

Pensioenfonds

Zorg & Welzijn

An insight

Into Pensioenfonds Zorg en Welzijn

Profile

This is Pensioenfonds Zorg en Welzijn

Pensioenfonds Zorg en Welzijn (PFZW) is the Dutch pension fund that provides a compulsory collective pension scheme for the care and welfare sector. We are responsible for the pension policy and pension capital of 3 million people.

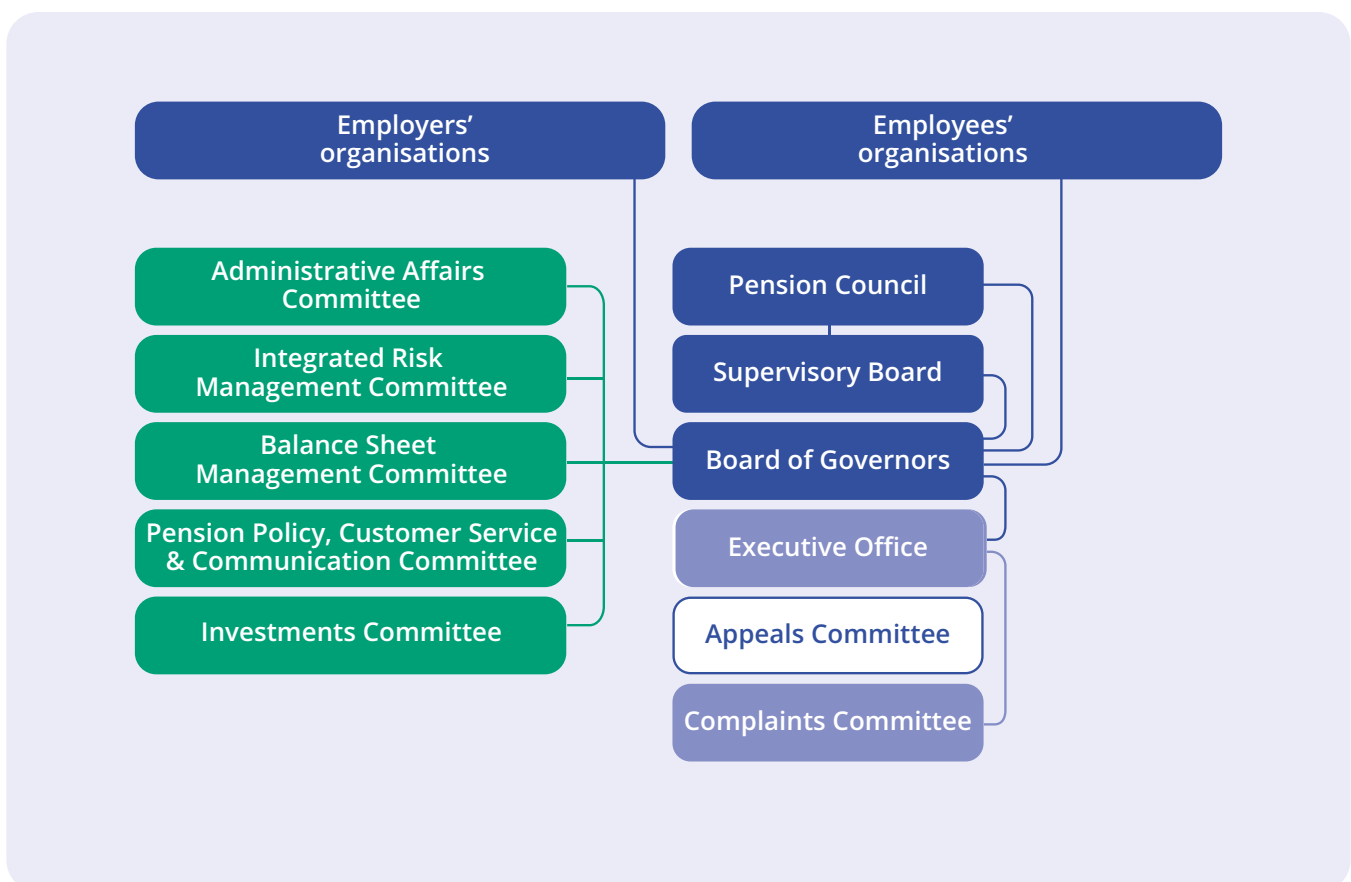
Our ambition is to provide participants with a high-quality pension package at a low price. PFZW invests the contributions paid by employers and employees with the aim of achieving a high, stable and responsible return over the long term at an acceptable level of risk. The fund invests globally in the investment categories of variable yield securities and fixed-income securities. The pension fund had a total € 217 billion of assets under management at the end of 2022.

