

Customised occupational pensions for your employees

SPP's Employer Plan (SPPs Arbetsgivarplan)



Simple pension management with plenty of opportunities

SPP's Employer Plan (SPPs Arbetsgivarplan) is a flexible occupational pension scheme that supplements the national pensions system and which employers can provide for their employees. Naturally, the premium is deductible within the current tax regulations.

The employer plan – an occupational pension

The Employer Plan is an occupational pension – that is, an insurance policy which is linked to a position as an employee. The employer pays the premium and owns the policy, while the employee is entitled to the benefits. If the policy includes any form of cover for surviving dependants, it is the named beneficiaries who are entitled to the compensation in the event of the employee's death.

The following components may be included in the Employer Plan:

- :: retirement pension
- :: surviving dependants' pension
- :: disability insurance
- :: premium waiver

The option of choosing your disbursement period

The normal retirement age is 65, but with SPP's Employer Plan, the employee is already entitled to take out the pension from the age of 55. The retirement pension can be paid until the end of the employee's life, but always for a minimum of five years, unless the pension stops at 65. In this case, the minimum disbursement period is three years. For the payments to surviving dependants, the disbursement period cannot be shorter than five years.

Beneficiaries

With the retirement pension and disability insurance, it is the employee who receives the benefit from the policy. In the case of surviving dependants' cover in the form of repayment cover, the guaranteed disbursement period and surviving dependants' pension, the beneficiaries who can be named are restricted to the employee's spouse/registered partner, cohabitee and children/foster children/stepchildren.

Defined benefit promise – the premium is adjusted

A defined benefit promise means that the employer ensures that the employee will receive a defined benefit. This is often in the form of a certain amount, or a certain proportion of the employee's salary. Even if the benefit is constant, the premium need not be. It will normally change during the period it is paid, according to changes in employees' salaries, the general interest rate environment, or the age at which the pension will begin to be paid out.

Defined contribution promise – the compensation amount may be changed

A defined contribution promise is an undertaking whereby the employer undertakes to pay in agreed premiums on behalf of an employee. The premium is set, and the benefit amount is adjusted accordingly.

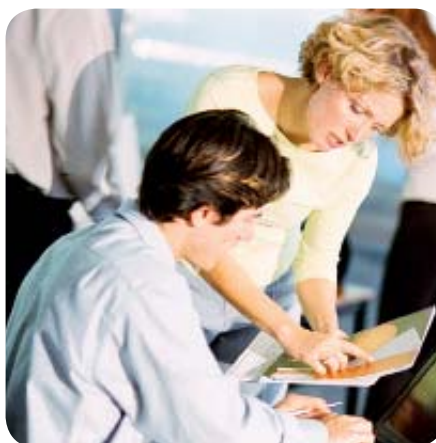
You specify the scope

It is the employer who specifies the content and scope of the insurance agreement, as well as the extent to which the employee can influence it. The following insurance components may be included:

- :: old age pension – traditional insurance (with-profits)
- :: old age pension – fund insurance (unit linked)
- :: survivors' pension
- :: disability insurance
- :: premium waiver

Old age pension – traditional insurance

With a traditional insurance policy, there is a guaranteed increase in the value of the guaranteed capital. If the total yield exceeds the guaranteed interest, the insurance capital grows additionally. If, when you retire, your insurance assets amount to less than the guaranteed capital, SPP will contribute the difference.



Old age pension – fund insurance

If you have a fund insurance, you can choose which funds to invest the premiums in. The growth of the insurance capital is entirely dependent on how the funds develop.

Repayment cover

Employees can opt to include repayment cover in their old age pensions, which is paid out to named beneficiaries if the employee should die before any pension payment starts. The repayment cover is equal to the insurance capital.

Extra security if something were to happen

SPP's Employer Plan also includes components which provide extra security for employees and their next of kin – surviving dependants' pension, disability insurance and a premium waiver.

