

No AOW supplementary allowance as from 2015



INTRODUCTION

Currently, people who are married to or living with a partner who is under 65 may qualify for a supplementary allowance on top of their AOW old age pension.

However, the supplementary allowance will be discontinued as from 1 January 2015. People who turn 65 on or after that date will not get a supplementary allowance.

This leaflet is only relevant for you if:

- you are married to or living with a younger partner;
- you were born on or after 1 January 1950;
- your partner has little or no income.

The amounts shown in this leaflet are applicable as from 1 July 2009. The amounts are regularly adjusted. For the precise amounts, visit our website, www.svb.nl, or call your SVB office.

AOW PENSION AND SUPPLEMENTARY ALLOWANCE UNTIL 2015

When you reach the age of 65 you will receive AOW pension. If you have a partner who is under 65, you may also receive a supplementary allowance. The full AOW pension for a married person or a person living with a partner is € 730.64 gross per month (including the AOW top-up of € 36.45). The full supplementary allowance is € 694.19 per month. If your partner has income, this may affect the amount of the supplementary allowance. Generally, the higher the income, the lower the supplementary allowance. If your partner earns more than € 1,251.08 a month, no supplementary allowance will be payable. For income related to previous work, such as early retirement pension or incapacity benefit, this limit is € 694.19 per month. The amount of your supplementary allowance may also be affected if your partner has lived or worked outside the Netherlands.

AOW PENSION AND SUPPLEMENTARY ALLOWANCE AS FROM 2015

If you turn 65 on or after 1 January 2015 you will not get a supplementary allowance. You will only get an AOW pension for yourself. When your partner turns 65, he or she may be entitled to an AOW pension as well. As a result, your income over this intervening period may be lower than expected. Below, you can read what measures you can take to bridge the period until your partner is entitled to a pension.

If you were born before 1 January 1950

If you were born before 1 January 1950, nothing will change for you, as you will have already reached the age of 65 on 1 January 2015. You will continue to receive a supplementary allowance until your partner turns 65, even if that happens after 1 January 2015.

Example

Bill Brown turns 65 in 2012. His wife Anne will be 65 in 2017. As Anne has no income of her own, Bill will receive a supplementary allowance until Anne's 65th birthday in 2017.

THE REASON THE SUPPLEMENTARY ALLOWANCE HAS BEEN DISCONTINUED

By discontinuing the supplementary allowance, the AOW scheme has been adapted to modern times. The supplementary allowance is based on the outdated principle of men being the sole breadwinners. More and more women are now receiving income in their own right. It is expected that by 2015, 75 % of all married and unmarried couples will be dual-income couples.

The government believes that discontinuing the supplementary allowance is in keeping with women's increasing economic independence.

FIND OUT HOW THE DISCONTINUATION OF THE SUPPLEMENTARY ALLOWANCE AFFECTS YOU

- You were born before 1 January 1950;
- Your partner is younger than you.

Nothing will change for you. You will continue to receive a supplementary allowance as long as your partner is under 65 and has little or no income.

- You were born on or after 1 January 1950;
- Your partner is younger than you and has income from work exceeding € 1,251.08 gross per month or income related to previous work exceeding € 694.19 gross per month.

The discontinuation of the supplementary allowance will not have any financial consequences for you as your partner's income exceeds the level for payment of a supplementary allowance.

- You were born on or after 1 January 1950;
- Your partner is younger than you and has either no income or income from work of less than € 1,251.08 gross a month or income related to previous work of less than € 694.19 gross per month.

The discontinuation of the supplementary allowance will have financial consequences for you.

POSSIBLE MEASURES TO COMPENSATE FOR THE DISCONTINUATION OF THE SUPPLEMENTARY ALLOWANCE

Whether you need to take measures to offset the consequences of the discontinuation of the supplementary allowance depends on your financial situation. If you have sufficient financial means yourself to bridge the period until your partner is entitled to a pension, for example, if you have sufficient savings or will have paid off your mortgage by the time you turn 65, it might not be necessary for you to take measures.

However, if you wish to prevent a drop in income, there are certain measures you could take:

- you could continue working after your 65th birthday;
- your partner could start working;
- you could start depositing money in a savings account;

- you could buy an annuity or single-premium insurance policy. If you are considering this option, it is advisable to seek advice from a financial expert.

If you are also entitled to a company pension apart from your AOW pension, we advise you to contact your pension fund or pension insurer to inquire whether they offer any possibilities for compensating for the absence of a supplementary allowance.

IF YOU HAVE ANY QUESTIONS

This leaflet contains general information only. If you need more specific information relating to your personal situation, go to www.svb.nl/int/en/aow. If you still have any questions after visiting our website, you can phone your SVB office.

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