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Pension in the Netherlands

1. Introduction

Overview

The public pension system:

- The Dutch pension system combines a relatively generous flat rate national pension with quasi mandatory, funded occupational pensions. Therefore, it is often called a financially stable, effective pension system (Anderson 2007: 713). The system successfully combines the public scheme with a market oriented system of provision (Rein/Turner 2001: 137). Concretely, the system has three pillars.
  - o The first pillar is financed by taxation and consists of a flat rate old age benefit that every inhabitant over the age of 65 can claim. The basis of this pillar is the AOW (*Algemene Ouderdomswet,* General Old Age Pension Act) established in 1957 (Van het Kaar 2004b: 3). Contributions to the first pillar have to be paid on the income between 13,160 EUR and 29,543 EUR at a rate of 17.9 per cent. It is only employee financed. The full old age pension is 932 EUR and is disbursed to people that have lived 50 years in the Netherlands between the age 15 and 65 and are subject to income tax (Pension Funds Online 2009).
  - o Second pillar: The first occupational pension scheme was established by the employers in the mid 1800s for railroad workers. The first sectoral fund, however, was

established in 1917 (Anderson 2007: 725). The development and shape of occupational pensions was significantly influenced by the pillarization of Dutch society. Statist arrangements were opposed by confessional groups as they aimed at retaining confessional influence on the scope and administration of social policies (Anderson 2004: 300). Today, occupational pensions are organized as part of collective wage bargaining. The pensions are organized within the market. Yet, there are also solidarity features: almost universal coverage, equal representation of the social partners in the boards of pension funds, and the pooling of risks within entire sectors (Anderson 2007: 725).

  - Compared to other countries, a public occupational pension system was never really considered in the Netherlands (Anderson 2007: 725). But nevertheless, the occupational pensions have become important, not only for the pension system but also for the social partners. In fact, Anderson (2004: 300) states that transferring occupational pensions to the public sector would deprive unions and employers of important bargaining tools because they are negotiated as part of wage contracts (see also section 9).
  - The third pillar consists of voluntary private pensions (Anderson 2007: 727).

The role of the social partners and of collective labor agreements (CLAs) is of great importance in the second pillar:

- In the first pillar, the social partners are not directly participating in the administration, but they sit in the main advisory councils of the government, the *SER* (*Sociaal Economische Raad,* Social and Economic Council) and the *Stichting van de Arbeid* (Foundation of Labour).
- Concerning the second pillar, occupational pensions are viewed as the collective responsibility of unions and employers (Anderson 2007: 725). The state allocates the regulatory framework and the social partners can negotiate the details of occupational pensions 'and they jealously guard this prerogative' (Anderson 2007: 725). Hence, trade unions and employers' organizations play a very important role because the occupational pensions are essentially based on sectoral collective agreements. These schemes are mandatory and they have a high level of coverage (Van het Kaar 2004a: Governance/Regulation of Occupational Schemes)
- There is no involvement of the social partners in the third pillar (Van het Kaar 2004b: 3).

Levels of Bargaining

- Occupational pension arrangements are generally based on sectoral level collective agreements, but some large companies have their own schemes (Van het Kaar 2004a: The Growing Importance of Collective Bargaining).
- The biggest company funds are Unilever and Philipps (Anderson 20.11.2009, telephone Interview).

Actors

Main trade unions that are involved in the negotiation of pension collective labor agreements (CLAs):

- The FNV (*Federatie Nederlands Vakbeweging,* Federation of Netherlands Trade Unions) is the largest confederation with 15 affiliated trade unions with around 1.2 million employees organized. The confederation, however, only coordinates the bargaining process. The largest affiliated union is the *FNV Bondgenoten* (Allied Unions), which is a merge of trade unions in industry, transport, agriculture and services (EIRO 2009: Main Actors).
- The second largest confederation is the CNV (*Christelijk Nationaal Vakverbond*, Christian Trade Union Federation) with 11 affiliated trade unions in sectors such as manufacturing, transport, defense, services, the public sector, education, and healthcare with around 360,000 members (EIRO 2009: Main Actors).
- The third largest confederation is the MHP (*Vakcentrale voor Middelbaar en Hoger Personeel*, Federation of Managerial and Professional Staff) which has around 175,000 members (EIRO 2009: Main Actors).

