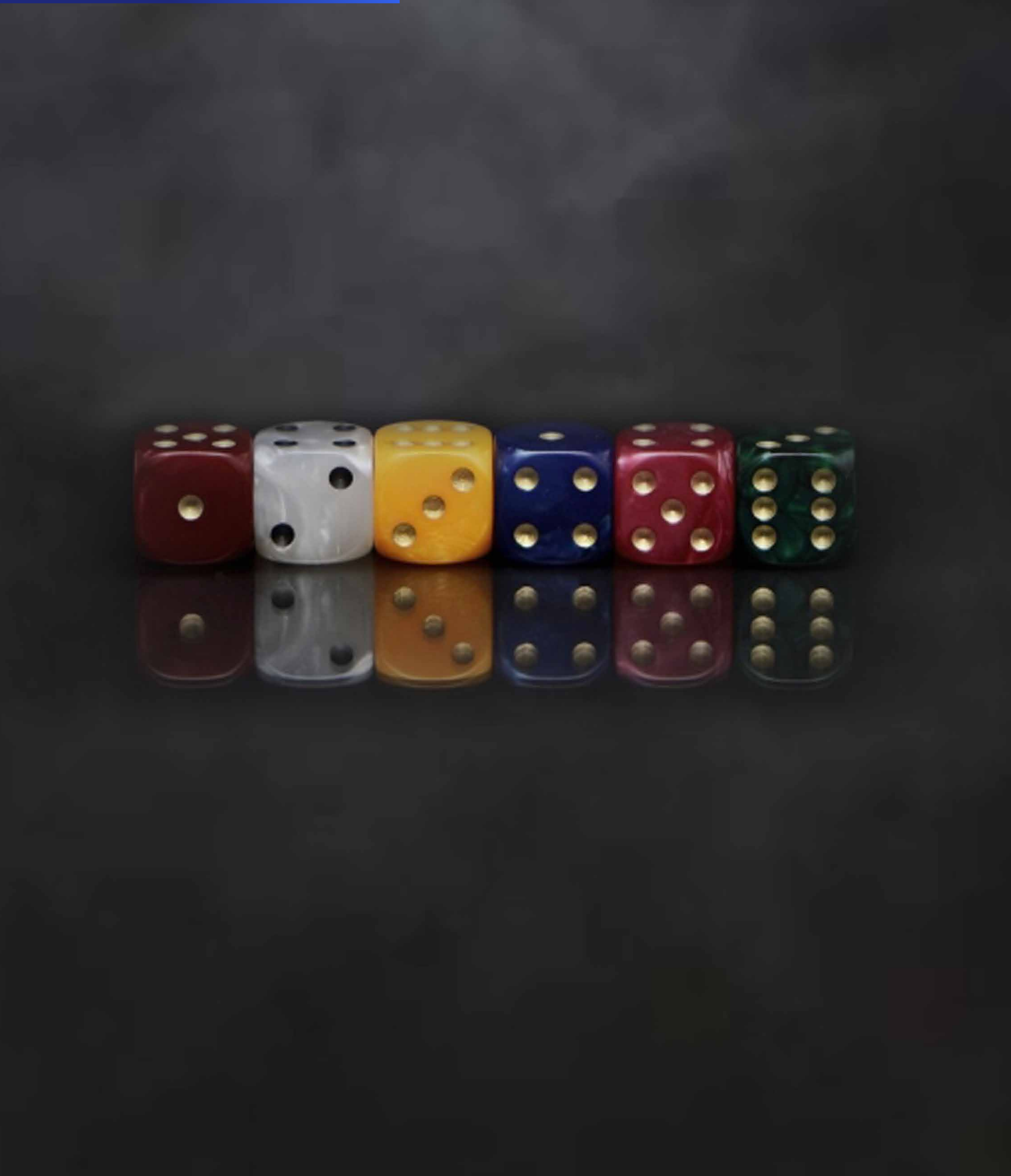
EPH
EXPAT PENSION HOLLAND



EXTENDED PENSION PLAN INVESTMENTS

A) Introduction

Due to historically low interest rates and budget preferences, many corporate pension plans have an investment based Defined Contribution (DC) nature regarding their Old Age Pension build up capacity.

The Next of Kin Pension is often still (partially) based on guaranteed Defined Benefit (DB) claims.

As investments in general will have a great impact on the height of your pension, this creates the question of how long you can/should keep investing and as of which age you can/should start to receive pension capital.

Is it possible and if so desirable for you to extend your pension investments? Should a part of your pension capital still be invested for several years after you have reached retirement age?

B) Legal & Tax Regulations

Such an extended pension investment within a pension plan after retirement age is only possible if it is permitted by the applicable national regulations.

