



network news

April 2023

2023 CONFERENCE

IGP Global Employee Benefits Conference
September 11-14, 2023 | Sheraton Toronto, Canada

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2023 IGP Global Employee Benefits Conference

Let's build a healthy working world

“Let's build a healthy working world” starts at the #2023igpconference.

Your employees are your most valuable asset and global benefits management has shifted from focusing primarily on rewards to a holistic approach to employee experience, health and wellness. Insightful industry experts will discuss how to connect benefits and wellness, including talent management and employee retention, technological innovations, the importance of diversity, equity & inclusion and the need to support your employees' mental and physical health.

IGP Conferences are a great forum to share knowledge and ideas, discuss industry challenges, get inspired by thought leaders, and establish international business connections and partnerships: gain new ideas, knowledge and support to implement new employee benefits strategies or initiatives in your own organization – both globally and locally.

Join #2023igpconference for 3 days of best practice cases, panel discussions, country sessions & networking to help you power your global and local employee benefits strategy forward.

Preliminary Schedule

Monday, September 11

Official Opening Evening Reception

Tuesday, September 12

Conference Day 1
Evening Reception

Wednesday, September 13

Conference Day 2
Offsite Evening Event

Thursday, September 14

Conference Day 3 (1/2 day)
Closing Lunch

The program also includes breakfast, luncheons and refreshment breaks, as well as 5 timeslots for plenary sessions and 9 timeslots for Country Panels.

Preliminary Program

IGP Country Panels

The schedule includes 9 timeslots for IGP Country Panels. Each panel will run 3 times.

The IGP Country Panels will be grouped in regional clusters and focus on news, trends, benefits practice and benchmarking in the different countries. During the panel, a short general introduction with highlights on each country will be provided, followed by a Q&A session. Conference attendees will be able to get updates on a maximum number of countries and participate in an engaging and interactive discussion about the EB markets around the globe.

Planned clusters include: Africa, Andina, Benelux, British Isles, CEE, Central America, Cono Sur, DACH, East & Northeast Asia, Greater China Market, Middle East, Nordics, North America, South East Asia, Southern Europe – West & East.

Plenary sessions

The schedule includes 5 timeslots for the plenary “Special Interest Sessions”, set up as a panel with 2 or 3 corporate speakers and a moderator; with the goal for attendees to get inspired and gain new ideas, knowledge and support to implement new employee benefits strategies or initiatives in their own organization.

Topics:

- Future of Work: how to attract, retain and engage a hybrid and multi-generational workforce
- How ESG is becoming a key driver in employee experience and benefits
- Rolling out a global rewards & benefits strategy: Best Practices
- Optimizing resources, budget and governance: Pooling vs Global Underwriting vs Captives
- Disability trends, disability management and data analytics

Registration: Opens in April

The conference fee will be announced in April 2023, when registration will open. The conference fee will cover all conference materials, sessions, luncheons, receptions, dinners and refreshments breaks throughout the 3 days.

- Guests (spouse/partner) are free to attend and are welcome to join the evening receptions and dinners. They need to be registered with you.
- Hotel accommodations and travel expenses are not included in the fee.
- IGP clients can use their unpaid IGP International Dividend to pay for both the registration fee and accommodations at Sheraton Toronto. Ask your IGP Account Manager for details.

Travel & Accommodation

Daily room rates at the Sheraton Toronto:

CAD 349 (subject to tax - currently 14% + 3%).

From Toronto Pearson Airport to Sheraton Toronto:

- By direct train: Tickets cost CAD 2-10 and the journey takes 30 minutes
- By taxi: taxi fare costs on average CAD 60

More information?

If you would like more information, please contact your IGP Business Development Manager or:

- Elaine Paradiso, eparadiso@jhancock.com
- Inge Luyten, inge.luyten@igpeurope.com

We look forward to welcoming you in Toronto in September!





Network Partner News: Canada

Manulife's Impact Agenda: Building a Better Business to Better the World

Manulife is a company with heart. We know that with our size and scope, we can effect real change and move the needle on some of society's most pressing issues.

IGP is a global business division of Manulife Financial Corporation, and Manulife Canadian Division is our Network Partner for employee benefits in Canada.