Main employers' organizations that are involved in the negotiation of pension CLAs:

- The VNO-NCW (*Vereniging van Nederlandse Ondernemingen-Nederlands Christelijk Werkgeversverbond,* Confederation of Netherlands Industry and Employers) is the only confederation in industry and services and includes about 180 sectoral organizations. Also, most of the largest companies in the country are part of this confederation, however, they often bargain at company level (EIRO 2009: Main Actors).
- Small and medium sized companies are organized in MKB-Nederland (*Midden- en Kleinbedrijf Nederland,* Dutch Employers' Association of Small and Medium-Sized Enterprises) (EIRO 2009: Main Actors).

Critical Junctures

Definition: Critical junctures are years or time periods when important decisions on the development of the collectively negotiated pension scheme were made.

In the Netherlands, there are six critical junctures that need to be mentioned:

- In 1917, the first Dutch industrial pension fund was created in the province of Friesland by the *Coöperatief Verzekeringsfonds* (Cooperative Insurance Fund) in Leeuwarden. The province of Limburg followed in 1918 with the formation of the *Algemeen Mijnwerkersfonds* (General Mineworkers' Fund). Four more funds were set up in 1929 (Van het Kaar 2008: 166).
- In 1949, a law on occupational pension sectoral funds came into effect that introduced an obligation for employers to participate in the sectoral pension funds if there is a collective agreement on that (see also section 5) (Van het Kaar 2004b: 3).
- PSW (*Pensioen- en spaarfondsenwet*, Pensions and Savings Funds Act) of 1952: the big regulatory legislation that sets basic rules for occupational pensions (see also section 5) (Anderson 20.11.2009, telephone interview).
- AOW of 1957: introduced public pension. It also set the boundaries of occupational pensions with public pensions because occupational pensions already existed at that time. Consequently, occupational pensions had to be adjusted to AOW. But AOW was explicitly designed not to intervene with occupational pensions (see also section 5) (Anderson 20.11.2009, telephone interview).
- Financial crisis of 2001/2002: the financial crisis can be seen as a critical juncture. The funds lost so much money that the social partners switched from final salary schemes to average salary schemes. This happened quickly in almost all pension funds in order to restore full funding (Anderson 20.11.2009, telephone interview). The law requires 105 per cent funding as a ground rule (Fraterman 08.04.2010, telephone interview). The reserves of most pension funds fell below these 105 per cent in 2002 and measures were necessary to restore solvency. Most schemes adopted a mix of measures: suspended benefit indexation, non-indexation of accrual, contribution increases and switching to average wage formulas. Most funds wanted to spread the costs between the employers, the current employees and the retirees. But the switch to average salary schemes mostly degrades the pensions of current workers. In fact, the 2001/2002 stock market downturn was the first time that pensioners had to share some of the costs of adjustment (see also sections 7 and 9) (Anderson 2009: 15-17).
- New pension law of 2006: With this reform the PSW of 1952 got adapted for the first time and significant changes were introduced (see also section 5) (Anderson 2009: 17).

2. Important Collective Agreements (Examples)

Important agreements according to Fraterman (08.04.2010, telephone interview)

- *CAO Metalektro* (*Grootmetaal*) (CLA in the large metal industry),
- *CAO Metaal en Techniek (Kleinmetaal)* (CLA in the small metal industry),
- *Bouwnijverheid* (construction sector),
- and *Akkoord CAO Verblijfsrecreatie* (CLA in the tourism industry).

3. Important Sectors

- The main sectors with industrial action are the metal industry and construction, commercial services, transport and communication. Healthcare and education are seen as non-profit sectors (Fraterman 08.04.2010).
- Because of privatization processes, many people have lost the civil servant status and have become ‘normal’ employees for whom CLAs can be concluded (Fraterman 08.04.2010, telephone interview).