Our mission

We strive to be a leading pension fund, using our collective strength to provide pensions based on the principle of solidarity and services tailored to individual requirements in the care and welfare sector. By being transparent, committed and focused on sustainable operations, we constantly work to maintain and advance our position.

Organisation

The structure of PFZW is as follows:



PFZW is organised as a foundation. The Board of Governors of the foundation is responsible for the policy and implementation of the collective pension scheme. It comprises representatives of employer organisations in the sector, representatives of employee organisations in the sector, a representative of pensioners and an independent chairman.

The Pension Council, consisting of participants, pensioners and employers, is an important part of our organisation. In order to implement the principles of good pension fund governance, it has been decided to integrate co-determination and the accountability function into the Pension Council.

Five-year review

	2022	2021	2020	2019	2018
Financial position (in € millions)					
Actual Funding ratio as at year end	109%	107%	93%	99%	98%
Policy Funding ratio as at year end	112%	100%	88%	97%	101%
Assets under management	216,517	277,456	253,901	238,376	199,002
Foundation capital and reserves	17,372	17,317	(20,401)	(1,976)	(5,159)
Provision for pension liabilities	200,675	260,600	274,583	240,250	204,111
Indexation¹					
Indexation % ²	8.9%	0%	0%	0%	0%
Indexation-ambition	14.5%	2.7%	1.1%	2.6%	1.9%
Price inflation ³	14.5%	2.7%	1.1%	2.6%	1.9%
Investments (in € millions)					
Investment result ⁴	(62,644)	21,025	13,335	37,395	(822)
Total costs management in % ⁵	0.42%	0.75%	0.38%	0.43%	0.45%
Total return	(22.6%)	8.2%	5.6%	18.8%	(0.4%)
10-year average return	4.0%	8.0%	8.0%	8.7%	8.6%
Average return since 1971 ⁶	7.5%	8.1%	8.1%	8.2%	8.0%
Z-Score	0.39	3.08	(0.05)	1.05	1.12
Performance test ⁷	2.50	2.65	1.85	2.48	2.41
Income and expenditure (in € millions)					
Contributions	7,913	7,219	6,936	5,950	5,584
Pension benefit payments	4,939	4,598	4,276	3,970	3,699
Pension administration costs	124	115	108	110	106
Costs per employee (euro per employee)	63.82	60.54	58.66	61.70	62.14
Contribution rates					
Old-age pension (% of salary less state old-age pension threshold)	25.8%	25.0%	22.4%	22.4%	22.4%
Invalidity pension (% of salary less state invalidity pension threshold)	0.5%	0.5%	0.5%	0.6%	0.7%
Employers and participants (numbers)					
Affiliated employers	26,050	25,900	25,500	25,400	24,700
Contributing participants	1,365,400	1,340,700	1,320,800	1,287,600	1,237,600
Former participants ⁸	1,102,300	1,092,500	1,074,200	1,096,400	1,095,600
Pensioners	580,600	552,100	518,300	486,800	463,100
Current and former participants	3,048,300	2,985,300	2,913,300	2,870,800	2,796,300

1. Decreasing not applicable

2. Percentage of indexation granted, based on the price development in the sector.

3. Source: Statline (CBS).

4. Asset management costs are deducted from the investment results.

5. Total expense rate has been presented in accordance with the recommendations of the Federation of the Dutch Pension Funds since 2011. The percentage refers to total asset management costs as a proportion of average assets under management. Transaction costs are not included.

6. This percentage shows the average annual return achieved from the launch date (1971) to the end of the financial year.

7. The performance test is the total of the Z scores over a period of five years, divided by the root of five. The standard is (1.28).

8. The number of former participants will decrease in 2023 due to a planned settlement of transferred pension liabilities.