Over the years, Manulife has never shied away from supporting important environmental, social, and governance issues and in the process, has established itself as an organization with a proven track record of action.

**Decisions made easier.
Lives made better.**

At Manulife, this is our reason for being. It is core to who we are and the journey we're on.

As a health and wealth company, staying true to our Mission through our Impact Agenda is how we create long-term value for our business, our communities, and the planet. It's how we all win.

We've committed ourselves and our resources to continue making lives better through three interconnected areas of focus, each with goals, commitments, and actions:

- Empowering **sustained health and well-being** to support the journey towards a better life.
- Driving **inclusive economic opportunities** to create a more even playing field for all.
- Accelerating **a sustainable future** to preserve the planet we all share.

The Impact Agenda outlines our key social and environmental commitments, in areas where we have the greatest ability to affect change. It serves as a lens we use to guide our efforts and our decisions about the future of our business and is rooted in the belief that our collective actions drive meaningful change.

How we'll make progress

Empower Sustained Health & Well-being

As a health and wealth company, empowering physical and financial well-being creates business value while achieving strong societal benefits. That's why we're making it easy for anyone to choose healthier behaviors and smarter financial solutions. We will continue to innovate and scale our behavioral insurance, elevate the mental health and well-being of our people, and drive financial security to help lay the essential foundation of a good life for all.

Commitments:

01

Innovate and scale our behavioral insurance via Vitality and MOVE.

Vitality is a technology-based platform that inspires and motivates people to make healthy choices through meaningful actions, personal goals and science-based motivation techniques. It is embedded in group benefit plans with extended health care – at no extra cost.

The ManulifeMOVE app promotes a healthy lifestyle by enabling members to track their progress against set fitness goals.

02

Do our part towards the global Vitality goal of getting 100 million people 20% more active by 2025

03

Continue to elevate the well-being of our people through initiatives like our family-friendly and mental health benefits programs

04

Expand Healthy Building Certifications for key real estate properties managed by Manulife Investment Management

Drive Inclusive Economic Opportunity

In business and in life, we are stronger when we have a diversity of perspectives. To help open up opportunities for all, we're accelerating the upward mobility of underrepresented groups and making financial solutions more accessible. By increasing representation of women and communities of color, we can help even the playing field and give everyone a fair shot at success.

Commitments:

01

Increase representation of women at the AVP level to 40% and at the VP+ level to 32% by 2022

02

Increase representation of Black, Indigenous and People of Colour (BIPOC) in leadership roles by 30% by 2025 and ensure at least 30% BIPOC representation in annual graduate hiring processes

03

Increase spend with diverse suppliers by at least 4% by 2025

04

Increase focus on financial inclusion and accessibility of products and services



Accelerate a Sustainable Future

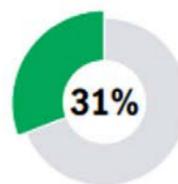
As a health and wealth company, it's natural that we are working to protect and restore our environment. We understand people can't be healthy if they live on an unhealthy planet.

Climate change is impacting our ability to breathe clean air, access safe drinking water, and safeguard against natural disasters. That's why we're doing our part to support the transition to a net zero economy, reducing our emissions, and providing nature-based solutions to help preserve the planet we all share.

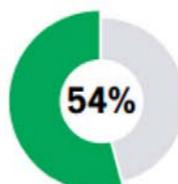
Commitments:

- 01** Net zero financed emissions by 2050
- 02** Reduce absolute scope 1 and 2 emissions 35% by 2035
- 03** Certify 100% of eligible Manulife Investment Management managed farmland as sustainable by 2023
- 04** Reduce paper volume by 35% by 2025 and ensure remaining paper is from sustainable sources

Manulife's Performance Highlights



31% of Manulife's VP-level roles and above are held by women, an increase in representation of 4% from last year, achieving our 2022 target ahead of schedule



54% of Manulife's independent Board directors are women, exceeding our goal of 30% which we have maintained since 2013

Providing financial services to **over 6 million customers** in emerging markets



1.25 billion trees planted by Manulife Investment Management since 1985



\$21.7 million directly invested in **local communities** around the world

2.7 million customers globally have access to our **behavioural insurance** platforms



61% of Manulife Investment Management managed farms use **regenerative** practices