4. Structure, Organization and Mode of Administration

- Occupational pension schemes are established by joining a *bedrijfspensioenfond* (sectoral pension fund), setting up an *ondernemingspensioenfonds* (company pension fund) or taking out pension insurance for employees with an insurance company (Eurofound 2009).
- In 2006, 767 different pension funds existed, thereof 103 were sectoral schemes. (OECD 2009: 1).
- The occupational pension sector has a good organization and there are two peak organizations. On the one hand, the VB (*Vereniging van Bedrijfstakpensioenfondsen*, Dutch Association of Industry-wide Pension Funds) that represents 88 member funds with about 75 per cent of all participants. It was established in 1985. The OPF (*Stichting voor Ondernemingspensioenfondsen*, Dutch Association of Company Pension Funds) with 365 funds represents around 900,000 participants (Anderson 2007: 723).
- In sectoral schemes the boards are composed of equal amounts of representatives of unions and employers’ organizations. In insurance schemes the social partners are not involved in the administration (Van het Kaar 2004b: 5).
- These boards are a typical case of Dutch corporatism. The role of the administrative boards in negotiating changes to pension schemes is very important. Each year the

boards decide about whether to award indexation and whether to adjust the contribution rate. As a consequence, they must be seen as the key actors making the decisions on how to deal with fund deficits and surpluses (Anderson 2009: 28).

- Until recently, the boards of pension funds consisted of an equal proportion of employers' and employees' representatives. However, since the end of the 1990s representatives of the retired employees have joined them as well (Van het Kaar 1998: Representatives of Retired Employees Finally on the Boards of Pension Funds). By law the pensioners have the opportunity to either appoint a member of the board (at the expense of a seat of the current employees) or to set up a council of participants with representatives of current employees and pensioners in proportion to their numbers (see also section 9) (Van het Kaar 2004b: 5).

Examples of sectoral funds:

- The largest sectoral pension fund is the civil servants' fund *Stichting Pensioenfonds ABP* (National Civil Pension Fund). In 1995 the civil servant pension system was privatized. The privatized ABP is considered an important occupational pension scheme in the Netherlands (Rein/Turner 2001: 132-133). The ABP fund sets the standard and is often trend setting. For example, in November 2009 ABP announced that they will make partial indexation. This is a sign to other pension funds and many of them will follow (Anderson 20.11.2009, telephone interview).
- The medical sector fund *PGGM* (no full name available/found) is the second largest pension fund in the Netherlands (OECD 2008: 246). *PGGM* administers collective pension schemes for the healthcare and social work sector. As the ABP, it is also a fund for the public sector (Anderson 20.11.2009, telephone interview).
- The PMT (*Pensioenfonds Metaal & Techniek*, pension fund for the metalworking and mechanical engineering sector) provides pensions for the employees in the 'small' metalworking sector (*kleinmetaal*). In 2008 the funding ratio dropped from 141 per cent to 85 per cent. To recover the funding, the recovery plan envisages the freezing of pension accumulation and pay-outs for five years and an increase in contributions from 25.2 per cent in 2008 to 27.3 per cent in 2009 (Anderson 2009: 31).
- The PMA *(Pensioenfonds van de Metalektro*, Pension Fund for the Mechanical and Electrical Engineering Industries) is administering the pensions of the 'large' metal sector *(grootmetaal).* The funding of PMA decreased from 135 per cent (end of 2007) to 90 per cent by the end of 2008. The central measure to restore funding is the temporary cancellation of indexation. The maximum contribution rate is 23 per cent (Anderson 2009: 32-33).

- PH&C (*Pensioenfonds Horeca & Catering*, Pension Fund Horeca & Catering): this fund is mandatory for the Dutch hospitality and catering industry since 1964. It is an independent organization since 2004 with employers' pension scheme accounts under its own management. The fund is owned by the industry and managed by its representatives. The governing board is composed of representatives of the employers' association KHN (*Koninklijke Horeca Nederland*, Association of Hospitality Enterprises in the Netherlands) and the two trade unions *FNV Horecabond* and *CNV Bedrijvenbond* (PH&C 2010).

