

Information about COMPANY PENSION PROVISION with the PKDW

Company pension in Germany is becoming increasingly more important because the state pension will no longer be sufficient to secure standards of living. One method of providing company pension provision is offered by the

PENSIONSKASSE FÜR DIE DEUTSCHE WIRTSCHAFT

As a pension institution in the legal form of an insurance company, the Pensionskasse für die Deutsche Wirtschaft (PKDW, or Pension Fund for German Business) grants pension benefits for old age, incapacity and dependents' pension on the basis of mutuality. Any profits benefit members and pensioners, because there is no appropriation of earnings for shareholders. The PKDW tariff is free of commission. Every entitlement and every current pension is regularly adjusted to the PKDW financial year results.

PKDW POLICYHOLDER AND TARIFF SELECTION

Every employee becomes a PKDW policyholder at the beginning of their membership. On paying the first contribution the member achieves an immediate, non-forfeitable claim to PKDW benefits.

Tariff A with ongoing one-off contributions and the following tariff selection are available:

- Life long pension **alternatively** 100% lump sum benefit

or

- Life long pension **alternatively** 30% part lump sum benefit and life long pension payment (70%).

Incapacity cover can also be included with Tariff A.

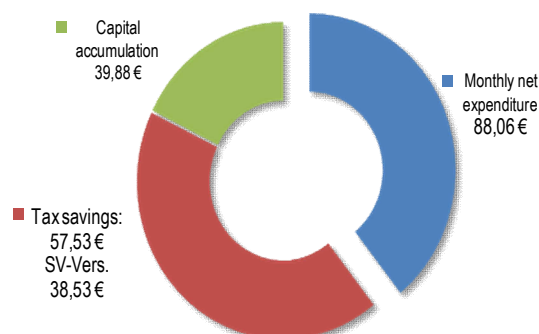
FLEXIBLE CONTRIBUTIONS

Tariff A makes flexible contributions possible. Contribution adjustments to individual employee or employer wishes are possible at any time at unchanged conditions and without any additional costs.

Contributions are made as an employer contribution or with state support as the policyholder's own contributions.

Policyholder contributions that are paid into pension provision in the form of deferred remuneration include e.g. holiday or Christmas bonuses, ongoing monthly income or other income components authorised as part of collective bargaining agreements. Providing capital accumulation benefits is also possible. Through state support an employee participating in this pension provision frequently saves up to 50% of their own contributions in taxes and social security contributions.

An example can clarify the advantages of gross deferred remuneration:



The monthly total contribution to pension provision is € 224; in contrast the policyholder's own net share is only € 88.06.

Thus the savings from exemption from taxes and social insurance are more than 52 %

*Example with a monthly income of € 3,000 € and deferral of capital accumulation benefits and an additional policyholder contribution of € 184.12 in tax class I; this corresponds to net expenditure of € 88.06.

Status: 1.1.2012

As an additional possibility claiming so-called "Riester" investment support using net deferred remuneration is also possible. Private payments are also possible. All contributions provided are converted into pension building blocks annually.

TYPES OF BENEFITS

An overview of the PKDW's pension benefits:

- Life long old age pensions
- Incapacity pensions (optional)
 - The amount is derived from the total pension building blocks achieved at the time of incapacity
- Dependents' pensions
 - 60 % widows', widowers' or civil partner provision
 - and 15 % orphans' pension per orphan

Instead of the life long old age pension according to the tariff selection a

- lump sum benefit or
- Part lump sum benefit with life long pension benefit beginning with immediate effect

can be drawn on.

A wish for a corresponding lump sum benefit must be reported three years before the pension starts. In the event of full lump sum benefit the dependents' pension is retained if the original old age pension exceeds 50 euros a month.

Company pension provision benefits are subject to taxation in the benefits phase and to statutory health and care insurance.