\$31.8 million invested in **employee training and development**



82% of Manulife Investment Management's real estate investment portfolio is certified to a **green building** certification

Global customer rNet Promoter Score (NPS): **+21 pts** a **9-point improvement** over 2020



479,000 acres of land protected by Manulife Investment Management **Timberland and Agriculture Sensitive Lands** program



\$67.4 billion in total company **sustainable investments**

Why Partner with Manulife Canada Group Benefits

- **Group Benefits Commitment: "Making lives better, organizations healthier"**
Manulife is committed to being the industry's digital and customer-centric leader by:
 - Making everything as easy, intuitive and convenient as possible for customers striving to improve the physical, mental & financial well-being of each plan member and their family;
 - Being at the forefront and embracing new technology to advance the needs and interests of customers;
 - Offering strong guidance so decisions can be made easier and with confidence.

- **Core Benefits Management**
Pharmacy benefits management programs including Specialty Drug Care and DrugWatch are core strengths of Manulife's extended health benefits management strategy.

In addition to health and dental plans, Manulife offers a broad spectrum of plan design features to help manage costs and protect plans from fraud and abuse with comprehensive fraud detection systems.

- **Industry Leader in Short and Long-Term Disability Management and Absence Management Solutions**
Manulife was one of the first insurers to develop and implement a suite of absence management solutions. Recent program enhancements better serve the needs of customers by focusing on early intervention and collaboration. This approach can positively impact the duration of short-term disability claims, improve the customer service experience, reduce the incidence of long-term disability claims and better manage absence and the cost of disability claims.

- **Employee Health and Wellness**
Manulife's holistic Health Strategy and Portfolio, with Manulife *Vitality* Group Benefits as its foundation, delivers prevention and early intervention services such as the Employee and Family Assistance Program (EFAP), Lifestyle Health Coaching, Health Services Navigator®, Integrated Health and Disability Data Analytics, Health Risk Assessment campaign support and wellness program consulting.

Manulife recently launched a preferred provider network that offers worksite wellness services such as health screenings, wellness challenges and seminars to employers of all sizes.

To promote psychologically safe workplaces, Manulife has a wide range of best-in-class educational resources at their Workplace Solutions for Mental Health website to help generate awareness, remove the stigma and encourage discussion around mental health challenges in the workplace.

- **Technological Advancements**
Manulife's multi-year technology investment is enhancing the enrollment, claims, reporting, and mobile experiences for Group Benefits customers. Enhanced reporting capability and online support services are also being further developed.
- **Manulife's Healthcare Online**
Members have online access to healthcare professionals who support primary care, mental health, chronic disease and other health needs through web and mobile applications. Consults are conducted securely via text, chat and video, or for some solutions, by telephone.

Manulife helps members get the care they need, when they need it, so they can bring their best to work.

If you would like more information or wish to discuss your employee benefits plans in Canada, please contact your IGP Account Manager or:

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Country News: Finland

Mandatum's Survey on: Creating a Motivating Reward Model

Employees consider reward schemes much more motivating than employers realize.

At the start of 2022, Mandatum commissioned a reward survey aimed at identifying both what kinds of reward models companies use and how motivating and effective the personnel and management consider these models to be.

One of the survey's key findings was the respondents' willingness to take more risks in the hope of increasing their total earnings.

Up to 37% of the respondents reported that they would choose a lower base salary if they could earn higher performance bonuses and thus increase their total earnings.

What this tells us is that employees believe in fair compensation for going above and beyond. Those ready to accept a lower base salary in the hope of higher performance bonuses were found in all groups and include especially often men (45%), under 25-year-olds (56%) and respondents with an annual income of EUR 80,000–99,000 (55%).

Rewarding as a Source of Motivation

The respondents highlighted the significance of motivation in the reasoning behind their answers; many would be ready to go the extra mile if they could have a more direct impact on their earnings through their own performance.

Money continues to be the most popular incentive for employees, with monetary rewards being the top answer (33%) to the question "What motivates you to do your job well?"

Variable remuneration, including performance bonuses, is particularly motivating, as 94% of salaried employees entitled to variable remuneration considered it extremely motivating.

An interesting finding of the survey was that employees considered reward schemes considerably more motivating than employers thought they did.