5. Role of the State: Financial Support, Legislation, and Extension Procedures

By providing the regulatory framework, the state plays a central role (Anderson 2009: 1). This is best shown by the chronology of legislation:

- The first legislation was passed in 1908. One regulation was the requirement that assets have to be held outside the company and cannot be included in the calculation of the company assets (Anderson 2007: 725).
- In 1937, legislation permitted the option for the Minister of Social Affairs to demand participation in sectoral pension schemes (Anderson 2007: 725).
- After 1942, occupational pensions were growing a lot because company contributions to occupational pension schemes got tax deductible (Anderson 2009: 10).
- Occupational pensions are quasi-mandatory. The law on occupational pension sectoral funds of 1949 allows the Ministry of Social Affairs to require a whole sector to join the same pension fund under the condition that a formal request is made (Anderson 2007: 728). Sector wide pension plans often constitute a compulsory membership approved by the Ministry of Social Affairs. Consequently, around 80 per cent of all members of sector wide pension plans are covered in a mandatory plan. Opting out of a mandatory plan is only possible if a company pension plan is set up that provides benefits at the equivalent level or more (Pension Funds Online 2009: Occupational Pensions).
- In 1952, the legislation was adopted that regulates all occupational pensions, the PSW. It was the final step of the governmental efforts to set up a regulatory framework with ground rules for the second pillar after some decades of occupational pension growth. It regulates among other things the funding ratio of pension funds, measures to correct deficits, investments rules, pension portability and representation on administrative boards. The law was only amended once in 2006 (see below). However, it must be noted that the PSW provides only the institutional framework for second pillar pensions.

Therefore, the social partners have considerable freedom to negotiate the details of their occupational pension schemes. (Anderson 2009: 10-11).

- The establishment of AOW (first pillar pension) in 1957 ended decades of conflicts about the adequate role of the state and corporatist bodies in social policy (Anderson 2009: 1). There were already a considerable amount of employees with occupational pensions at that time. The social partners could arrange the solution and decided on a system of tight coupling between the AOW and occupational pensions. Occupational pensions are only accumulated for the income over the ‘AOW franchise’ that is the gross AOW benefit ‘that is subtracted from gross income in order to identify the pension-carrying income for occupational pension purposes’ (Anderson 2009: 11).
- In 1997 a pension covenant left the social partners the task of finding a solution to modernize the pension system concerning the lowering of costs and the level of AOW franchise. With such covenants the government calls together the social partners and encourages them to find a solution. Thereby the government sets the direction of the pension policy. If no solution is found after 4 years, the government will intend to mandate compliance with a governmental solution (Rein/Turner 2001: 131). At this covenant the social partners agreed to increase the coverage of supplementary pensions to part time and flexible workers and decrease the reliance on final pay benefit schemes (Anderson 2009: 15).
- Since 2002, pension rights have been included in the law on the transfer of undertakings. If an undertaking without an occupational pension is transferred to an employer covered by such an arrangement, the new employer is obliged to offer the arrangement to the transferred employees as well. In the opposite situation, employees who are transferred retain their pension scheme. The result is an increase of the coverage rate (Van het Kaar 2004b: 4).
- The Pensions Act from 2006 was the result of the pressure to push a regulatory reform on the political agenda after the financial crisis in 2001/2002. It introduced significant changes as it clarifies the role of the social partners, the pension fund/insurance companies and pensioners. Moreover, it decreases the maximum age of exclusion to 21 and changes the pension fund solvency rules (Anderson 2009: 17).

Taxation:

- Tax deductions are generous: in 2003 the size of the deduction for pension and annuity contributions was 9.6 billion EUR or 2.1 percent of GDP (Anderson 2007: 727-728.).
- Employer contributions are not considered as taxable income to the employee and employee contributions are tax deductible. Benefits are taxed as income upon receipt (Pension Funds Online 2009: Tax Treatment of Contributions and Benefits).

- Assets and investment returns are also tax exempted (OECD 2008: 245).

