



Pensioenfonds

Zorg & Welzijn

An insight

Into Pensioenfonds Zorg en Welzijn 2023

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.

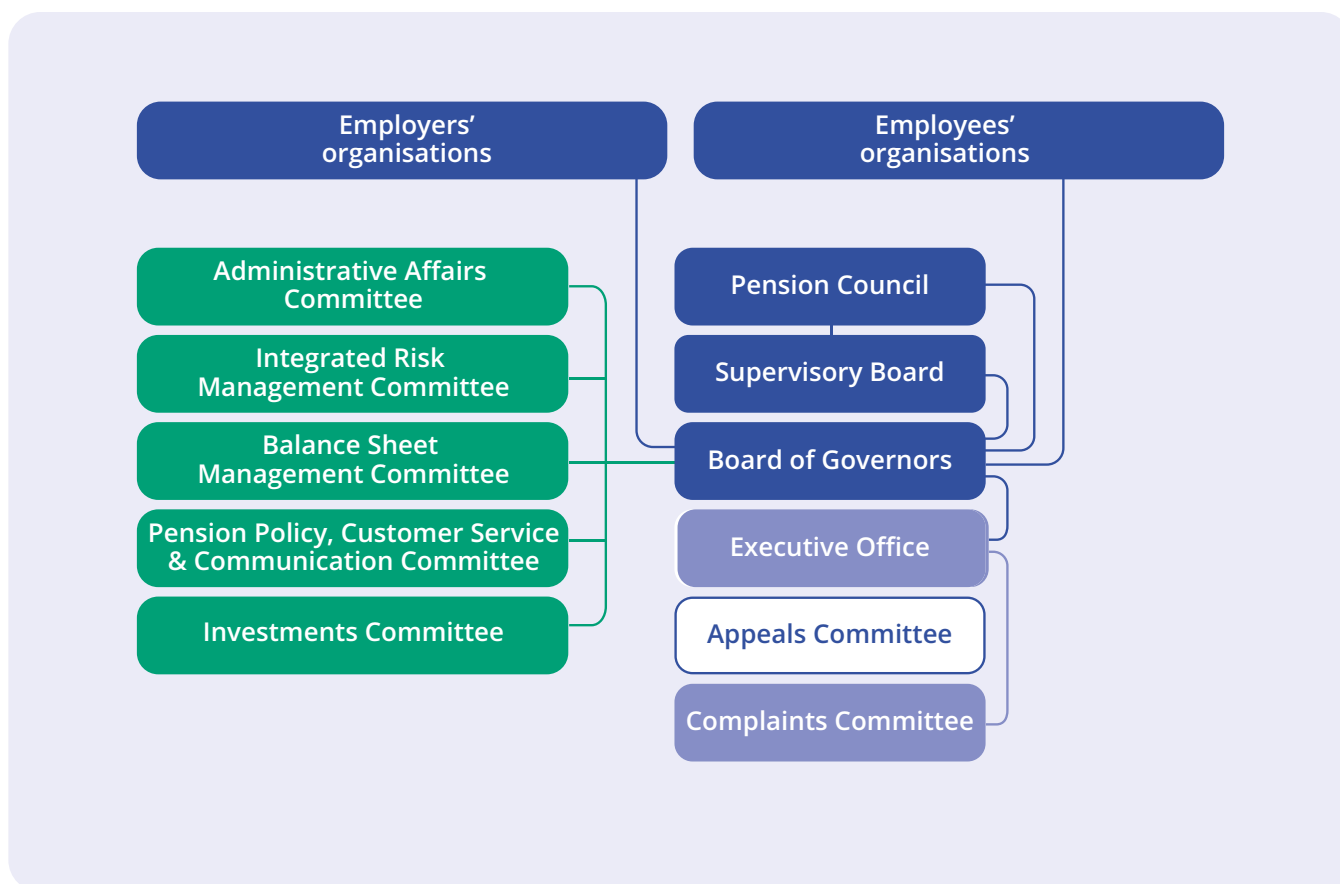
Our ambition is to provide participants with a high-quality pension package at a low price. PFZW invests the contributions paid by employers and employees with the aim of achieving a high, stable and responsible return over the long term at an acceptable level of risk. The fund invests globally in the investment categories of variable yield securities and fixed-income securities. The pension fund had a total € 238 billion of assets under management at the end of 2023.

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 an independent chairman and representatives of employer organisations, employee organisations and pensioners in the sector.