Up to 64% of employees considered supplementary pension schemes to be motivating, while only 30% of employers considered solutions like these motivating from the employees' point of view. Similarly, 46% of employees considered insurance benefits motivating compared to 30% of employers.

How do the reward solutions used by Finnish companies supplement statutory social security cover?

Finland is known internationally for its comprehensive social security and pension cover. Despite this, the reward models of many Finnish companies are based on supplementing this statutory safety net in addition to the base salary. Why?

Pension cover in Finland

In terms of pension cover, the Finnish pension system is built upon three main pillars:

- Statutory pension cover, which in Finland consists of national and earnings-related pension systems;
- Employer-specific pension arrangements, such as Mandatum's Sesam group pension insurance; and
- Voluntary private pension contributions either through a pension insurance scheme or a long-term savings plan.

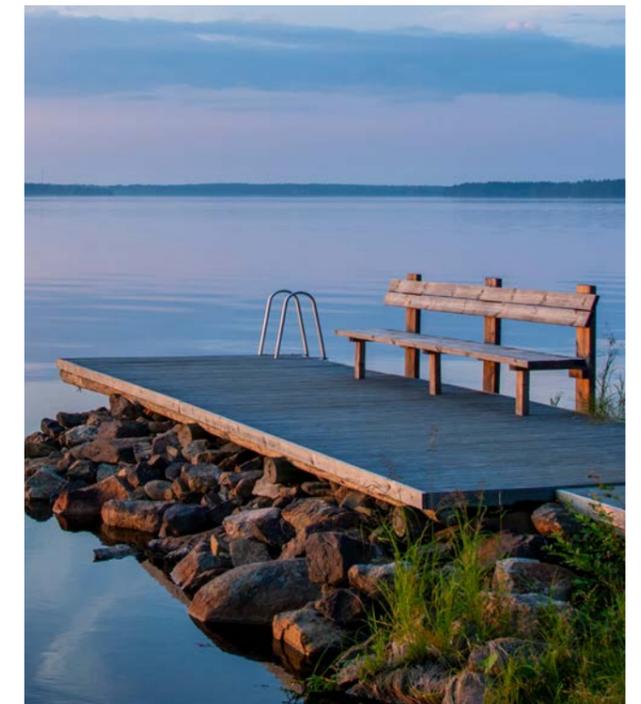
All employees and employers in Finland are entitled to pension cover under the first pillar, the statutory pension cover.

The amount of pension depends on annual earnings and the number of years worked. Statutory pension is paid to those aged 65 and above born between 1962 and 1964. For employees born in 1965 and thereafter, the old-age pension is determined according to the old-age pension age laid down for their age cohort in the Employees Pensions Act (Työntekijän eläkelaki, 2006/395).

The amount of statutory pension depends on annual earnings, year of birth and age at retirement. For example, an employee born in 1996 with a monthly salary of EUR 3,200 would receive a monthly pension of about EUR 1,900 upon retirement, assuming that they retire at the age of 68.

On the other hand, an employee born in 1980 earning EUR 4,000 a month would be entitled to EUR 2,300 of monthly pension if they retired at the age of 66.

Due to this, many employers now offer group pension solutions, such as Mandatum's Sesam group pension insurance, which allow employees to accrue additional pension alongside the statutory pension through the company's group pension scheme.



In Finland, group insurance solutions are becoming an increasingly common incentive thanks to their flexibility; employees entitled to group insurance can, for instance, choose their investment strategy themselves for the pension assets they have accumulated through the group insurance.

In addition, employees may withdraw money from their group pension assets when they turn 60, which is before the statutory pension. The exact lowest retirement age is agreed on a case-by-case basis.

In the Mandatum Sesam pension model, performance bonuses earned by employees can be paid into their group pension insurance.

The tax benefits of voluntary pension insurance can be described as follows: if a company wants to directly reward an employee with a sum of EUR 10,000, the company must first pay any employer contributions, such as pension insurance, accident and life insurance, unemployment insurance and health insurance contributions from the sum.

After this, the employee must pay personal income tax, for example 30%, from the sum. After all the taxes have been paid, the employee only gets EUR 7,000. When paying into pension insurance, the company and the employee do not need to pay these extra costs, resulting in a win-win for all.

