

Answers to key questions

Increase 2025



What about the relaxed rules for increasing pensions?

The government has set strict rules on increasing pensions. PME, employers and unions plan to switch to the new pension rules with their current pensions. Pension funds have been given until 1 January 2028 to do so. This is why we used the relaxed rules from 1 July 2022 to 1 January 2024. This allowed us to increase pensions faster during that period. We did so by 11 percent in total.

Why is PME not taking advantage of the relaxed rules this year?

In spring 2024, PME's Board was faced with a choice: should we use the relaxed rules again this year or not? Given uncertainties surrounding the development of interest rates and financial markets, we decided not to do so. Because taking advantage of those relaxed rules comes with a downside. If the pension fund is doing poorly financially, it should lower pensions, not raise them. PME considers preventing a reduction in pensions very important. Indeed, it considers preventing a reduction more important than making an increase. This explains why we did not take advantage of the relaxed rules.

Will PME use the relaxed rules again next year, though?

We have not taken a decision on that at this stage. In spring 2025, PME will review its position. And it will review how stable things are in the world and how interest rates and investments are doing.

How does PME determine the increase in my pension?

Ideally, we would like your pension to increase at the same rate as inflation. Your pension will then grow in parallel with any rise in prices. We always look at inflation between July and July. This year, we looked at inflation between July 2023 and July 2024. Inflation during that period was 2.71 percent. This means that we cannot increase your pension by more than 2.71 percent. However, to increase your pension by that much, our pension fund would have to be in very good financial shape. PME can only increase your pension at the maximum rate possible if it secures a coverage ratio of 137 percent.

To determine the increase, we look at funding levels and applicable rules. Since PME is not taking advantage of the relaxed rules, we are only allowed to increase your pension if the policy coverage ratio exceeds 110 percent. At the end of October 2024 (the reference point), the policy coverage ratio was 112.5 percent. Based on the current rules and this policy coverage ratio, we can increase pensions by 0.3 percent. [Find out more about the coverage ratio.](#)

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How many times a year is an increase possible?

An increase is normally decided at the end of each year. This means it takes effect on 1 January of the following year. The year 2022 was an exception because of two decisions. The government relaxed the rules for increasing pensions in that year. This allowed for an increase on 1 July 2022 and 1 January 2023.

What is the short- and long-term impact of this increase for young and old people saving for a pension?

We want the increase to be as beneficial as possible for everyone. For all participants, for every generation, now and in the future. This is why we carefully weigh up the interests of all participants. We also look at the short- and long-term implications of each decision. Increasing pensions now will benefit everyone. In fact, everyone's pension will increase by 0.3 percent.

If we look at the long term, then the effects of the increase are different for each age group. Someone who is younger stands to benefit comparatively less than someone who is older. Given the percentage of 0.3 percent, the impact for different participants is small. Young participants will see their future assets drop by up to 0.15 percent. And older ones will see a maximum increase of 0.15 percent.

I haven't had a pension increase in years. Why haven't I received any compensation for that yet?

Pensions at PME did not increase for a long time (until 2022). Fortunately, we were able to increase pensions three times since then. Overall, by 11 percent. We are happy with that. But we also understand that many people are hoping for more. Certainly with life getting more and more expensive. However, PME's financial health does not allow it to increase pensions generously this year.

We would also like to compensate you for any increases we may have missed in the past. But there are rules for that, too. This can only be done when the policy coverage ratio is higher than 137 percent. [Find out more about the coverage ratio.](#)

We are looking to transition to the new pension rules in 2027. Fewer buffers will be needed, freeing up more money for pensions. This is expected to make it easier for us to increase pensions. [Read more about the new pension rules here.](#)

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PME has taken advantage of the government's relaxed rules in the past. Does this mean that you will be moving all pensions to the new pension scheme?

PME is looking to transition to the [new pension rules](#) on 1 January 2027. We assume that we will be moving all our pensions. Yours, too. Employers and unions in our sector have agreed this arrangement.

Other pension funds will increase pensions by a higher percentage. How come they are able to do so?

Whether a pension fund increases pensions and by what percentage depends on several things. For example, over what period and in what way inflation is measured. And whether it makes use of the relaxed rules. This varies from one pension fund to another. Also, whether a pension fund is in good financial shape or not will determine the increase. And each pension fund has to make trade-offs between going with a higher increase now and facing greater uncertainties for later. Each pension fund looks at this differently.