This legal and tax regime often differs substantially per country. Which is understandable as due to the extent to which the national legislation focuses on the protection of the pension interests of participants, the legal and tax regime will allow more or less investment flexibility as of retirement age.

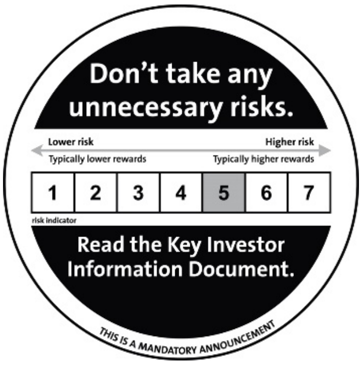
Whereas countries like the UK and the USA allow a lot of flexibility, countries like The Netherlands have a more defensive stance although even the rather strict Dutch regime allows for extended investments as of 2016.

Many countries have stipulated that the corporate pension plan Old Age Pension pay-out has to start at least at a certain age. Age 70-72 is often mentioned. Due to the increasing longevity this maximum might increase accordingly in the future.

C) The Essence Of Investments

The essence of investments is that your carefully established **Personal Risk Profile** is translated into deemed suitable **Investment Categories**.

From a risk reduction point of view it is our opinion that it is advisable to only invest in Investment Funds instead of Individual Objects and to *spread* over several Investment Funds within *each* Investment Category.



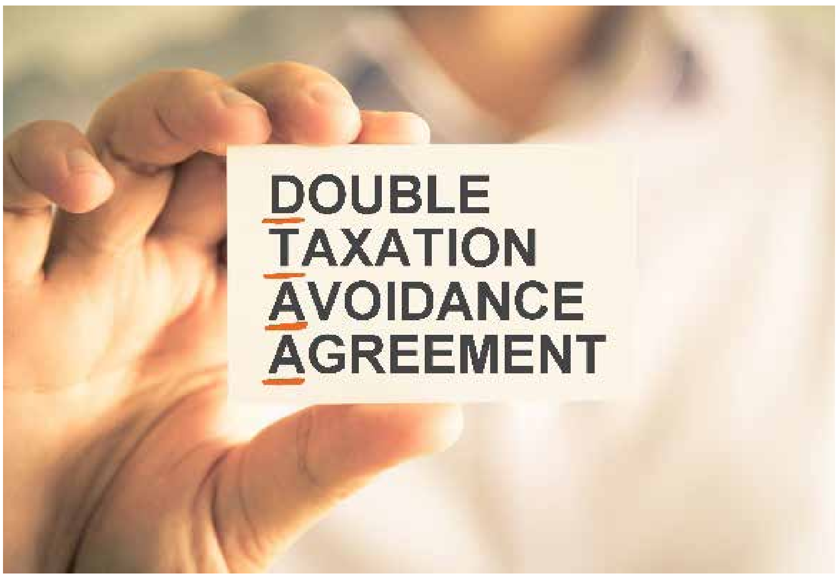
We see too often that Expats have not yet carefully established their Personal Risk Profile, which equals building a house on a lacking foundation. Please feel free to use our extensive four pages Personal Risk Profile Form as enclosed on our website.

D) The Essence Of Extended Pension Plan Investments

If the applicable legal and tax regime *allow* such extended investments after retirement age, the question is if this is *beneficial* for you.

Extended pension plan investments are only a real option if:

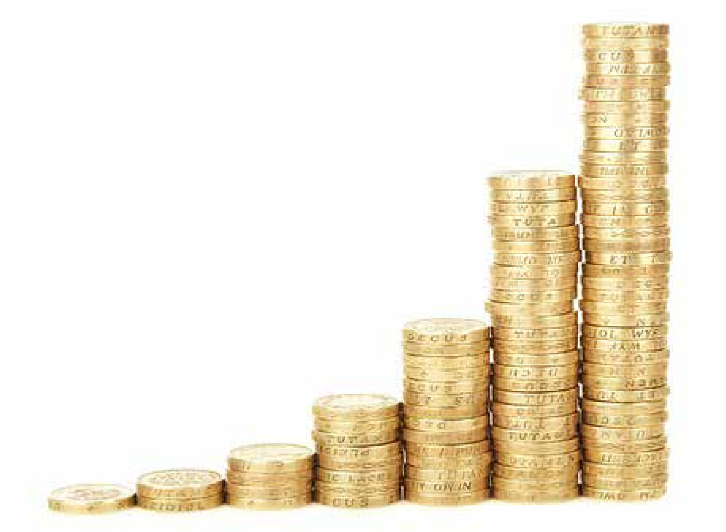
- You do not yet need the total pension capital;
- Your risk profile allows extended investments and risks;
- Your current investments are free to be allocated in a deemed suitable manner;
- It is expected that the additional risks will be at least matched by additional return on investments;
- There are no negative tax implications.