Example Tables for Benefits

The following tables represent benefits in accordance with tariffs at the age of 65 with obligatory inclusion of dependents' provision for entrances from 1 January 2012. The actual benefits can be higher due to targeted excesses.

Benefits in Tariff A without incapacity cover at a monthly contribution of 100 euros				
Age on entrance	Monthly pension according to tariff	Lump sum benefit according to tariff (100 %)	Monthly pension according to tariff	Part-lump sum benefit according to tariff (30 %)
20	€ 301.90	€ 66,388.90	€ 211.33	€ 22,022.57
30	€ 214.23	€ 47,110.73	€ 149.96	€ 15,627.34
40	€ 139.89	€ 30,762.83	€ 97.92	€ 10,204.50
50	€ 76.82	€ 16,893.28	€ 53.77	€ 5,603.76

Benefits in Tariff A with incapacity cover at a monthly contribution of 100 euros				
Age on entrance	Monthly pension according to tariff	Lump sum benefit according to tariff (100 %)	Monthly pension according to tariff	Part-lump sum benefit according to tariff (30 %)
20	€ 295.05	€ 64,883.64	€ 206.54	€ 21,522.89
30	€ 209.94	€ 46,166.23	€ 146.96	€ 15,314.40
40	€ 137.62	€ 30,262.54	€ 96.33	€ 10,038.91
50	€ 76.00	€ 16,711.85	€ 53.20	€ 5,543.94

*Assumed date of birth 1.7.; assumed pension start 1.7.; actuarial interest rate in accordance with tariff 1.75 %.

Part lump sum benefits are possible from an annual pension entitlement of € 1,200 (shown on the annual account statement of the provision account).

Benefits for different contribution amounts are calculated in relation to contributions. The PKDW tariff calculator is also available for this online under www.pkdw.de/tarifrechner.

TARIFF CALCULATOR



Pensionskasse für die Deutsche Wirtschaft
„Betriebliche Altersversorgung einmal anders...“

Start Aktuelles Die PKDW Tarife BAV-Modelle **Tarifrechner** Downloads Kontakt

Tarif A Suchbegriff eingeben.

Rentenrechner

Alter: Jahre

Geschlecht: Mann Frau

Versicherungsbeginn: bis 31.12.2006*
 vom 01.01.2007 bis 31.12.2011
 ab 01.01.2012

Berufsunfähigkeitsschutz: mit ohne

Monatsbeitrag:

Tarifgemäße Leistung (ohne Überschüsse)

jeweils im Alter 65
ohne BU (Berufsunfähigkeitsschutz)

Monatsrente =	479,88 €
oder	
Kapitalleistung =	105.528,04 €
oder	
Teilkapitalleistung (30%) =	35.005,25 €
+ Monatsrente =	335,91 €

A glance at the PKDW tariff calculator shows how a pension in Tarif A can be calculated, for example for a 30 year old without incapacity cover.

RETIREMENT AGE

The retirement age is reached on completion of the 65th year. PKDW members can draw on their old age pension or lump sum benefits between the ages of 62 and 68 (on entrance between until 31.12.2011 between the ages of 60 and 68). The prerequisite for drawing on the benefits before the age of 65 is the loss or reduction of income (e.g. through partial retirement).

Due to a longer period of drawing a pension on retirement before the age of 65, the pension is reduced by approx. 0.4% per month in the event of a premature claim. On retirement after the age of 65 the pension will rise by 0.6% per month of the postponed claim.

SECURITY OF THE PKDW

Pension funds are subject to the supervision of the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin, or German Federal Financial Supervision Authority). The assets of the premium reserve fund are monitored by external custodians.

The PKDW's capital investments are oriented on security and obligations.

PORTABILITY of pension provision

On a change of employer the PKDW pension provision account can be continued with the new employer or, on request, provision can be transferred to the new employer.

Free of charge contribution exemption is also possible as with continued private payment. Company pension provision is protected from calculation of payments in accordance with so-called "Hartz IV" unemployment benefits.

