INFO

Information for members:
Leaflet for fund-linked pension insurance

1. What kind of cover do we offer?

With fund-linked pension insurance we offer cover with direct involvement in the value development of special assets, also known as investment stock. In contrast to traditional pension insurance, we mainly invest these special assets in securities. As it is not possible to predict the development of these values, we cannot guarantee a specific pension level in contrast to traditional pension insurance. You have the opportunity to achieve a larger pension if the securities jump in price. However, if they fall in price then your pension will be lower as a result. We will invest your contributions in shares of the Metzler PKDW International Fund until further notice. A description of the investment spectrum and the risk profile of this fund is enclosed with this leaflet. Your employer takes on additional liability for the investment in fund-linked pension insurance. The employer is liable for ensuring that when your pension starts at the age of 65 in line with tariffs, a total of at least the contributions paid in as part of the Company Pensions Act is available as an actuarial reserve for the pension fund. For this reason, your employer has agreed with this leaflet as well as the investment spectrum and the risk profile of your fund.

2. How do we use your contributions?

You pay – as is typical in PKDW – contributions as part of the collective agreement, fixed employer contributions, or also your claim for deferred compensation. The contributions paid are – without deductions for costs – used to acquire shares in special assets. We take a share for fees from this investment stock every year to cover the costs of the banks involved and also the pension scheme. PKDW receives an annual lump sum of 0.2 % of the present fund assets.

The lump sum for the bank depends on the total volume of the fund and is between 0.25 % and 0.5 %.

The Euro value of the investment units due is based on the development of the value of the assets invested within the fund. A specific number of investment units is written to your policy in line with the contributions made as well as the Euro value of the investment units on the relevant day of investment. Every contribution means that the number of investment units you have increases.

After you turn 55, we will use your contributions to build up a pension scheme in line with the conditions of Tariff A of PKDW.

3. What insurance benefits do we provide?

The insurance benefits depend on the value of the investment units attributed to you. After the 55th year reallocation takes place, during which a tenth of the available fund units at the age of 55 are assigned to Tariff A - without an occupational disability pension - of our pension scheme for a period of ten years. During this reallocation period, which lasts until the age of 65, you can claim investment units that are not allocated as part of Tariff E, and in Tariff A it is possible to claim in line with the conditions of said tariff with regard to the payments from divested fund units and contributions after the age of 55 has been reached. At the age of 65, the total value of the fund units are used to build up an retirement pension in Tariff A, and you can then claim your lifelong retirement pension as part of this tariff. You no longer have any claims to Tariff E at this point. Further information regarding Tariff A can be found in the General Insurance Conditions/Tariff Conditions enclosed.

In the case of your death, your surviving dependants are entitled to surviving dependants‘ benefits . This is aimed at your spouse or registered partner directly after the level of the actuarial reserve/the value of funds. These are used for a lifelong retirement pension.

If there is no provision for widows, widowers, or life partners as per § 1 of the Civil Partnership Act, then there are benefits for orphans, the details of which can be found in the General Conditions of Insurance and the Tariff Conditions.

4. How do you participate in our surpluses?

The concept behind fund-linked pension insurance initially provides that all investment income in funds is directly credited. Positive fund results are represented by an increase in the value of the investment units. If losses take place as part of the investment spectrum of the selected fund, then the value of the investment units will fall. Pension scheme surpluses in the fund-linked pension insurance only take place if the actual costs are below the flat rate that we levy on the fund units on an annual basis. These surpluses are initially collated in the provisions for premium refunds and the loss reserve, and occasionally paid out to members in the form of acquisitions of additional fund units. Due to the design of the tariff, substantial surplus dividends are not expected as the major surpluses in the capital investment sector already flow immediately into the fund units.

After reallocation surpluses arise in line with the conditions of Tariff A.

5. How are you kept informed?

During the savings phase we keep you informed above the value of your individual fund units. A non-binding calculation of the retirement pension resulting from the funds units is also enclosed in the information letter. We do not guarantee a specific pension level, as the level of such can vary at any time depending on the development of the fund.

During the reallocation phase in Tariff A, you also receive an annual account statement from us. This shows the annual pension you can currently expect from us.

6. What tax incentives are available?

The contributions for fund-linked pension insurance can, in line with § 3 no. 63 EStG, be up to a maximum of 8 % of the relevant contribution assessment ceiling in the statutory pension insurance scheme in the west (BBG) without incurring tax (in 2023: EUR 7,008). Contributions up to 4 % of BBG (3,504 EUR) are also exempt of social security contributions.

If taking advantage of the tax exemptions set out in § 3 no. 63 EStG, then the pensions paid out during the pension phase will be taxed in full. Alongside this, it is necessary to deduct contributions for health and care insurance if you already have statutory insurance to this effect.

Another type of tax incentive is claiming what is known as the Riester subsidy. This is also possible via fund-linked pension insurance. PKDW's employees are glad to help with any further explanations that may be needed.

In addition, payments into fund-linked pension insurance can also be done via own contributions. Payments that have already been taxed mean that during the payout phase, pension payments are only taxed to a limited extent according the share of income on the payment of the pension. Health insurance contributions also apply here in case you are compulsorily insured in the statutory health insurance. Assertion of the contributions for fund-linked life assurance as a special expenses deduction is not possible in this case according to tax law. All details regarding taxation and social security refer to how the law stands at present.

The staff at PKDW will gladly answer any further questions you may have. Furthermore, you can obtain further information from the statutes and the General Conditions of Insurance, and Tariff Conditions of PKDW.

As of: 01/2023

Please find more information at **www.pkdw.de**