



Sample calculation of compensation for increase in pension contribution

The pension premium you pay as an employee will change from 2% to 8% from 1 October 2024. The premium paid by Philips will also change per that date, namely from 27.4% to 21.4%. As compensation, the gross salaries will be increased in such a way that there will be no net difference on 1 October 2024. We explain how this works using the calculation below..

Employee in grade 45

For readability reasons, amounts have been rounded to whole euros.

Grade 45 / all amounts on a yearly basis			
	Situation 30-9-2024	New situation incl compensation pension contribution per 1-10-2024	Situation 1-4-2025
VG 45 dagdienst			
A Gross salary	€ 65,000	€ 67,847	€ 67,847
B Pension contribution employee	€ 949	€ 3,796	€ 4,024
C Taxable income (A-B)	€ 64,051	€ 64,051	€ 63,823
D Extra pension premium Philips			€ 609
E Total value (C+D)	€ 64,051	€ 64,051	€ 64,432
Total improvement excl AI*			€ 382

* Your AI also goes up on an annual basis. First payment of this increase is in March 2025 (based on 3 months) €21 and over the full year 2025 (payout in March 2026) €85.

Definitions used*:

- **Pension base:** your annual salary plus any fixed income elements, such as shift allowance, minus the offset. The pension base is reset every year in April for the following 12 months.
- **Offset:** the part of your salary on which you do not accrue a Philips pension. The offset is set annually and amounts to €17,545 as of 1 January 2024.
- **Taxable income:** the part of your income on which you pay tax. You pay no tax on pension contributions now, the tax you pay when your pension is paid out at retirement.

Explanation situation 30 September 2024

The gross salary (A) is your annual salary on 30 September 2024. The pension contribution (B) you pay is 2% of the pension base* and in this example is [€65,000 - €17,545 (offset*)] x 2% = €949. The taxable income is the salary €65,000 (A) minus the employee's pension contribution (€949) = €64,051.

Explanation situation 1 October 2024

Gross salary (A) is your annual salary on 1 October 2024 due to the premium adjustment from 2% to 8%. The salary is increased by the difference in the pension premium from September 2024 and October 2024. In this example, €65,000 + (€3,796 (B) - €949) = €67,847. The pension contribution (B) you pay is (€65,000 - €17,545)*8% = €3,796. The taxable income* is €67,847 - €3,796 = €64,051. The total value is then the sum of C and D.

Explanation situation 1 April 2025

The gross salary (A) is the annual salary as it also applied on 1 October 2024. In April 2025, the pension base is reset for the 12 months thereafter, and 8% employee pension contribution is calculated on this. In this example, the calculation is as follows: [€67,847 (A) - €17,545 (offset)] x 8% = €4,024. The taxable income (C) is then the salary € 67,847 minus € 4,024 pension contribution. Philips also pays more pension contribution on the increased salary (D). This is 21.4% x (€ 67,847 - € 65,000) = € 609. The total value is the sum of C and D with a total annualised improvement of € 382 (exclusive AI, see under the table on the left)..

Your benefits summarised

- The base on which your annual incentive is calculated will increase.
- As a result of higher salary, the base for various supplements is increased, such as shift allowance, overtime, special hours, consignment and the 5% as part of the 80-85-100 rule.
- Also, at the next annual adjustment in April, the pension base is increased, resulting in pension accrual over a higher base.
- A higher salary is also visible on your employer's statement for a mortgage application.
- The fall in your taxable income from 1 April 2025 is more than offset by improvements in the overall package.