Extension procedures:

- The law on occupational pension sector funds of 1949 allows the Ministry of Social Affairs to require a whole sector to join the same pension fund under the condition that a formal request is made (Anderson 2007: 728).
- However, the condition that a pension fund is declared mandatory is that the employers' organizations initiating the request must employ at least 60 per cent of the employees in the sector (Public Services Online 2009: 3)

6. Financial Structure of the Collectively Negotiated Schemes

- The social partners set the level of the contributions (Van het Kaar 2004b: 5).
- Due to the 'franchise', only salaries over the level of the AOW (first pillar) have to pay contributions to occupational pension schemes (Anderson 2007: 729).
- In defined benefit schemes the basis of the contribution of most employees is a percentage of their pensionable salary which usually lies between 4 and 8 per cent. The contribution of the employers is regulated by the insurer or the funds actuary that calculate the required amount beyond the employee contribution and investment returns in order to provide the benefits determined in the pension plan (Pension Funds Online 2009: Tax Treatment of Contributions and Benefits).
- In most defined contribution schemes the employer contributes two thirds and the employees one third. The level of contributions lies between 2.2 and 12.3 per cent of pensionable income and depends on the age and the inclusion of a spouse (Pension Funds Online 2009: Tax Treatment of Contributions and Benefits).
- With the crisis in the financial markets the funds lost a big amount of money they had invested in shares. In order to rebuild the reserves significant increases in contributions were decided (see also section 10) (Van het Kaar 2004b: 8).
- Assets in pension funds have grown from 70 per cent of GDP in 1991 to 120 per cent of GDP in 1999 at the peak of the stock market boom. Until 2005 it has decreased to around 100 per cent of GDP (Van Ewisk 2005: 333).

Example: agreement for the light engineering industry *(kleinmetaal)* 2003

- An unconsolidated one-off payment worth 1.75 per cent of pay on September 2003 was provided by this agreement. A structural increase of 2.5 per cent will result on 1st of February 2004 and a further increase of 2.2 per cent on 1st of February 2005. The unconsolidated payment was motivated by the unions to prevent significant increases in pension contributions (Van het Kaar 2003: Occupational Pensions Are a Prominent Issue in Bargaining).

7. Benefits and Measures of the Collectively Negotiated Schemes

- Entitlement and eligibility: There is no statutory requirement for an entry age set in occupational plans. In 2006, around 55 per cent of the employees were part of a pension scheme with no entry age, 7 per cent with an age of 16 to 20 years and 36 per cent with an age of 21 to 25 years (OECD 2009: 2). The normal retirement age in occupational plans is 65. Eligible are all residents (OECD 2009: 1).
- Most occupational pensions are defined benefit type. In fact, over 90 per cent of the employees are still covered by defined benefit schemes (Anderson 2007: 729). But the number of defined contribution schemes is increasing as employers strongly favor this type of scheme (Van het Kaar 2004b: 4).
- In 1969 a principle was adopted by the employers' and employees' organizations that the old age pension benefit for a worker with a long career should be at least 70 per cent of the last salary of the employee, including the basic social security pension AOW (Rein and Turner 2001: 136). With this final salary benefit formula a benefit of 70 per cent of the final wage (including the AOW) can be piled up over 35 or more years up to a limit of 100 per cent of the final age. However, most pensioners do not obtain the 70 per cent of the final wage. The reason for this lies in the lacking amount of sufficient years of contribution and because pension rights only accrue at the level over the 'AOW franchise' (Anderson 2007: 729).
- Furthermore, the importance of final salary schemes is decreasing. In the past, final salary schemes were the standard, but there has been a shift towards average wage schemes (Van het Kaar 2004b: 4). From 1998 to 2005 the amount of active participant in final pay schemes fell significantly from 66.5 to 10.5 per cent (Anderson 2007: 729). According to Anderson (2009: 33), this shift to average wage schemes is a transfer of risk from pension funds to employees. In final salary schemes, the pension is simply dependent on the last wage. But in average salary schemes, indexation becomes important and there is no guarantee of indexation. Thus, the pension accumulation increases each year in line with whatever level of indexation the pension fund awards: inflation, wages, or a combination of both (Anderson 2009: 33). According to Van Ewisk (2005: 340), however, the transition to an average pay system helped to accommodate for the pension shock ensuing from the stock market crash in 2001/2002. (Van Ewisk 2005: 340). In fact, around 50 per cent of all paid occupational pensions are adjusted for wage growth in the correspondent sector, 27

per cent are price indexed and around 23 per cent make use of another mean of benefit adjustment (OECD 2008: 244).