When an employee eventually withdraws money from the pension insurance set up by their employer, the employee must pay personal income tax, which also applies to the statutory pension.

Disability Cover and Life Insurance

Despite Finland's high-quality health care system, a serious illness has the potential to turn anyone's life upside down. If an employee is forced to stop working due to an illness, their family's financial situation may quickly become precarious in the absence of one of the two sources of income.

Worse still, in the event of an unexpected death of an employee, the family will not only mourn the loss but also worry about their finances. Unexpected costs often arise when someone passes away, which many don't even want to think about in advance, even though it might be beneficial.

As a solution to this, many Finnish companies offer additional cover to their employees in the event of death or losing the ability to work. Like different pension solutions, offering personal risk insurance cover is becoming an increasingly popular incentive in Finland.

In practice, disability cover means that the employer pays a daily allowance to an employee who has fallen ill if the employee is temporarily absent from work due to disability. In the case of permanent disability, the employer pays them a lump sum equivalent to the employee's earnings for a year or two. These benefits are paid on top of the statutory benefits and compensations the employee is entitled to.

Personnel fund

A personnel fund is a fund owned and managed by a company's employees. Personnel funds can be used as a valuable employee benefit and incentive as a part of the company's reward scheme. Personnel funds can be established by a joint decision of the employees and the management. Having a personnel fund means that performance bonuses paid by the company to the employees are directed to the personnel fund.

A personnel fund is cost neutral to the company if it is established based on a so-called 'voluntary model', in which the employees may choose to pay their performance bonuses into the fund or to take them out in cash.

From the employees' perspective, a personnel fund makes rewarding more flexible, as each employee can decide for themselves if they want to take out their performance bonus in cash or to pay the bonus into the fund. Employees may also choose to withdraw some of their share of the fund annually or to let the fund accumulate over a longer period of time, thus increasing the share they can withdraw.

Each year, the maximum amount that an employee may transfer into the share of the fund they can withdraw is 15% of their total fund unit. When the employee decides to withdraw shares from the personnel fund, 20% of the withdrawn sum is always tax free, while the rest is subject to personal income tax.

Cash vs. Saving into Pension Insurance — Bonus of €10,000



Source: The information and statistics in this article are sourced from the 2022 Reward Research Survey conducted by Innolink, on behalf of Mandatum. Taking part in the survey were 325 business executives and 1,000 personnel representatives. <https://www.mandatumlife.fi/en/Releases/reward-survey-2022-successful-companies-also-reward-their-employees-more/>

By using these three reward solutions, companies can make their reward schemes more efficient in a way that not only motivates the employees but also benefits the company.

Why partner with Mandatum?

Mandatum is a solvent and respected financial services provider and part of the Nordic insurance group Sampo. Mandatum's mission is to create added value for customers, personnel and society, and to grow shareholder value by combining special expertise in money and life.

Mandatum offers its customers a wide array of services covering asset and wealth management, saving and investment, compensation and rewards, pension plans and personal risk insurance.

- Reliable**
 Part of the Sampo Group and one of the most solvent and respected life insurance companies in Finland. More than 20,000 corporate and institutional customers put their trust in Mandatum.
- Continuous product development**
 Innovation coupled with decades of experience in life insurance allows Mandatum to offer solutions that are not available anywhere else.
- Personalized Service**
 Long-term client relationship with a proactive approach from a designated Account Manager, providing the best expertise in life and pension solutions.
- Knowledgeable**
 Expert attorneys, specializing in insurance and tax issues, ensure swift reaction to changes in the environment.
- Efficient administration**
 Access to secured web pages allowing updates and changes to the policies and choice of funds.

Extensive Wealth Management and Investment Solutions

Mandatum Asset Management has 16 billion euros under management and know-how based on 140 years of experience, with solutions that only large institutional investors can provide.

Responsible

Mandatum is committed to the UN principles of responsible investing and reducing the carbon footprint of investments. Its aim is to improve the financial security of its customers and promote a good working life through its business activities.

To learn more about employee benefits solutions in Finland, please contact your IGP Account Manager or:

Mandatum Life Insurance Company Limited

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 **MANDATUM**

Country News: Greece

ETHNIKI is leading the changes in the strengthening Employee Benefits market in Greece

According to the 2019 ICAP survey on the "brain drain generation" of young Greeks living abroad, 26% of those leaving Greece have degrees (with 69% holding a Master's or PhD), and work in the fields of business, finance, IT, and engineering. Stronger and improved benefits plans can be an effective tool for retaining the best talent.

