

Pre-purchase information - private pension insurance

PLUSPENSION – TRADITIONAL INSURANCE



PLUSpension traditional insurance

PLUSpension is a private pension insurance with traditional management. It is a reliable form of savings where VFF Pension Försäkringsförening (hereinafter referred to as VFF Pension) is responsible for investing the capital.

VFF Pension guarantees a certain amount of growth and, in addition, there is the possibility to earn bonuses. Returns over and above the guaranteed interest are added as bonuses.

Bonuses are paid when the business generates a surplus. Bonuses are not guaranteed, but may be reduced if the outcome is unfavourable in the future.

PLUSpension can be in the form of a combined retirement and survivor pension or simply a retirement pension.

Survivor protection can be added, or removed, up to the time pension pay-outs are initiated.

When you have taken out an insurance policy, you will receive a certificate of insurance. The insurance is effective from the day the first premium is paid in.

Who is entitled to join the PLUSpension savings plan?

PLUSpension is offered to those who are

employed within the Volvo Group, Volvo Car Corporation and certain companies that previously belonged to these groups, or are associated companies.

Anyone who has started saving in PLUSpension may continue with contributions even if employment is terminated.

In order to join, the applicant must successfully undergo a medical examination and may not be over 64 years of age during the entry year.

As a member of VFF Pension, your spouse/cohabiting partner/registered partner also has the opportunity to save in PLUSpension.

How do I save for my retirement in PLUSpension?

It is no longer profitable to make deposits to a private pension insurance since tax deduction for private pension savings is no longer allowed.

Right to tax deduction

Tax deduction for private pension savings is no longer allowed (from January 2016).

Value statement

In the yearly value statement you can see how your savings capital has performed

during the previous year. Value statements are available on your personal page on vffpension.se or can be ordered, phone 031-66 12 10.

With or without survivors protection (re-payment cover)?

When you take out a PLUSpension insurance, you must choose with or without survivors protection. PLUSpension without survivors protection gives you a higher pension.

Prior to the first pension pay-out, you may amend your choice at any time, for instance in the event your family situation changes.

Without survivors protection

If you opt for insurance without survivors protection, in the event of your death before pension pay-outs have been initiated, or during the pay-out period, your insurance capital reverts to, and is divided among, the other policyholders. This is known as inheritance gains.

Inheritance gains means that those who opted to exclude survivor protection get a somewhat higher pension.

If you do not have any possible beneficiaries, you should opt for "without survivors protec-

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tion". You may add survivors protection up to the time your pension pay-outs are initiated.

With survivors protection

If you opt for survivors protection, this means that in the event of your death before your retirement, your family will receive the pension you would have received at the age of 65.

The level of your pension is the total of the amount you have saved, plus any bonuses you have earned, plus guaranteed interest up to your 65th birthday.

In the event of your death after PLUSpension pay-outs have been initiated, the pay-outs will continue being made to your family for the period to which you were entitled.

Possible beneficiaries are, in the first instance, spouse/cohabiting partner/registered partner and own children. Ex-spouses/former cohabiting partners/ ex-registered partners or foster children/stepchildren may also be added as per a special beneficiary clause.

With survivors protection – three options

1. In the first instance, my spouse/cohabiting partner/registered partner. Secondly, my children, regardless of age, and in equal shares between them.
2. In the first instance, my children, regardless of age, and in equal shares between them. Secondly, my spouse/cohabiting partner/registered partner.
3. According to a special beneficiary clause registered with VFF Pension.

When can I start drawing my pension?

PLUSpension usually starts to be paid out from the age of 65, for a period of five years. You may, however, opt to start drawing your pension at any time between the ages of 55 and 70.

However, you can be exempted from the 5-year rule should you initiate pension pay-outs when you are between the ages of 61 and 62, in which case pay-outs will be made until you are 65.

You will be contacted four months prior to your 65th birthday about initiating pay-outs. It is not until then that you will have to decide when you would like to start drawing your pension, and for how many years the payments should be distributed. The payment period is any time between 5 years or for the rest of your life (lifelong). You may only choose lifelong pay-outs if you have opted for insurance without survivor protection.

If you wish to start drawing your pension before the age of 65, you must contact VFF Pension.

How much pension will I get?

Your guaranteed pension is based on the premiums paid and the guaranteed interest. Returns over and above the guaranteed interest are added as bonuses. The size of your pension also depends on when you start drawing it, and the pay-out period you have selected.

Change in the bonus means that the pay-outs can increase or decrease during the pay-out period.

If the insurance amount or the total value of the insurance is less than the minimum VFF Pension applies at any given time, VFF Pension has the right to pay out the full amount plus any bonus as a lump sum, or change the length of the pay-out period.

Pensions are taxed as income from employment.

More about guaranteed interest and bonus

The guaranteed interest is calculated based on the interest rate at the time the premiums were paid.

A bonus is the amount paid in excess of the guaranteed insurance capital.

Bonuses are paid in the form of bonus interest when the business generates a surplus. The bonus rate is determined based on actual returns and VFF Pension's level of consolidation. Allocated (preliminary distributed) bonuses are not guaranteed and may be reduced in the event the results are unfavourable in the future.

able in the future.

Current information on guaranteed interest and bonuses is available on VFF Pension's website.

Consolidation level determines the bonus

Consolidation is 100% if the assets and the liabilities (obligations) are equal in size. The level of consolidation is VFF Pension's total assets divided by the value of the association's obligations to its policyholders and other persons entitled to insurance. The association's obligations refer to the sum of the insurance's technical surrender values and allocated (preliminary distributed) bonus. Consolidation is 100% if the assets and the liabilities (obligations) are equal in size.