8. Coverage Rates of the Collectively Negotiated Schemes

- About 80 per cent of the employees are covered by a mandatory sector pension fund (Public Services Online 2009: 3). Yet, according to van het Kaar (2004a: Coverage of Occupational Pension), 91 per cent of all employees are covered by second pillar schemes, and 83 per cent of all pensioner households receive such a pension.
- The government actually aimed at extending the coverage to all employees: among other things through the inclusion of pension rights in the legal arrangement of the transfer of undertakings and the law on equal rights for full time and part time employees (Van het Kaar 2004b: 4). With recent policy changes the male breadwinner bias was tried to be reduced in occupational pensions and it was aimed at increasing coverage to new groups, such as part time workers. During the pension covenant of 1997 the social partners and the government agreed to expand coverage of part time and flexible workers (Anderson 2004: 300).

9. The Politics around the Collectively Negotiated Schemes

Linkages to Public Reform Policies

- As described in section 7, since 1969 the employers' and employees' organizations have maintained the principle that the sum of public and occupational pension benefits should be at least at 70 per cent of the average of the last salary. The main reason for this has been to harmonize public and private systems in such a way that a decline in the level of public pension benefits is offset by an increase in the mandatory funded private system (Rein/Turner 2001: 136). This unique public private interplay gives the Dutch occupational pension funds a more important role in the retirement income system than that of occupational pensions in many other countries (Rein/Turner 2001: 136). Therefore, the cut in AOW benefits in the 1980s and early 1990s did not have serious consequences for the employees as the target of 70 per cent did not change and the losses in basic pension were compensated by the occupation tier (Rein/Turner 2001: 137).
- The changes of the VUT scheme in early retirement (see our report on early retirement in the Netherlands) had an impact on pension bargaining as employees wanted to get compensation for it (Anderson 20.11.2009, telephone interview).

Linkages to Wage Agreements and Wage Policy (e.g. Wage Restraint, Tripartite Agreements) and Other Agreements

- Occupational pensions are clearly linked to wage policy. They are negotiated as part of wage contracts. This means that transferring them to the public sector would deprive the social partners of important bargaining tools (Anderson 2007: 725). Moreover, recent rises in contributions have significantly narrowed the scope for pay rises in bargaining rounds. These rises in contributions became necessary because the funds lost a major part of their reserves during the stock market problems in 2001/2002 (Van het Kaar 2004a: The Growing Importance of Collective Bargaining).

Actors' Strategies and Conflicts among and between Them (State, Political Parties, Employers, Trade Unions)

- The government supports the current system of occupational pensions (Van het Kaar 2004b: 7). Reforming occupational pensions is taking place as tripartite bargaining. Thereby, the government uses its power to reduce or enhance tax deductibility for occupational pension contributions and consequently 'push the social partners in its preferred policy direction' (Anderson 2007: 714). Thus, the government tries to negotiate directly with the social partners and avoids legislation to influence occupational pensions and get the policy of the partners in the preferred direction. Only for far reaching reforms the government changes the legislation (Anderson 2009: 14).
- The social partners also support the system. Furthermore, the peak organizations of the pension funds VB and OPF (see section 4) form a strong lobby together with the social partners and are in favor of the status quo and social partners' autonomy (Anderson 2007: 723).
- However, there is some disagreement between the employers and the employees. The first issue is the change from final wage to average wage systems. This shift was not accepted by the unions, but they have changed their position. According to Anderson (20.11.2009, telephone interview), however, both sides of the social partners initially refused this change. It was the government that pushed the social partners to switch from final to average wage schemes since the beginning of the 1990s. Only with the financial crisis the social partners were forced to accept the system change and to increase contributions (Anderson 20.11.2009, telephone interview). The second source for dispute is the employers' will to replace the defined benefit schemes by defined contribution schemes. This second point has been a major issue in the recent collective bargaining rounds (Van het Kaar 2004b: 7).
- After the large stock market losses, the government and the social partners started a 'tug of war' (Anderson 2007: 714) about how to reform pension regulations. The social

partners wanted to stay autonomous in this area. And obviously, the government was glad that other actors took the blame for occupational pension cuts (Anderson 2007: 714).

