Abstract
This paper models policy responses to changes in solvency by Dutch occupational pension funds using a unique panel dataset containing the balance sheets of all registered pension funds in the Netherlands over a period of 15 years (1993–2007). The model describes how nominal pension rights are expanded, by *e.g.* indexation or backservice, or, on the contrary, how the current pension accumulation is skimmed, *e.g.* by setting the pension premium over its actuarially fair price to build buffers. Policy responses are explained by the funding ratio and other pension fund characteristics such as pension funds´ size and type, and participants' ages. We find that pension rights are expanded in line with the funding ratio, but that the pension funds' response function exhibits two sharp and significant behavioural breaks, close to the minimum funding ratio of 105% and the target ratio of around 125%. These levels also play a pivotal role in current supervisory regulation. We further find that large pension funds and grey funds are relatively generous to participants.