These are "risk insurance components", which means that risk assessment is always required when they are applied for, and that they only apply as long as premiums are paid.

Surviving dependants' pension without vested rights

The maximum period that this component applies is until the agreed retirement age.

In the event of the employee's death during the period that premiums are being paid, the pension will be disbursed to the named beneficiaries for at least five years at the specified insured amount.

Adjusted survivor cover

Adjusted survivor cover is a combination product between survivors' pension and old age pension with repayment cover, offering the opportunity for good value survivor cover.

Disability insurance

If the employee's capacity to work is reduced by at least 25% due to sickness or accident, compensation from the disability insurance is paid. The employee must be incapable of work for a longer time than the specified qualifying period, which may be one of the following:

- :: the employee has been on sick leave for at least 90 days consecutively
- :: the employee is receiving activity benefit or sickness benefit pursuant to the Swedish National Insurance Act.

The compensation is in direct proportion to the degree of incapacity, and the premium is always linked to the employee's salary.

Premium waiver

The premium waiver is a component that means that if an employee's capacity to work is reduced by at least 25% due to sickness or accident, the employer does not have to pay all or part of the premiums.

The premium waiver starts to apply when the employee has been on sick leave for at least 90 days consecutively from when the cover has come into effect. The premium waiver is in proportion to the degree of the employee's incapacity.

A higher pension without it costing the employer any more

You have the option of allowing your employees to exchange salary or bonus for pension premiums.

Salary exchange

Salary exchange means that employees may swap part of their salaries for pension premiums. Tax on premiums (the special salary tax) is 6% lower than social security contributions payable on salaries. Therefore, for every SEK 1,000 of the employee's salary that he or she exchanges, there is an extra SEK 60 that can be invested. This is at no extra cost to the employer.

Bonus exchange

There are several advantages in offering employees the option of exchanging their bonuses for pension investments. They will avoid the high marginal tax that a bonus often entails, and can instead increase their pension investments with a premium equivalent to the entire bonus amount.

There is also a benefit for employers. You will pay less tax, since the tax on pension savings is 6% lower than on salary paid in cash. If you wish, you can top up the bonus by the 6% – which could give employees even greater incentive.

Early retirement

If you wish to offer an employee the opportunity to take early retirement, you can include the early retirement component in the Employer Plan. In this case, you pay a one-off premium which wholly or partly offsets the employee's loss of income.

How the money is invested

You can choose to offer your employees traditional insurance (with-profits) or fund insurance (unit linked)

Our asset management model

SPP is responsible for investments in traditional insurance. Our asset management model is characterised by dynamic risk management, good spread of risks and responsible investments.

Dynamic risk management means that the proportion of shares is continuously adjusted in order to reduce the effect of downward movements and to share in upward movements of the stock market. Apart from shares and interest-bearing securities, we also invest in property, infrastructure, unlisted shares, hedge funds and commodities, which provides a good spread of risk.

All investments are covered by Storebrand's group standard for responsible investment.

The standard is recognised internationally as one of the world's best SRI policies. In practice, this means that we do not invest in companies that participate in infringement of human rights, corruption, serious environmental damage or the production of land mines, cluster and nuclear weapons or tobacco.

Traditional insurance

In traditional insurance, the guaranteed capital grows with a guaranteed rate of interest. If the total return is higher than the guaranteed rate of interest, the insurance capital grows further. The difference between the insurance capital and the guaranteed capital is called the bonus. It can be guaranteed or conditional.

How is the surplus divided up?

Any return in excess of the guaranteed rate of interest is divided up with 90 percent going to each insurance policy

Investment policy:

Type of asset	Permitted range
Interest-bearing assets	30–100 percent
Shares	0–60 percent
Property	0–20 percent
Alternative investments	0–20 percent
Currency risk	0–30 percent of asset value may be in foreign currencies

Asset management is carried out in accordance with the provisions of the Swedish Insurance Operations Act. Within this framework, the board of SPP sets out the investment policy that governs day-to-day management of the assets.



and 10 percent to SPP. The part of the return that remains, once the guaranteed capital has had the guaranteed rate of interest added, is called conditional bonus. The conditional bonus is the variable part of the capital, and is added to the guaranteed capital. If returns are negative, a reduction is made firstly of the conditional bonus.