- Another interesting point is the position of pensioners (see also section 4). Unions have a privileged place. They have by law the right to sit in the board of the pension funds. However, they see themselves also as representatives of the pensioners and not only of the current employees. That is why the unions think that the current situation should enable enough influence for the pensioners and they take the ideas of the pensioners into account. But the position of the pensioners is getting more important. Every year there is a decision about indexation (increase of pension by inflation, by wages). Pensioners do not want to burden the crisis. They think that contributions should be raised and employers should pay an extra deposit. Since the new pension law of 2006 it is set that pensioners can be represented in pension fund boards. Their influence is big enough to be a political issue and the social partners are more aware of what they say. However their influence on policy itself is hard to measure (Anderson 20.11.2009, telephone interview).

10. Recent Developments and Other Interesting Information

- Recently, the pension system has been a major issue in Dutch industrial relations. During the 1990s the Dutch pension model served as an example for other countries. But with the crisis in the financial markets, funds lost a big amount of money they had invested in shares. To build up the reserves, major increases in contributions were decided. These developments had a significant effect on the collective bargaining rounds. Therefore, pensions will stay a dominant issue in the collective bargaining rounds (Van het Kaar 2004b: 8)
- The two economic crises of 2001/2002 and 2008/2009 seriously hit the around 700 Dutch pension funds and initiated a wide public debate on the financing mechanisms of pension funds. In the latest crisis, about 500 of them slid into underfunding. The minimum coverage by law is 105 per cent. During the crisis, many funds fell down to 90 per cent coverage. The total damage was estimated 250,000,000,000 EUR due to the stock market crash and sinking interest. Thus, in autumn 2008 the government decided to introduce a recovery plan for underfunded funds. The idea was to recover the funds during a period of five years. The aim was to regain 3 per cent per year to reach the minimum of 105 per cent after five years. In the meantime, the capital markets have been recovering. Many funds have even recovered within one year (Fraterman 08.04.2010, telephone interview).

11. Contacted Experts

We thank the following experts and colleagues for providing information and answering very specific questions:

- Anderson, Karen, 20.11.2009, Associate Professor of Political Science at Nijmegen University, telephone interview.
- Fraterman, Ap, 08.04.2010, Policy Secretary at the VNO-NCW, telephone interview.

12. List of Abbreviations

- AOW: *Algemene Ouderdomswet* (General Old Age Pension Act)
- APB: *Stichting Pensioenfonds ABP* (National Civil Pension Fund)
- CAO: *collectieve arbeidsovereenkomst* (collective labor agreement)
- CLA: collective labor agreement
- CNV*: Christelijk Nationaal Vakverbond* (Christian Trade Union Federation)
- EIRO: European Industrial Relations Observatory On-Line
- EUR: Euro
- FNV: *Federatie Nederlands Vakbeweging* (Federation of Netherlands Trade Unions)
- GDP: gross domestic product
- KHN: *Koninklijke Horeca Nederland* (Association of Hospitality Enterprises in the Netherlands)
- MHP: *Vakcentrale voor Middelbaar en Hoger Personeel* (Federation of Managerial and Professional Staff)
- MKB-Nederland: *Midden- en Kleinbedrijf Nederland* (Dutch Employers' Association of Small and Medium-Sized Enterprises)
- OECD: Organization for Economic Co-operation and Development
- OPF: *Stichting voor Ondernemingspensioenfondsen* (Dutch Association of Company Pension Funds)
- PH&C: *Pensioenfonds Horeca & Catering* (Pension Fund Horeca & Catering; the occupational pension fund for the Dutch hospitality and catering industry)
- PMA: *Pensioenfonds van de Metalektro* (Pension Fund for the Mechanical and Electrical Engineering Industries)
- PMT: *Pensioenfonds Metaal & Techniek* (pension fund for the metalworking and mechanical engineering sector)
- PSW: *Pensioen- en spaarfondsenwet* (Pensions and Savings Funds Act)
- SER: *Sociaal Economische Raad* (Social and Economic Council)

- VB: *Vereniging van Bedrijfstakpensioenfondsen* (Dutch Association of Industry-wide Pension Funds)
- VNO-NCW: *Vereniging van Nederlandse Ondernemingen-Nederlands Christelijk Werkgeversverbond* (Confederation of Netherlands Industry and Employers)

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