

FAQ  
VMWARE NETHERLANDS B.V.  
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# 1

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## Introduction

VMware Netherlands BV (hereinafter "VMware") has insured a group pension plan with Nationale-Nederlanden. In addition, a WGA-gap and WIA excess insurance have been insured with Avéro Achmea. Furthermore, there is a collective Accidental Death & Dismemberment (AD&D) insurance in place.

VMware wishes to make every effort to ensure that the information with regard to benefits paid in the event of death and disability is communicated as well and as clearly as possible. In addition, information about termination of marriage and (registered) partnership is provided. Finally, you will find an overview of personal events that need to be reported to your employer. A number of frequently asked questions will be answered in this newsletter. The answers to these questions give you, as an employee, an impression of your rights and obligations in the event of death and disability. If your question is not answered, please contact EMEA Benefits.

Please note that this document is intended for informative purposes only. The legal documents, issued by the provider are leading, because this is the official document outlining all rights and obligations.

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### What benefit may your surviving dependents expect in the event of your death?

#### ***What does the government pay out to surviving dependents in the event of your death?***

The surviving dependents' benefit in accordance with the General Surviving Dependents Act [*Algemene Nabestaanden Wet (ANW)*] provides state financial support to your surviving partner and/or children after your death.

Your partner will be eligible for the ANW benefit if he or she is below the age of 66 and 4 months (2020) and meets one of the following conditions:

- your partner has a child under the age of 18, or
- your partner is at least 45% disabled.

The ANW does not distinguish between spouses, registered life partners or people who cohabit (on a permanent basis).

The level of the ANW pension also depends on the surviving dependent's income. As a result of the means test, an ANW pension may not be granted or only a limited ANW pension may be granted, despite the fact that the above-mentioned conditions are met. You can determine whether you will be entitled to an ANW pension by consulting the website of the Social Insurance Bank ([www.svb.nl](http://www.svb.nl)).

## ***What does Nationale-Nederlanden pay out in the event of my death?***

### Rights in the event of death

#### **1. *What happens to my pension in the event of my death?***

As a result of your death, your retirement pension will lapse. Depending on your situation, a partner's pension will be paid out to your partner and an orphans' pension to any children you may have.

#### **2. *How much will my partner receive in the event of my death?***

##### **After retirement date**

If you have opted to have a partner's pension paid out to your surviving partner in the event of your death after your retirement, this partner's pension will amount to 70% of the retirement pension, unless part of the partner's pension is swapped for a higher retirement pension. In this case, the partner's pension will be lower. The level of the pensions to be purchased on the retirement date will depend on the level of the pension capital, the insurer's rates for the purchase of pensions and the level of interest rates.

##### **During service**

In the event of your death prior to the retirement date, the partner's pension will amount to:  $1.16\% \times \text{pension basis (see Glossary)} \times \text{years of service (attainable years of service with VMware)}$ . The partner's pension is based on a final pay system.

If you have opted to insure an Extra Survivor's pension, an additional net partner's pension will be paid out in case of death during service. The details of this benefit can be found in the document 'Netherlands Retirement Plan'.

A partner's pension is insured for the situation where you, as a member, have a partner (and the partner is also registered with the insurer) and is paid out to your surviving partner for the remainder of his or her life. The exact amount is stated in the Uniform Pension Overview which you will receive from Nationale-Nederlanden. The amount stated is a level gross annual benefit.

The benefit will be paid in monthly instalments. The risk premium for the partner's pension will be paid by the employer.

**3. How much does the temporary partner's pension (ANW-gap pension) amount to in the event of my death?**

In addition, you may opt to insure a temporary partner's pension. This insurance relates to the possibility that your surviving dependents may not qualify for an ANW benefit.

If your surviving dependent is not eligible for a state ANW benefit, his or her income may fall considerably in the event of your death. Compensation for this is provided by the temporary partner's pension (ANW-gap pension). Your surviving dependent will receive a gross benefit of € 15,814 per annum up until the date on which he or she attains the age of 68. This amount applies to 2020 and is adjusted annually. This benefit is also paid out in a situation where you are entitled to an ANW benefit (from the state). After commencement of the ANW-gap pension, no annual increases will occur.

If you opt to insure a temporary partner's pension, the annual premium will be deducted in monthly instalments from your (gross) salary.

**4. How much will my children receive as an orphans' pension in the event of my death?**

The orphans' pension will amount to 20% of the partner's pension for each child below the age of 21, or 27 if the child is studying or disabled.

The exact amounts are stated in the Uniform Pension Overview which you receive from Nationale-Nederlanden and relate to the level gross annual benefit. The risk premium for the orphans' pension is paid by the employer.