Conditional bonus is variable and can increase and decrease throughout the insurance period, but it cannot exceed 15 percent of the total insurance capital. This means that at least 85 percent of the total capital is guaranteed by SPP. If the insurance capital is less than the guaranteed capital at retirement, SPP will contribute the difference.

Employers can choose whether the surplus shall be paid to the company...

If the conditional dividend is greater than 15% of the insurance capital, the excess part is transferred to the company's account with SPP. This adjustment takes place once a year.

...or to the employee

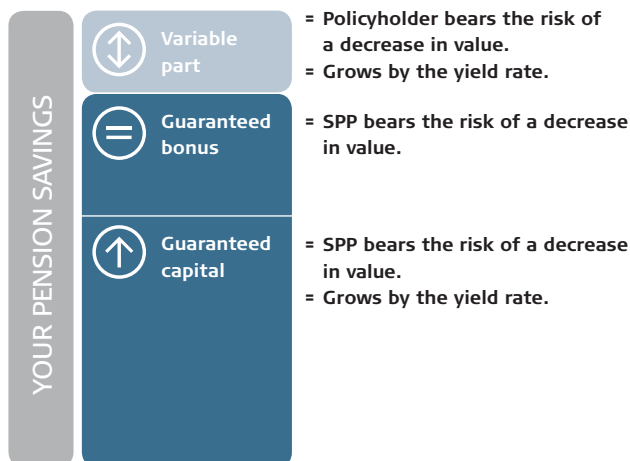
If the employee receives part of the surplus, the excess part is instead converted into a guaranteed bonus once a year. The guaranteed bonus then remains in the policy, and gives rise to a supplementary pension during the disbursement period.

Unit-linked policies

Employees with a defined contribution pension policy can choose unit-linked savings in up to ten mutual funds. In a unit-linked policy there is no guaranteed capital, but historically there has been a greater opportunity for a higher yield. The growth of the capital will depend entirely on the performance of the mutual funds.

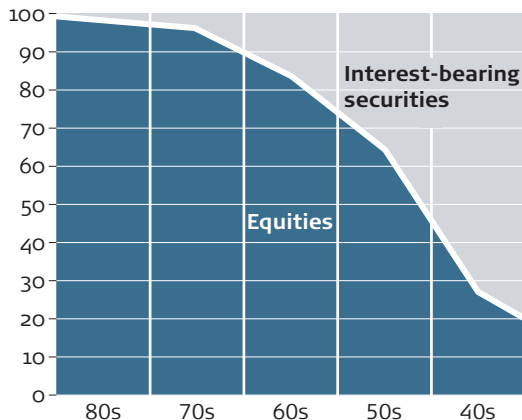
Wide range funds

We have a range of over 60 mutual funds to choose from, including generation funds – lifestyle funds – which SPP was first to launch. These are funds which have been specially developed for pension savings. The unique feature of generation funds is that there are automatic shifts



SPP Generation funds (Lifestyle funds)

Proportion of portfolio in %



Past returns are no guarantee of future returns. Investments made in the fund can rise or fall in value, and it is not certain that you will get back all the capital you have invested.

between the investment categories as the employee approaches retirement. We have now also created a new family of mutual funds which combine fund-in-funds and generation funds. These are generation funds which invest in other mutual funds, instead of in individual securities.

More information on our mutual funds is available from the SPP website www.spp.se

Good to know

Information we provide

What we send to employers:

- :: customer agreement – administration.

What we send to employees:

- :: description of benefits
- :: summary of benefits
- :: annual statement showing the value of the policy
- :: for fund insurance, we also send a transaction note.