VFF Pension's consolidation policy is that consolidation should be in the range of 95% - 125%, with the target being 105%. In cases where the consolidation deviates from the target, an adjustment is made by raising or lowering the bonus interest.

Bonuses are distributed preliminarily

If the consolidation is outside the accepted range of 95% - 125%, there will instead be a one-off increase, or decrease, in the individual insurance capitals, an instantaneous resource allocation or reallocation.

The goal is that the consolidation, following this action, should be within the range of 100% - 105%.

If the consolidation is below 100% for a period in excess of 36 months, there should be a one-off decrease to restore the consolidation to 100% and if the consolidation is above 125% in more than 36 months there should be an allocation to 110%.

Long-term Investment targets

VFF Pension continuously monitors developments on the money markets, and over the course of a year actively addresses the situation regarding its investments.

The goal is to generate, in the long-term, a minimum of 4% return on investment at an acceptable level of risk.

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Current investment guidelines:

Type of asset	Normal weight
Interest-bearing securities	55 %
Shares	30 %
Real estate	8 %
Alternative investments	7 %

Administrative costs and risk charge

To cover VFF Pension's costs for managing the insurance contracts, administrative fees are charged. Effective from 1 January 2018 the following charges apply:

- 1 % as premium fee
- 0.4 % as annual charge on the capital.

For insurances with survivor protection, there is an additional cost – a risk charge. The risk charge is calculated taking into account the age of the policyholder, the likelihood of mortality, and the size of the insurance capital.

Surrender/redemption of insurance

The insurance can only be surrendered/ redeemed if the value of the policy is less than 1 (one) price base amount. Surrender/ redemption of insurance is allowed at the earliest one year after the first premium payment. Surrender means that the insurance becomes void after VFF Pension has paid the surrender value. The surrender value is equal to the cash value of the technical provisions, calculated according to the premium grounds applicable when signing the insurance policy.

In the event of a surrender, the cash value is adjusted with the market adjustment factor if PLUSpension's consolidation level is below 100%.

Transferring insurance from VFF Pension

You have the right to transfer your insurance capital in PLUSpension traditional insurance to another insurance provider.

When transferring, the full insurance capital must be transferred to another pension insurance with the policyholder being the same.

Once insurance pay-outs have been initiated, the insurance capital cannot be transferred.

When transferring insurance capital to another insurance provider, the surrender value plus the capital value of the allocated bonus benefits are paid.

If PLUSpension's consolidation is below 100%, the value is adjusted by a market adjustment factor.

When transferring insurance, there is a fee which is levied in the form of a deduction from the transfer value of the insurance. Information on applicable transfer fees and transfer forms are available on VFF Pension's website, or can be ordered.

When you transfer your insurance capital from VFF Pension, your original insurance policy becomes void and a new insurance comes into effect, which may lead to changes in the insurance terms and conditions. VFF Pension cannot be held liable for any tax effects by reason of a transfer.

Transferring insurance to VFF Pension

A transfer to VFF Pension involves signing a new agreement on the terms and conditions that VFF Pension applies at the time of transfer.

The received sum will be divided into guaranteed capital and bonus capital based on the consolidation level at any given moment in time.

A premium fee is charged on capital transferred to VFF Pension as indicated above in the section "Administrative costs and risk charge"

Applicable legislation

For this insurance, Swedish law applies.

The rules and regulations for private pension insurances can be found in the Income Tax Act.

Premiums are tax deductible under the rules and regulations for pension savings.

- Pensions paid are subject to income tax.
- Surrender of insurance

- Transferring insurance capital

VFF Pension's investment of assets is governed by the provisions in the Swedish Insurance Business Act.

Inaccurate and/or incomplete data

When applying to join VFF Pension, the law on a member's obligation to disclose information applies. If false information is provided, this may result in the insurance being wholly or partially invalid.

Force majeure (Grounds for exemption)

Should a delay in the investigation into a claim or payment occur as a consequence of government action, acts of aggression, strikes, lockouts, boycotts, blockades or similar, VFF Pension cannot be deemed liable for any loss arising thereof for anyone entitled to a pension.

More information

On our website, www.vffpension.se, you will find information on all our insurances, financial data, annual reports, forms, etc.

The various types of information and forms can also be ordered directly from us.

In addition to this pre-purchase information, you will also find the full insurance terms and conditions on our website.

If you are dissatisfied

If you believe that VFF Pension has acted with impropriety in your case, it is important that you contact us as soon as possible. Initially, you should contact your case officer who handled your matter. This is to ensure that it is not a misunderstanding, or that information from you is not incomplete. If you are still dissatisfied, please submit a report to our complaints officer to have your case evaluated further. If you are still dissatisfied after this, you may contact the National Board for Consumer Disputes (Swedish ARN) and ultimately a court of law.

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Enquiries - feedback - requests

You are always welcome to contact our customer service by phone +46 (0)31-66 12 10, email: vff@volvo.com or by mail. See below for the mailing address.

VFF Pension Försäkring

VFF Pension Försäkringsförening, with Corporate No. 816400-4056, is the insurance provider. VFF Pension Försäkringsförening is a mutual benefit association/occupational pension fund, owned by its members. Mutuality means that there are no shareholders, and any and all surpluses accrue to its members in the form of bonuses.

The association is headed by a council and a Board of Directors.

The trade unions have the majority vote, but Volvo Group and Volvo Cars also appoint representatives.

VFF Pension Försäkringsförening falls under the supervision of the Swedish Financial Supervisory Authority (Finansinspektionen).

Addresses

Street address: Götaverksgatan 2, Gothenburg, Sweden

Postal address: M2.7, 405 08 Gothenburg, Sweden

Website: www.vffpension.se