**5. I am not married, but cohabit. Will my partner be entitled to a partner's pension?**

In this regard, we refer you to the pension regulations, in which the concept of a partner is defined precisely. The concept of a partner is in any event broader than that of a spouse. If you cohabit,

you and your partner must have done so for at least six months at the same address (registered with the municipal basic administration) or have a notarial deed.

**6. *Are the partner's pension and the orphans' pension protected against inflation?***

For as long as you are a member of the pension plan, the entitlements to a partner's pension and an orphans' pension will increase with your salary. After the commencement of these benefits, they will not be indexed annually. These are level gross annual benefits.

**7. *What will be paid out in the event of my death after the commencement of employment?***

On your leaving the company's employment, the partner's pension, the orphans' pension and temporary partner's pension will lapse.

In the event of death after leaving employment 90% of the value of your investments is used for the purchase of a partner's- and orphans' pension if you have a partner and/or children.

The level of the partner's- and orphans' pension depends on the tariffs that are applicable on date of death.

**8. *What does the Accidental Death & Dismemberment insurance pay out in the event of my death due to an accident?***

This insurance provides a lump-sum payment in case of your death due to an accident of 2 times your annual salary. There is coverage 24 hours a day, 7 days a week.

This insurance only covers you as an employee and not your family members.

# 3

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## What happens if I become disabled?

### ***What benefit does the state provide in the event of disability?***

As of 1 January 2006, the former Invalidity Insurance Act [*Wet op de arbeidsongeschiktheidsverzekeringen (WAO)*] was replaced by the Work and Income (Capacity to Work) Act [*Wet Werk en inkomen naar Arbeidsvermogen (WIA)*]. The aim of the WIA is to keep people employed as much as possible, even if they become ill or partially disabled. The WIA is subdivided into:

- the IVA: for people who are fully *and* permanently disabled, and
- the WGA: for people who are partially and/or not permanently disabled.

The WGA applies if a person is more than 35% disabled.

The WIA applies after 2 years of sickness.

### **IVA**

The IVA benefit (in accordance with the Full Invalidity Benefit Scheme) amounts to 75% of final pay, subject to a maximum of €57,232 (2020).

### **WGA**

Initially, you will receive a so-called loss-of-pay benefit and after a certain waiting period a follow-on benefit. The duration of the loss-of-pay benefit (70% of final pay, subject to a maximum of €57,232) depends on your employment history. The maximum duration is three months and the maximum duration for the loss-of-pay benefit is 38 months. After this, the (partial) disabled employee will receive a follow-on benefit which is at a much lower level.



In the case of partial disability, one's ability to earn, the so-called earning capacity, is important.

Three situations may arise:

- one utilises one's earning capacity to the full;
- one utilises *at least 50%* of one's earning capacity;
- one utilises *less than 50%* of one's earning capacity.

If you utilise less than 50% of your earning capacity, you will be entitled to a follow-on benefit based on the statutory minimum wage, multiplied by the percentage of disability.

### ***Which insured income provision can I claim if I become disabled?***

- (Partial) continuation of pension accrual
- WGA-Gap insurance
- WIA-excess insurance

#### **1. What happens to my pension if I become disabled?**

If you become disabled and receive a WIA benefit, your pension accrual will be continued subject to certain conditions. However, pension accrual will not take place in the same way. The premium will continue to be based on your earned salary prior to your disablement. The premium which is deposited also depends on your degree of disability. The accrual of your pension capital will continue, in principle, up to the retirement date, unless you are capable of working earlier.

During the first two years of sickness, there is no effect on your pension accrual.

#### **2. What other arrangements have been made in case I become disabled?**

If you become disabled, the disability insurance which VMware has taken out will ensure that your WIA benefit is supplemented to 70% of your salary (in the event of **full** disability) in the event of your becoming disabled. You will receive this disability benefit until you reach the age of 68, unless you are declared capable of working earlier. If you become disabled due to an accident, the Accidental Death & Dismemberment insurance will pay out a benefit.

The disability benefit comprises of two parts: a WGA-Gap benefit and WIA-excess insurance.

### **WGA-gap insurance**

Since VMware wishes to avoid a situation where your income would fall to a percentage of the minimum wage if you become disabled and do not utilise your earning capacity fully, VMware has taken out WGA-gap insurance with Avéro Achmea. This insurance supplements the state WGA benefit up to 70% of your salary (2020: max. €57,232). After commencement, the benefit is indexed on the basis of the WIA index. The premium for this insurance is fully paid for by the employer.

