their employer for a good, personal financial insight and support. A good weapon in the War on Talent.
- + More appreciation of the employees on the second most expensive benefit that you are granting them.
- + Employees are earlier prepared to leave the company, better hand over and succession planning.



### Frank Driessen:

“Another trend we see is part-time pension combined with the continuity of pension accrual. This guarantees you the continuity of knowledge and expertise of experienced employees in your company.”



# Make your employees **‘pension happy’**

You arrange for a good pension for your employees and you contribute generously. You want your employees to have good insight in their retirement outcome and you would like them to look forward to it. Good pension communication makes your employees more conscious, independent and self-reliant on their financial future. You can support them in making the first step. Take this opportunity and offer your employees individual pension communication support. Start with the group of employees who will retire within 20 years from now, when the pension plan changes, but also in case of important life events, like changing jobs or a divorce. “Every life is different”, states Frank. “This means that the financial situation and the impact of certain life events differs for everyone. Help your employee to make their dreams come true after retirement”.

**Start timely with personal pension communication and make your employees ‘pension happy’!**

**We are pleased to support you.**





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## About Aon

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