Consolidated balance sheet as at 31 December 2022

<i>(after profit appropriation)</i> <i>(amounts in millions of euros)</i>		2022	2021
Assets			
Investments at pension fund's risk			
Real estate and infrastructure	44,590	46,796	
(Private) equities	63,017	106,187	
Fixed-income securities	98,212	114,767	
Derivatives	33,184	23,969	
Other investments	6,366	5,751	
		245,369	297,470
Investments at participants' risk			
Real estate and infrastructure	7	8	
(Private) equities	14	21	
Fixed-income securities	14	20	
Derivatives	5	5	
Other investments	1	1	
		41	55
Total investments		245,410	297,525
Reinsurance part of technical provisions		30	122
Participating interests		160	160
Receivables and prepayments and accrued income		31,249	5,099
Cash		186	379
Total assets		277,035	303,285
Liabilities			
Foundation capital and reserves		17,372	17,317
Technical provisions			
Provision for pension liabilities at pension fund's risk	199,859	259,697	
Other technical provisions	814	901	
Provisions for net pension	2	2	
		200,675	260,600
Provision for pension liabilities at participants' risk		34	53
Other liabilities and accruals and deferred income		58,954	25,315
Total liabilities		277,035	303,285

Consolidated statement of income and expenditure for 2022

<i>(amounts in millions of euros)</i>		2022		2021
Income				
Contributions (from employers and employees)	7.913		7.219	
Investment income at pension fund's risk	(62.634)		21.022	
Investment income at participants' risk	(10)		3	
Other income	2		3	
Total income		54.729		28.247
Expenditure				
Pension benefit payments		(4.939)		(4.598)
Pension administration costs		(124)		(115)
Movement in provision for pension liabilities at pension fund's risk				
Pension accrual	(10.819)		(10.500)	
Indexation	(18.127)		-	
Interest added	1.293		1.474	
Made available for pensions and pension administration costs	4.958		4.576	
Change in market interest rate	85.751		18.282	
Change from transfer of rights	44		(216)	
Change in actuarial assumptions for pension scheme	(3.482)		18	
Other movements	220		318	
		59.838		13.952
Movements in other technical provisions				
Movements in other technical provisions		87		31
Movement in provision for net pension		-		-
Movement in provision for pension liabilities at participants' risk		19		6
Movement in Reinsurance part of technical provisions		(92)		(16)
Net transfers of rights		(2)		216
Other expenditures		(3)		(5)
Total expenditures		54.784		9.471
Balance of income and expenditure		55		37.718

Investment policy

PFZW ensures a good and affordable pension by investing the contributions paid by employers and employees. We focus on the long term at an acceptable level of risk. Young and old share the costs and benefits of financially good and bad years. Our investment policy explains in more detail how we wish to achieve this. This policy is based on our investment beliefs. These beliefs are as follows:

- Taking investment risk leads to a higher return for our participants in the long term.
- Market developments are certainly difficult to predict in the short term.
- Diversification of investments improves the risk-return profile of the portfolio, but has a diminishing additional yield.
- Including ESG opportunities and risks in investment decisions leads to a better portfolio.
- As a long-term investor, PFZW can make a valuable contribution to a more sustainable world.
- The guiding principle is a pension package at a low price. High costs are only acceptable if they are in the interest of the participants.

These investment beliefs express our opinion on matters such as the usefulness of investing, the predictability of economic and financial market developments and the costs of asset management. Another very important belief is that as a long-term investor we can make a valuable contribution to a more sustainable world. We call this 3D investing, a new way of investing that will take further shape in the coming years.

To provide a good and affordable pension, PFZW seeks to generate an inflation adjusted return over the longer term. This results in a target for the financial return, in which we do not take more investment risk than necessary. Based on an ALM study, we determine the distribution of our assets over different investment categories. The 2022 investment plan had 50.4% of assets allocated to investment categories such as listed equities, private equity, private real estate and infrastructure. The fixed-income allocation in the 2022 investment plan was 29.6%. This comprised ordinary government bonds and interest rate derivatives. The allocation to credits was 20.0%⁹.

⁹ In 2022 a transition was made to a higher credit allocation because it contributes to our risk-return profile.