### **WIA-excess insurance**

If you have an annual salary which exceeds the WIA salary ceiling (in 2020: €57,232), an additional disability benefit is also insured. The WIA-excess insurance pays out 70% of the salary above the WIA salary ceiling in the event of full disability. The benefit paid in accordance with the WIA-excess insurance remains the same after commencement.

### **Termination of employment**

If you become disabled, the disability benefits (not the insurance) will continue even if your employment with VMware is terminated, but at the latest until the age of 68. Changes in your degree of disability, however, may only result in a reduction in your disability pension. A disability pension, once reduced, may no longer be increased. Full recovery results in the termination of the disability benefit.

### **Accidental Death & Dismemberment insurance (AD&D)**

This insurance provides you with a lump-sum payment in case of disablement due to an accident of max. 4 times your annual salary. Typically, the AD&D insurance pays out a percentage for the loss of a limb, partial or permanent paralysis, or the loss of use of specific body parts, such as the loss of sight, hearing, or speech.

Please find below a summary of the coverages provided:

- Loss of limb
- Loss of hands, feet, fingers or toes
- Loss of sight or hearing
- Total or partial paralysis

This is a limited summary, in the Terms and Conditions all coverages are specified.

***Common Accidental Death & Disablement exclusions***

This insurance includes a list of circumstances excluded from coverage. In most instances, the list consists of suicide, death from illness or natural causes, and injuries from war. Other common exclusions include death resulting from the overdose of toxic substances, death while under the influence of nonprescription drugs, and the injury or death of a professional athlete during a sporting event. Usually, if the your loss occurs because of a felonious act, no benefit is payable.

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## What do I need to know further?

### ***1. What happens if I decide to divorce or terminate my registered partnership relation?***

If your marriage or partner relationship ends other than through death or entry into a marriage or registered partnership with that partner, the partner retains entitlement:

- 50% of the old-age pension, that has been accrued during the period of marriage or registered partnership. It is also possible to make a deviant arrangement. A request for settlement of the old-age pension needs to be submitted to the insurer by means of completing the form 'Mededeling van scheiding in verband met verdeling van ouderdomspensioen'. This form can be obtained on the internet site from the National Government. If the request has been made within 2 years after termination, the old-age pension will be paid out to the former partner directly by the insurer. It is important that you acquaint yourself timely with the rules for settlement of the old-age pension.
- A partner's pension, being 70% of the old-age pension that has been accrued during the period of service with VMware until the date of divorce or termination of registered partnership.

### ***2. What happens if I decide to stop living together with my partner?***

If you decide to terminate living together, you need to inform the HR department. Your former partner is not entitled to your old-age pension, but is entitled to a part of the partner's pension. The level of this partner's pension is 70% of the old-age pension that has been accrued during service with VMware until the date of termination of living together.

### ***3. What happens with my pension if I decide to leave the service of VMware?***

If you decide to leave VMware, participation to the group pension plan stops. Your pension plan will be converted into a paid up policy and the coverage of partner's-, orphans'- and Anw-gap pension stop. If you have a partner and/or children, 90% of the value of your investments is used for the purchase of a partner's- and orphans' pension in the event of death. The level of the partner's- and orphans' pension depends on the tariffs which are applicable at date of death.

If you have a new employer, you can decide to transfer the accrued pension value to the pension provider of your new employer. If you consider to do so, you need to make a request to your new employer.

### ***4. What type of events do I need to report to my employer?***

- Change of address
- Marriage
- Registered partnership
- Living together
- Birth of a child
- Termination of marriage/registered partnership/living together
- Leaving service
- Death of partner or child
- Disability

# 5

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## Glossary

**AOW offset:** The threshold amount on which no supplementary pension accrual occurs through VMware because the General Old-Age Pensions Act (*Algemene ouderdomswet, AOW*) provides for a pension in respect of this part of the salary. The level of the AOW offset is derived from the level of the AOW benefit.

**Annual salary:** 12 times the fixed monthly salary + 8% holiday allowance. The pensionable annual salary is capped at € 110,111 (2020).

For the pension plan, increased with overtime allowance and commission/bonus

**Pension basis:** The amount of your salary on which a pension is accrued. This is the difference between your annual salary and the AOW offset.

**Uniform Pension Overview:** A pension statement issued every year to the members of a pension plan through the employer. The statement provides an insight into the benefits payable on retirement and disability, but also an insight into the benefit which any partner and/or children receive in the event of the member's death. All pension funds and insurers in the Netherlands make use of the same statement, which adds to the clarity of one's pension situation.

Please note that this overview is based on assumptions which can deviate from the actual market situation. The mentioned pension entitlements are indicative and you cannot derive any rights from it.



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