E) Regulations For Risk Reducement Towards Retirement Age

Some countries, like for example The Netherlands, have the opinion that extended investments *after* retirement age require in the first place a responsible investment implementation *towards* retirement age.

Thus in Holland, DC pension providers are legally obligated to provide two kind of investment models towards retirement age: With and without extended investments as of retirement age.



Mind you, the mandatory use of these two models *towards* pension age does not obligate the DC pension provider to offer extended investments *as of* retirement age.

The reason that both models have to be used towards retirement age is that, even if a provider might not offer extended investments after retirement age, the consumer might by means of a transfer of value still have the wish to go to a provider for such an approach. Which is only possible in a responsible manner if the investment towards retirement age is adjusted to that goal.

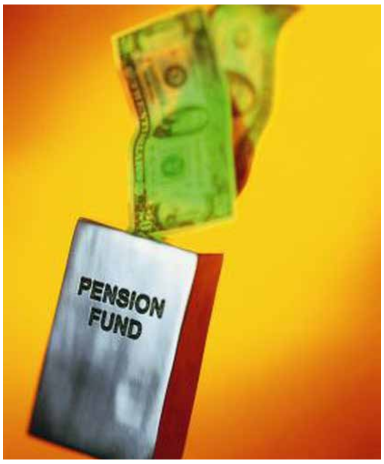
DISCLOSURE
of Transfers of Value

Thus the first step of implementing an extended investment *as of* retirement age is to create the right risk and investment selection *until* retirement age.

F) Pay-Out Regulations & Options

Besides focusing on all investment options, it is also advisable to carefully analyze all pay-out regulations and options in case you might consider extended investments after retirement age.

The pay-out periodicity options we see in general are stipulated by local law and might allow:
- Lifelong annuity;
- Temporary annuity;
- Lump Sum(s);
- Flexi- Draw Down;
- A combination of the above.

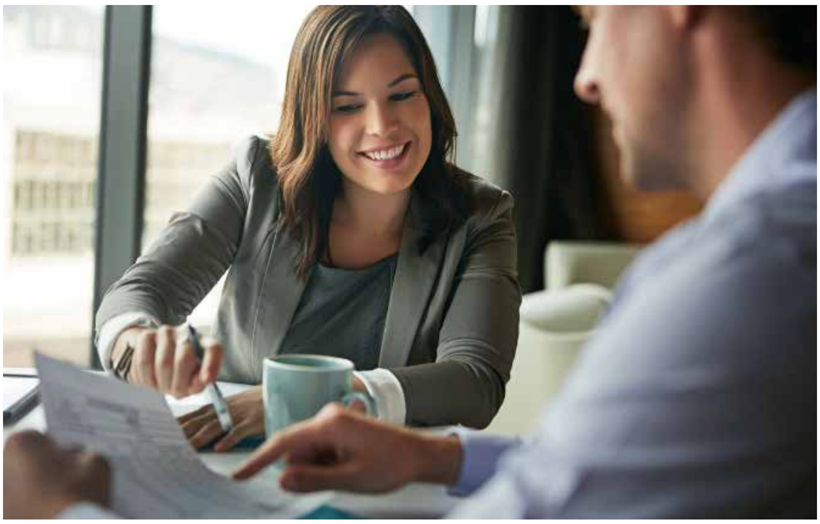


Regarding the nature of the payments we see the following often allowed options per country:
- *Payments in definite currenc*y meaning the exact amount has been agreed upon and which amount might be constant, increasing or decreasing in time. Certain countries have strict limits regarding the allowed increasing or decreasing nature of these periodical payments.
- *Payments in units* which might mean that the exact pay-out in currency is also (possibly substantially) influenced by the market value of the units.

G) Conclusion

An extended investment of pension capital as of retirement age is in essence only possible if:
- The total pension capital is not yet needed at retirement age and
- It fits within your personal risk profile to take substantial additional investment risks as currently substantial additional return on investment can only be expected from high risk Equity investments.

Therefore we in general advise clients who do not have an outspoken 'Very Offensive' personal risk profile and who will need the pension investments for their future income not to extend their pension investments after retirement age.



In case you might be interested in such an extended investment, feel free to contact us for consultation. Please be aware that it is advisable to look at these options at least 15-10 years *before* retirement age.

International experience and Network

We have more than 20 years of experience in international expat and collective pension consultancy. Thus we have an elaborate international network. If so desired, we can advise and act swiftly in international matters.

Contact

For further information please contact pension jurist/consultant Patrick Donders:

Tel: +31 (0)6 26014112
E-mail: info@expatpensionholland.nl
Site: www.expatpensionholland.nl

AFM license number 12043181

EPH
EXPAT PENSION HOLLAND