When the insurance starts to apply

An agreement relating to a new insurance element starts to apply when the first premium has been paid and SPP has confirmed that the agreement has been entered into. If the insurance agreement starts to apply, retroactive insurance cover applies as from the time SPP received the application, or any later time stated in the application forms.

A basic prerequisite is that there is a valid customer agreement between SPP and the policyholder.

Change of terms

The conditions set out in this brochure, in our price lists and in the terms and conditions may be changed during the course of the insurance period. SPP's right to change terms is limited to changes due to the nature of the insurance agreement or other special circumstances. SPP will inform policyholders in good time of all significant changes.

Special limitations

The validity of the insurance elements is limited in the event of:

- :: incorrect information
- :: causing the occurrence of the insured event
- :: war or state of war in Sweden :: participation in war or political unrest outside Sweden
- :: staying outside Sweden during war or war-like political unrest
- :: staying outside the Nordic country for more than twelve months
- :: particularly risky activities
- :: the insured event occurring due to a nuclear accident
- :: substance abuse, self-inflicted actions or criminal actions

Risk assessment

If any risk assessment, such as a health check, is required, we will carry this out before the insurance starts. The same applies for large increases or supplementary elements.

Family option

Family option means that if the family situations of employees change, they can supplement their insurance cover without having to repeat the health check. The option must be exercised within one year of the employee marrying, becoming a registered partner, beginning cohabitation or having a child.

Salary option

The pensionable salary may be increased without a health check, provided the increase is at most 30 percent during a twelve month period. This right does not apply to company owners/part-owners. For these, the pensionable salary may be increased by at most 10 percent during a twelve month period.



Special qualifying period for company owners and part-owners

Company owners/part-owners who want to include disability insurance or a waiver of premium, a special qualifying period applies for a number of diseases or complaints, such as burn-out and certain back and joint diseases.

Those covered by the qualifying period have to have been well or free of symptoms of these diseases for a longer time in order to receive compensation. Owners/part-owners in limited companies are those who on their own or together with a spouse, parent or child own at least one third of the shares. The insured person does not have to own any shares himself or herself.

Companies' right to make tax deductions

The main rule is that employers are allowed to deduct premiums of up to 35 percent of salary, however at most 10 price base amounts. "Salary" means the remuneration paid by the employer during the financial year. If the salary was higher during the immediately preceding financial year, the deduction can be calculated using this figure instead.

Tax

Yield tax

SPP is obliged to deduct a standard rate of tax on a yield determined by the Swedish government. The yield tax is deducted from the capital managed and is currently 15 percent of the previous year's average interest on government loans.

Special salary tax

Premiums paid by employers are subject to a special salary tax.

Income tax

When the money is paid out, it is taxed as income from employment.

Further information

This brochure is a summary of SPP's Employer Plan. If you need further information, you can order the full insurance terms and conditions from our Corporate Contact Line, telephone +46 771-598 102, or download them from our website, www.spp.se. The website also has information about the company's financial position and long-term investment policy.

Handling of personal information

Personal information provided to SPP in conjunction with entering into an insurance agreement or otherwise registered by SPP in conjunction with the insurance agreement will be subject to processing in computer systems at SPP or other companies with which SPP collaborates.

The processing will be done in accordance with the provisions of the Personal Information Act. The purpose of the processing is to enable SPP to fulfil its obligations according to the insurance agreement and according to legislation and government regulations. Processing for the purpose of analysis or producing statistics may also occur. Personal information will also be processed for marketing purposes within the Storebrand group, unless the person to whom the information held by SPP or Storebrand relates has requested this not to be done.

Persons who wish to receive information about the personal information about them processed by SPP or Storebrand may request this in writing from SPP. The same applies to persons wishing to amend incorrect or misleading personal information.

Insurer

For traditional insurance – SPP Livförsäkring AB

For unit-linked insurance – SPP Liv Fondförsäkring AB

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More information

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