Customary Private Employee Benefits

Although the Greek Social Security system provides benefits for all risks that are insurable, it generally offers low levels of benefits and services.

Group Life Benefits

Since social security does not provide any lump-sum indemnity coverage and death-in-service pensions can be quite low, a group life insurance contract with a basic term offering coverage of one to four times annual income generally forms the basis for every employee benefit plan in Greece. It is possible to add a rider for accidental death and dismemberment (AD&D) coverage.

Group Disability Benefits

Social security only pays a small amount of pension in the event of Permanent & Total Disability (PTD). Typically, a lump sum payment equal to the basic term life benefit is paid out in three installments over the course of three years.

In most cases, the Short-Term Disability (STD) benefit is equal to 80% percent of the gross salary (including the amount received from social security).

Medical benefits

The most common plan on the Greek insurance market is a Major Medical Benefits plan, covering both inpatient and outpatient care due to accident, sickness, or maternity. Private healthcare is favored because it is more up-to-date, better equipped, less crowded, and has shorter waiting lists than the public healthcare system.

The projected medical trend rate for 2023 equals 7.5% in Greece (Source: *Global Insurer Survey Report. MMB Health Trends 2023*). The use of Preferred Providers Organizations (PPO) for In and Out of Hospital Benefits is an effective strategy to control claim expenses and deal with inflation and rising medical cost.

Retirement Benefits

The Greek pension system provides a generous income-independent first-pillar pension and a supplementary pension that is mandatory for employees. Since employer contributions became fully tax-deductible in 2014, companies now regularly offer their employees the option to voluntarily participate in a supplementary third-pillar pension system. Defined Contribution (DC) plans prevail.

The Strengthening of the Insurance Market

The insurance sector has seen significant transformational changes recently, both internationally and in Greece. In 2022, a strong concentration in the Greek insurance market took place. Many Greek insurers reviewed their strategies in response to the unstable interest rate environment, changes in consumer behavior brought on by the pandemic, the recent resurgence of inflation, as well as geopolitical and climate changes.

ETHNIKI, the IGP Network Partner in Greece since 1968, was acquired in 2022 by CVC Capital Partners (www.cvc.com)¹ from the National Bank of Greece. Being a member of global organization, ETHNIKI combines a modern perspective with its traditional core competencies to retain its market leading position in the new era.

The growing Greek economy is expected to increase the penetration of private insurance in Greece. Historically and currently, total market premiums account for only 2.5% of GDP, compared to around 7% in the rest of Europe (Source: *OECD Data, Insurance spending Total, % of GDP, 2000 – 2020*).

¹ CVC Capital Partners is a private equity and investment advisory firm with offices throughout Europe, Asia-Pacific and the Americas. Funds managed or advised by CVC ("CVC Funds") are invested in over 100 companies worldwide, employing more than 450,000 people. CVC Funds have significant experience of investing in insurance and have extensive experience in Greece, having invested more than €1.5 bn since 2017. CVC has a dedicated Financial Services team and CVC Funds have extensive experience of investing in insurance through investments in Brit (UK), Fidelis (US), Domestic & General (UK), Pension Insurance Corporation (UK), April Group (France), Riverstone (UK) and others. CVC Funds have been approved by more than 15 financial regulators including BaFin (Germany), PRA (UK), FCA (UK), BMA (Bermuda), and FINMA (Switzerland).



A Strong Benefits Package via ETHNIKI

The market appears to be at a tipping point, particularly in the Employee Benefits sector, where the speed of change and the volatility of current conditions highlight the need for immediate decisions.