State Pension – gaps in provision

Employees in Germany will have to work longer and can only retire at the age of 67. At the same time, according to current calculations the pension level – i.e. the relationship between average pensions to average wages – will fall from 50.8 per cent before taxes today to 40.8 per cent in 2040. The expectation of lower pensions and the wish to retire earlier are thus enlarging the gaps in provision that have to be filled. Additional provision is gaining more and more in significance. One form of this additional provision is company pension provision.

State supported company pension provision

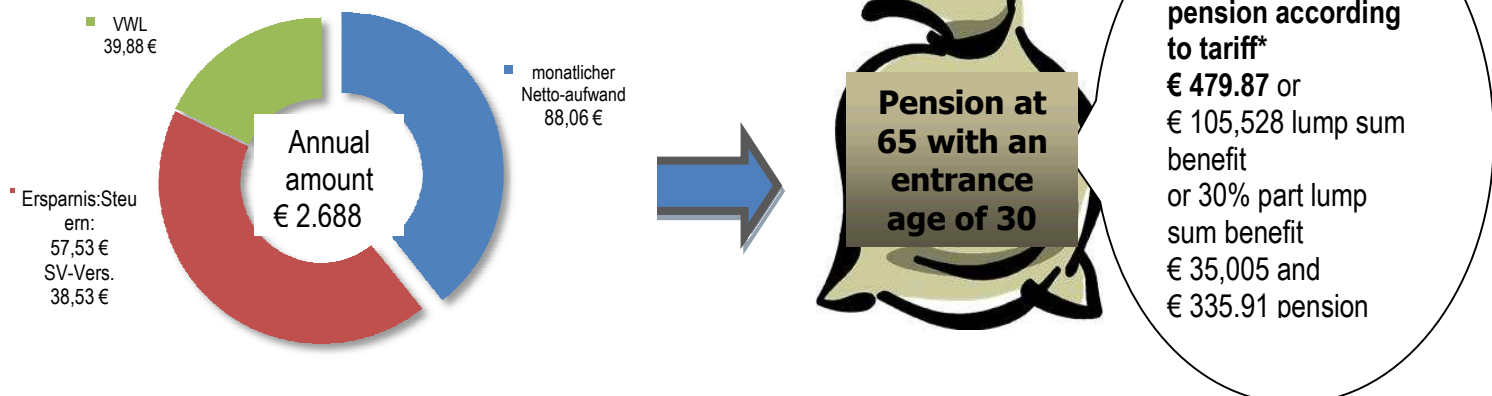
The state has recognised this problem and provided every employee with a legal entitlement to their own self financed company pension provision as early as 2002 ⇒ so-called deferred remuneration. Deferred remuneration is supported by relief on taxes and social security deductions. The employer takes over processing and can stipulate the financial services provider for the implementation of this provision.

Anyone wanting to provide for their old age with company pension provision uses the advantages of

Gross deferred remuneration

The employee pays part of their income of up to four per cent of the annual contributions ceiling into the state pension scheme (in 2012: 2,688 euros/monthly 224 euros) free of tax and social insurance via their employer into the company pension scheme.

Furthermore, employees can defer an additional 1,800 euros per year tax free but subject to social insurance. The tax supported upper limit for 2012 is thus 4,488 euros. The provision amount here is tax free; disbursements are taxed in retirement - usually at lower taxable incomes.



*In Tariff A without incapacity cover. Through targeted excesses the actual benefits can be higher.
 Dependents' benefits are retained with capital benefits.

Guide to participating in company pension provision

The employer registers their employee as a member at the PKDW. The employee selects the tariff they wish and conclude a corresponding deferred remuneration agreement with their employer. In this way the employee authorises the employer to convert the remuneration components selected into contributions to company pension provision and to pay this to the PKDW.

Deferred compensation guarantees special protection and the considerable advantages of state support for company pension provision.

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