



PKDW's »Trainee Pension« Information for employers

PKDW's »Trainee Pension«.

For almost ten years now, the number of training places on offer has exceeded the number of actual applicants in most sectors in Germany. This well-known consequence of demographic change presents all companies committed to training with the ongoing challenge of increasing the attractiveness of their own company for interested career starters with a particularly promising offer in order to attract suitable candidates on the market.

What is the »Trainee Pension«?

PKDW's »Trainee Pension« is a new and so far unique modern personnel instrument in the field of »Benefit & Compensation«: It offers the possibility to stand out from competitors on the market as an employer for attracting trainees at low cost. At the same time, it helps to positively strengthen the employers' image, especially towards the relevant target group of young applicants.

Why the »Trainee Pension«?

The concept of the »Trainee Pension« effectively combines the state's tax and social security support options with the advantages of the PKDW in its form as a mutual insurance association. In almost all cases, the »Trainee Pension« can be easily integrated as a modular system alongside the company's existing forms of occupational pension schemes and offers trainees a very favourable entry model into company pension schemes (BAV) with incentives. At the same time, companies create a very effective control instrument to sensitise young employees very early in their professional development to a shared responsibility for the necessity of additionally building up a BAV for their own old-age provision in the training company. There is a choice between a pension or (partial) lump-sum payment.

Who is supported?

The »Trainee Pension« is aimed exclusively at the employee group of trainees as young professionals in a company.

How does it work?

The trainee receives a pension commitment from his employer in the amount of a pension contribution of 240 to 960 euros per year. The prerequisite for the granting of the employer-financed pension contribution is that the trainee makes a personal contribution to the pension and agrees on a deferred compensation agreement with his/her employer for the establishment of a company pension scheme (BAV) with PKDW.

The employer's annual pension contribution is exclusively linked to the duration of the training contract. If the trainee fulfils the commitment made in full by the end of the training relationship, the employer rewards this commitment with a further 216 to 864 euros as a one-off contribution from the state subsidy amount at the end of the training relationship.

How is funding provided?

The employer uses the so-called low-income subsidy according to § 100 Income Tax Act (EStG) for his pension contribution. This allows employers to make contributions of between 240 and 960 euros per year free of tax and social security contributions to build up a BAV. The prerequisite is that the beneficiary employee earns no more than 30,900 euros per year and that the contributions flow into a commission-free tariff of an insurance product provider such as PKDW. In this case, the employer can deduct 30% of the pension contribution (72 to 288 euros) as a state subsidy in the next income tax return. The trainee, on the other hand, uses the tax subsidy according to § 3 No. 63 EStG (gross salary conversion).

If the trainee decides to convert, he/she will also receive the statutory subsidy of 15% of the salary conversion amount from the employer.

What does the »Trainee Pension« cost?

Assuming a regular three-year vocational training period and an average annual income of 8,000 euros, the following picture emerges when the maximum funding possibility is exhausted:

Deferred compensation

Gross salary waiver of the trainee: 12.50 euros per month / 150 euros per year

Contributions in euro	1st apprenticeship year	2nd apprenticeship year	3rd apprenticeship year	Total
Employee contribution (gross)	150.00	150.00	150.00	450.00
Employer's-15 %-promotion (gross)	22.50	22.50	22.50	67.50
Employer's pension contribution (gross)	960.00	960.00	960.00	2,880.00
Employer's single premium (gross)	–	–	864.00	864.00
Total (gross)	1,132.50	1,132.50	1,996.50	4,261.50

* Refund of wage tax deduction of 30 % on the employer's pension contribution.

With a contribution of about **10 euros net** per month (360 euros in three years), the trainee achieves a total **gross** contribution of **4,261.50 euros** to build up a BAV. The employer accounts for 3,811.50 euros of this amount. The gross personnel costs for the employer amount to an average of 1,270.50 euros per year (105 euros per month). The actual „employer's net expenditure“ is **74 euros per month** due to further tax relief via the deduction of business expenses at an exemplary company tax rate of 30%

What to do?

This is very simple: the employer concludes a supplementary agreement with the trainee within or in addition to the training contract. This agreement sets out the employer's pension contribution (240 to 960 euros) and the conditions for granting the subsidy. The employer then registers the trainee for membership in the PKDW as usual by submitting an application. After issuing the insurance certificate, the employer notifies the PKDW of the agreed contributions via the contribution notification form and pays the agreed amounts to the PKDW by bank transfer or direct debit.

What happens afterwards?

After the end of the training period and the associated termination of the support model, the membership relationship concluded with the PKDW can be terminated at any time by the employee himself/herself within the framework of the remuneration agreement. The employee can simply continue to pay into the scheme at the expense of the employer, either through conversion and/or through the (future) employer. It is also possible for the employee to contribute from the »net« to the membership relationship in the future.

Why PKDW?

PKDW is currently one of the very few providers on the market that is able to implement all state tax and social security subsidy options from Riester, deferred compensation and the low-income model in the area of occupational pension schemes within the framework of its existing tariffs. Furthermore, PKDW offers very attractive benefits, as it is not allowed to charge any acquisition or commission costs on the insurance relationships due to its legal classification as a so-called »regulated« pension fund.

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What is the next step?

If you decide to implement the model with PKDW, you will receive all the necessary sample forms and documents for the introduction and ongoing administration of the »Trainee Pension«. We will also be happy to train your employees in charge of the model on site.

Further questions?

Do you need more information about the »Trainee Pension« or are you interested in offering a company pension scheme with the PKDW to other employees?

Please contact:

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PKDW at a glance

- > implementation via a social institution
- > introduction and ongoing monitoring of care
- > no acquisition costs
- > no commissions
- > free contribution
- > attractive and flexible pension benefits
- > direct contacts
- > low administrative burden
- > personal company and member support
- > information events for employees
- > training opportunities for employers and work councils

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Our motivated and competent staff will be happy to advise you. Just get in touch with us!
You can find further information on the Internet at www.pkdw.de.

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