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

	2023	2022	2021	2020	2019
Financial position (in € millions)					
Actual Funding ratio as at year end	106%	109%	107%	93%	99%
Policy Funding ratio as at year end	112%	112%	100%	88%	97%
Assets under management	237,577	216,517	277,456	253,901	238,376
Foundation capital and reserves	13,799	17,372	17,317	(20,401)	(1,976)
Provision for pension liabilities	225,088	200,675	260,600	274,583	240,250
Indexation¹					
Indexation % ²	4.8%	6.0%	2.7%	0.0%	0.0%
Indexation-ambition	7.0%	7.2%	2.7%	1.1%	2.6%
Price inflation ³	7.0%	7.2%	2.7%	1.1%	2.6%
Investments (in € millions)					
Investment result ⁴	18,907	(62,644)	21,025	13,335	37,395
Total costs management in % ⁵	0.34%	0.42%	0.75%	0.38%	0.43%
Total return	8.7%	(22.6%)	8.2%	5.6%	18.8%
10-year average return	4.4%	4.0%	8.0%	8.0%	8.7%
Average return since 1971 ⁶	7.5%	7.5%	8.1%	8.1%	8.2%
Z-Score	(1.01)	0.39	3.08	(0.05)	1.05
Performance test ⁷	1.55	2.50	2.65	1.85	2.48
Income and expenditure (in € millions)					
Contributions	8,011	7,913	7,219	6,936	5,950
Pension benefit payments	5,787	4,939	4,598	4,276	3,970
Pension administration costs	131	124	115	108	110
Costs per employee (euro per employee)	65.75	63.82	60.54	58.66	61.70
Contribution rates					
Old-age pension (% of salary less state old-age pension threshold)	25.8%	25.8%	25.0%	22.4%	22.4%
Invalidity pension (% of salary less state invalidity pension threshold)	0.5%	0.5%	0.5%	0.5%	0.6%
Employers and participants (numbers)					
Affiliated employers	25,922	26,050	25,900	25,500	25,400
Contributing participants	1,390,700	1,365,400	1,340,700	1,320,800	1,287,600
Former participants ⁸	878,600	1,102,300	1,092,500	1,074,200	1,096,400
Pensioners	607,300	580,600	552,100	518,300	486,800
Current and former participants	2,876,600	3,048,300	2,985,300	2,913,300	2,870,800

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.

⁷ This percentage shows the average annual return achieved from the launch date (1971) to the end of the financial year. 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 decreased in 2023 due to a planned settlement of transferred pension liabilities.

Consolidated balance sheet as at 31 December 2023

(after profit appropriation) (amounts in millions of euros)		2023	2022
Assets			
Investments at pension fund's risk			
Real estate and infrastructure	43,844	44,590	
(Private) equities	65,573	63,017	
Fixed-income securities	112,368	98,212	
Derivatives	28,120	33,184	
Other investments	6,614	6,366	
		256,519	245,369
Investments at participants' risk			
Real estate and infrastructure	6	7	
(Private) equities	10	14	
Fixed-income securities	15	14	
Derivatives	4	5	
Other investments	1	1	
		36	41
Total investments		256,555	245,410
Reinsurance part of technical provisions		16	30
Participating interests		160	160
Receivables and prepayments and accrued income		30,936	29,102
Cash		144	186
Total assets		287,811	274,888
Liabilities			
Foundation capital and reserves		13,799	17,372
Technical provisions			
Provision for pension liabilities at pension fund's risk	224,218	199,859	
Other technical provisions	868	814	
Provisions for net pension	2	2	
		225,088	200,675
Provision for pension liabilities at participants' risk		31	34
Other liabilities and accruals and deferred income		48,893	56,907
Total liabilities		287,811	274,888

Consolidated statement of income and expenditure for 2023

<i>(amounts in millions of euros)</i>		2023	2022
Income			
Contributions (from employers and employees)	8.011	7.913	
Investment income at pension fund's risk	18.905	(62.634)	
Investment income at participants' risk	2	(10)	
Other income	24	2	
Total income		26.942	54.729
Expenditure			
Pension benefit payments		(5.787)	(4.939)
Pension administration costs		(131)	(124)
Movement in provision for pension liabilities at pension fund's risk			
Pension accrual	(7.124)	(10.819)	
Indexation	(10.079)	(18.127)	
Interest added	(6.547)	1.293	
Made available for pensions and pension administration costs	5.657	4.958	
Change in market interest rate	(6.307)	85.751	
Change from transfer of rights	222	44	
Change in actuarial assumptions for pension scheme	(79)	(3.482)	
Other movements	(102)	220	
		(24.359)	59.838
Movements in other technical provisions		(54)	87
Movement in provision for net pension		-	-
Movement in provision for pension liabilities at participants' risk		3	19
Movement in Reinsurance part of technical provisions		(14)	(92)
Net transfers of rights		(167)	(2)
Other expenditures		(6)	(3)
Total expenditures		(30.515)	54.784
Balance of income and expenditure		(3.573)	55

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. 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. With 3D investing we assess all investments on return, risk and sustainability.

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 2023 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 2023 investment plan was 29.6%. This comprised ordinary government bonds and interest rate derivatives. The allocation to credits was 20.0%.

Pensioenfonds Zorg en Welzijn

Noordweg Noord 150
PO Box 117, NL-3700 AC Zeist
pfzw.nl

Pensioenfonds

Zorg & Welzijn