With approximately 20% market share in group life and health insurance in 2022 (Source: Association of Hellenic Insurance Companies), ETHNIKI is the largest insurer in Greece. Since it was founded over 130 years ago, ETHNIKI has led the way in the insurance sector and provides comprehensive insurance solutions to satisfy the more sophisticated demands and expectations of the current market:

- **Long-standing** competence, fast and customized service, reliability, dependability, high-quality products, and security offered to customers.
- **Extensive PPO (Preferred Providers Organizations) Network** – wide network of reputable diagnostic centers, medical professionals, and hospitals across the nation, including most of the largest private hospitals:
 - A discount of more than 50% off the provider's prices
 - Direct payment of covered expenses
 - No deductibles
 - Simplified procedures
 - High quality healthcare services
- **Path to Digitization** is being constantly expanding and accordingly the service to the customers is being further enhanced through two platforms:
 - **MyETHNIKI Platform:**
 - Direct access to policy details including policy coverages, and member information
 - Download forms, get alerts about future premium payments, make online premium payments

- Connect to the e-Omadika platform
- **e-Omadika Platform:**
 - Member's access to their group pension account
 - Digital submission of claims including doctor's visits, diagnostic tests and medication
 - Easy management of outpatient benefits (monitoring consumption of eligible coverage amount, number of doctor's visits and deductibles).

The combination of the PPOs, the agreed-upon pricing, and ETHNIKI's expertise and services ensures enduring relationships with its customers.

Focus on Sustainability

With the Impact Agenda, Manulife and IGP focus on sustainability: we are building a better business, to create a better world. We take pride in the fact that many of the IGP Network Partners share the same view and continue to receive industry recognition for their work.

In 2022, ETHNIKI won the Bronze prize in the "CR Index 2021-2022", awarded by the Corporate Responsibility Institute to businesses which continuously incorporate sustainable development into their business strategy. The CR Index is the first ESG (Environmental Social & Governance) Index in Greece that, starting in 2008, assesses a company's performance in the areas of society, environment, employees, corporate governance, and the market, based on 100 international criteria that are now prerequisites for the most significant ESG indicators and standards.



If you would like to discuss your employee benefits plan in Greece, please contact your IGP Business Development Manager, or:

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EONIKH

Country News: Netherlands

What will change with the new pension reform?

As of July 1, 2023, the Future Pensions Act is expected to take effect in the Netherlands, subject to the agreement of the Senate. Pension plans must comply with the new rules no later than January 1, 2027. The pension reform presents employers not only with challenges but also opportunities.



What does the new pension law entail and when will it start?

The main reason for the pension agreement is to make pensions future-proof. From July 1, 2023, the Future Pensions Act will take effect, subject to the agreement of the Senate. Employers will then have a transition period of almost four years (until January 1, 2027) to adjust their pension plans.

1. Pension accrual is now only on a defined contribution basis

The most significant change is that, going forward, pensions can only accrue through defined contribution (DC) plans. The amount of the pension benefit is partially based on investment returns and is not fixed in advance (unless the choice is made to purchase a guaranteed benefit). The pension benefits received by an employee are determined by the contributions made and the resulting investment returns.

2. Pension contributions become age-independent

The premium for pension accrual changes from age-related increases in contributions to a flat-rate age-independent DC contribution for all participants. A 30% cap will be placed on the contribution rate of pensionable income.

3. State pension age increases less rapidly

In 2019, it was agreed in the Pension Agreement that the state pension age (the "AOW" age) would rise at a slower rate. Until then, the retirement age rose 1-to-1 with life expectancy. Now the law states that for every year that Dutch people are expected to live longer, the AOW age will automatically rise by 10 months.

The age at which Dutch people are entitled to state old age pension in 2023 is 66 and 10 months. For the years 2024 through 2027, the state pension age will remain at 67 and will rise to 67 years and three months in 2028.

However, the retirement target age in occupational pension plans remains mostly at age 68. This means that the state pension (AOW) starts at a different time than your occupational pension.

When considering the investment risk profile, this has an impact on employees whose pensions are based

on investments. The risk typically decreases as the target pension age gets closer. The risk is however not optimally reduced if the worker decides to retire earlier.

How a.s.r. can help: a.s.r. has introduced the "personal retirement age". The employee specifies the date that they wish to retire. a.s.r. will then adjust investments and interest rate hedging to best tailor the risk to the individual situation.

4. Retirement lump sum (10%)

The employee will have the option of choosing to receive up to 10% of their accrued capital in a lump sum. This can be done immediately upon the retirement date. The choice of timing of the lump sum payment affects the amount of the retirement benefit: depending on whether the employee retires in the month in which the state pension starts or after the state pension starts, the employee can have the lump sum paid in January of the following year. This will have a positive effect on the tax rate, both on the monthly and lump sum payments.

