

Zanders supported AEGON Service Center Asset Management (SCAM) in the production of various mandatory and highly complex investment reports. Zanders also analysed and provided a clear overview of the reporting process. “This information helps our customers to communicate correctly about risks and liabilities”.

Honest reporting

AEGON Service Center Asset Management (SCAM) manages the assets of private and institutional customers as well as the various business units of AEGON Nederland. These assets, totalling some EUR 60 billion, are invested in fixed-income securities, equity, direct and indirect property, deposits, raw materials and alternative investments. SCAM is based in The Hague.

The introduction of the Financial Assessment Framework (FAF) in 2006 has meant that AEGON's pension fund customers must be able to submit clear quarterly and annual reports to De Nederlandsche Bank (see box). These reports must show precisely how the customers' assets are invested and what risks the pension fund is exposed to. This is important since all pension fund

and monthly returns.” Due to an unforeseen shortage of internal manpower, Lustermans asked Zanders to help out with preparing the returns. Zanders started with the FAF quarterly returns. This was followed by extensive work to put together the annual returns. Sander Bierman was Zanders' project leader for this project. “SCAM put two concrete requests to us. Firstly, we were asked to produce the annual return. Secondly, we were requested to map out and automate the entire reporting process. It took more than eight months to produce the FAF quarterly and annual returns and to organise and structure the FAF annual return process. We also had to produce an annual report meeting the requirements set out in Draft Guideline RJ 610 for Pension Funds (RJ 610 for short; see box). This Guideline sets out precisely how

members must have the guarantee that their pension benefits will be paid after retirement. SCAM is responsible for providing these reports. “Of course, we don't do this simply because we have to,” says Lars Lustermans, Head of Reporting, Performance Measurement & Control. “We want to give our customers the best possible service by ensuring that they can meet their commitments. We enable our customers to be honest and forthright about the risks and dependencies. Honesty has top priority at AEGON. This is also expressly emphasized in our current advertising campaigns. This openness compels us to keep up with developments in our industry. Furthermore, it provides us and our customers with the necessary insight. Insight that is needed in order to mitigate risks.”

Open and transparent

The standards set for the degree of openness and transparency are high. Gathering together the necessary data took a lot of time and energy. Lustermans explains: “The data we require for our reports comes from many different sources and systems. These systems vary from investment records, our treasury system and financial accounts to systems like Bloomberg or those of AEGON subsidiaries such as TKP Investments. All this information must be merged into clear, bite-sized pieces in the form of quarterly

such reports must be structured and what requirements they must meet. Bierman: “We faced the challenge of having to produce this second report within three weeks. To be honest, these are the challenges everyone looks forward to. You get an adrenalin rush out of having to charge out of the starting blocks. Our team for the second assignment consisted of three people. Looking back I think we can safely say that, thanks to the tremendous joint efforts of SCAM and our team, we put in a performance to be proud of.”

Challenging project

“What makes a project like this so challenging”, says Bierman, “is the number of people who are involved in a large organisation like AEGON”. He adds: “That's why it's important to make clear decisions and ensure coordination among all involved. Communication is key, as is the knowledge that what you do is supported by the organisation. Fortunately, AEGON is an organisation with short lines of communication. There is a friendly and professional atmosphere here. Everyone who is familiar with AEGON from the inside is very complimentary about the openness within the company.”

AEGON employs only the best people. Lustermans: “We always want our end result to be flawless. If it's worth doing, it's worth doing well. The advantage of working with Zanders is that you don't need to explain anything to them. They are efficient and responsive, and bring with them plenty of subject matter expertise. If I hand something over to someone, I want to be sure

“We always want our end result to be flawless.”



Lars Lustermans (on the right) and Sander Bierman. Lustermans is Head of Reporting, Performance Measurement & Control

What is the FAF?

The Financial Assessment Framework (FAF) is the part of the Dutch Pensions Act in which the statutory financial requirements with which pension funds must comply are laid down. The FAF is constructed around the principles of fair (current) value, risk-based financial requirements and transparency. The principle of fair value entails that the investments and the pension liabilities must be valued in the same manner. The technical reserve, for example, is determined by discounting expected future cash flows against the current term structure of interest rates. Transparency, finally, is intended to

enable the financial position of the fund to be defined and disclosed in a clear and objective manner. Every pension fund draws up an actuarial and technical business report (ABTN) in which it describes how a number of important sections of law are implemented within (and outside) the FAF. Each pension fund draws up and adopts an annual report and annual accounts within six months after the end of the financial year. In addition, the FAF establishes the information categories which must be reported on to the supervisor on a regular basis.

Source: www.dnb.nl

What is RJ610?

RJ 610 stands for the guidelines which the Foundation for Annual Reporting (*Stichting voor de Jaarverslaggeving*) has drawn up for pension funds. The objective of the Foundation is to foster quality in external reporting, particularly in the annual accounts, of legal entities and other organisations in the Netherlands. The Foundation seeks to achieve this objective by publishing authoritative statements and recommendations on external reporting. In addition, the Foundation issues opinions on external reporting requirements to the government and to other regulatory bodies, either of its own accord or in response to requests.

Source: www.rjnet.nl

in the knowledge that they can handle it professionally. It's a tremendous weight off your mind when you see that you're dealing with experts."

Under the leadership of Bierman, Zanders produced the various reports, including the FAF annual returns and other reports in accordance with RJ 610. But that did not signal the end of the project. "We are currently laying down all the process steps," explains Bierman. "We are preparing a work description and a functional description. We'll hand these over to the SCAM people so that they can handle this job themselves next time." Eventually, the entire process will be largely automated. There will

always be a few manual steps that need to be taken, but the aim is to be able to generate a report with the simple press of a button. Lustermans: "At the moment, it takes roughly a month to produce a quarterly report. We should be able to cut this to one week." <



▶ IF YOU WOULD LIKE TO KNOW MORE ABOUT REPORTING IN LINE WITH THE REQUIREMENTS OF THE FINANCIAL ASSESSMENT FRAMEWORK, OR WOULD LIKE FURTHER DETAILS ABOUT HOW ZANDERS CAN HELP YOU TO STREAMLINE YOUR REPORTING PROCESS, PLEASE CONTACT SANDER BIERMAN ON +31 (0)35 692 89 89.