This part of the pensions act will come into effect on January 1, 2024 at the earliest.

How a.s.r. can help: a.s.r. is optimizing their employee portal in which the employee can indicate when and how much should be paid out as a lump sum. Employees can also request a calculation.

5. Survivors' pension will be based on salary

In the current system, the survivors' pension depends on the length of service and is a percentage of the pension base. In the Future Pensions Act, the survivor's pension becomes more standardized, less complex and offers surviving relatives more financial security: the survivors' pension will be a standard percentage of the most recently earned salary:

- Years of service no longer affect the amount of survivor's pension: employees with the same salary in the same scheme with an employer have an equally high survivors' pension.
- The partner's pension may not exceed 50% of the salary.
- The orphan's pension may amount to a maximum of 20% of the salary (or 40% in case of double orphan) and is subject to a fixed final age of 25 years.



In the new pension system, the survivors' pension is only on a risk basis. This means that the survivors' pension is insured only as long as there is employment. After leaving employment, the coverage stops after a couple of months (in many situations 3 or 6 months).

The survivor's pension that has already been accrued up until now will remain intact even after the pension reform.

What do you need to know as an employer?

When exactly does the new pension system take effect - and do I need to have everything in place?

Beginning July 1, 2023, the Future Pensions Act will take effect, provided the Senate agrees. As an employer, you must have adjusted your pension plan for your employees by January 1, 2027.

What choices will my employees have in the new pension system?

The new pension system gives employees more control over their pension accrual. This is especially true when converting from defined benefit (DB) plans to defined contribution (DC) plans, which requires an active attitude from both the employee and the employer. With this shift, the employer empowers the employees to make choices related to their investments and whether they want to withdraw a one-time maximum of 10% of the retirement pension on the retirement date.

How do I properly prepare my employees for the new pension system?

With the transition from defined benefit (DB) plans to defined contribution (DC) plans, employees will have more choices in the new pension plan. As an employer, it is important that you prepare your employees well for this. Employees need answers to at least three key questions:

- What choices do I have?
- What changes will there be to the survivor's pension?
- What does my overall financial picture look like?

There are several ways to offer your employees more insight into their finances. For example, a.s.r. offers the free platform [ikdenkvooruit.nl](https://www.ikdenkvooruit.nl). Here, employees can get an initial insight into their financial situation within just 10 minutes.

Why partner with a.s.r.?

- **a.s.r. is a large, full-service, Euronext listed company* with a multi-label strategy:**
 - The a.s.r. branded products are distributed via the intermediary channel. In case of pension, a.s.r. offers a unique, fully online, competitively priced DC pension scheme in which employees can choose between investments and the guaranteed option (most products can be included in IGP).
 - a.s.r. offers complete solutions with a wide product range in case of sickness, disability and reintegration programs. These are sold exclusively through intermediaries (most products can be included in IGP).
 - a.s.r. also offers several individual insurance products in the private sector, including: health, home, car, travel and leisure. These products cannot be included in IGP.
- **Financially strong** – with a solvency ratio of 222% in 2022 (<https://www.asrnl.com/investor-relations/financial-publications>), a.s.r. is one of the leading insurance companies for financial strength in the Netherlands.
- **Simple and transparent products** – a.s.r. aims to make life simple for you and your employees by keeping their products simple and transparent so you can concentrate on your core business.
- **Effective communication** – a.s.r. considers it important that both employers and employees know what they are covered for. They therefore invest in various communication channels, e.g. online employee portals, webinars, presentations, a well-trained Customer Contact Centre (email, telephone, chat services and WhatsApp) and the dedicated website 'Ik denk vooruit' www.asr.nl/ik-denk-vooruit (available in Dutch) in order for clients to gain insight into their financial situation.

Sources:

- <https://pensioenkompas.nl/pensioen-en-aow-leeftijd/>
- <https://www.rijksoverheid.nl/onderwerpen/pensioen>
- <https://live.euronext.com/en/product/equities/NL0011872643-XAMS/market-information>

If you wish to discuss the effect of the pension reform on your Dutch EB please contact your IGP Business Development Manager or your local advisor.

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