Insurance terms & conditions – private pension insurance

PLUSPENSION – TRADITIONAL INSURANCE

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vff PENSION

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General information about PLUSpension

PLUSpension is a pension insurance that previously could be signed by employees of Volvo Group and Volvo Cars, and employees of certain companies that previously were part of these corporate groups or are partner companies.

Relates to pension insurance for insured parties where the premiums consist primarily of profit-sharing and the 60-year fund provided upon employment in the Volvo Group or Volvo Cars.

As of 2019, PLUSpension is closed to registration of new customers, premium payments and transfer of capital.

Insurance provider

VFF Pension Tjänstepensionsförening (referred to below as VFF Pension), organisation number 816400-4056, is the insurance provider. VFF Pension is a mutual occupational insurance association registered in Sweden and owned by its policyholders. The principle of mutuality means there is no aim to generate a profit; any surplus is fed back to the policyholders in the form of a bonus.

The association is managed by a council and a board. The trade union forms the council majority, but Volvo Group and Volvo Cars also appoint representatives.

The supervisory bodies are the Swedish Financial Supervisory Authority and EIOPA (the European Insurance and Occupational Pensions Authority).

For questions please contact VFF Pension's customer service, phone +46 (0)31-66 12 10, email vff@volvo.com or by post to the addresses below.

Addresses

Street address: Theres Svenssons gata 15, Gothenburg, Sweden

Postal address: TSG:5, 405 08 Gothenburg, Sweden

Internet: www.vffpension.se

Insurance coverage and benefits

Combined retirement and survivor's pension or only retirement pension.

Survivor's protection can be added to or cancelled until pension payments are initiated.

With survivors protection

If the policyholder (the insured) has opted to keep survivor's protection and dies after the payment period has been initiated, pension will continue to be paid to the registered beneficiary(ies) for the remaining period. Should the policyholder die before payments have been initiated, the pension will be paid to the registered beneficiary(ies) for a period of five years. Regardless of when the policyholder dies, the level of the survivor's pension is the same as the policyholder's own pension would have been at the age of 65.

Options when choosing survivor's protection are:

1 First instance - spouse/cohabiting partner/registered partner.
Second - children.
2 First instance - children.
Second – spouse/cohabiting partner/registered partner.

3 According to a special beneficiary clause registered at VFF Pension.

According to the Income Tax Act, only the following persons can be employed as beneficiaries:
a) spouse or former spouse
b) cohabitant or former cohabitant
c) children / stepchildren / foster children to yourself or to any person according to a) or b)

Unless otherwise nominated by the member, a survivor's pension is paid, in the first instance, to the spouse/cohabiting partner/registered partner and, secondly, to the member's child(ren).

The term "spouse" is equal in status to cohabiting partner under the Act on Registered Partnership (1994:1117).

A spouse is a beneficiary even when divorce/dissolution of marriage proceedings have been initiated. A registered partner is a beneficiary even when legal proceedings have been initiated to end the partnership.

The term "cohabiting partner" refers to a single (unmarried) person who, at the time of death, permanently resided with an unmarried policyholder under marital conditions, or conditions similar to a registered partnership, provided they have, or have had, or are expecting a child together, or were previously married to each other, or lived together in a registered partnership, or in our case, have permanently lived together for at least six months.

If there are several children who are beneficiaries, the pension is divided into equal portions in the case of a general or a special clause, unless otherwise specified.

If there is only one possible beneficiary he/she has the right to request that payment of the survivor's pension be postponed. Any such request must be made before payments of the survivor's pension have been initiated.

In the absence of a beneficiary, the insurance capital reverts to those policyholders with repayment cover. This is known as inheritance gains.

Notification of death shall be made to VFF Pension, to whom the requisite documents must also be submitted, as soon as possible. For payment in the event of death, the documents and other information required to assess liability must be acquired and sent at no extra cost to VFF Pension, as soon as possible.

Without survivors protection

Notification of death shall be made to VFF Pension, to whom the requisite documents must also be submitted, as soon as possible. For payment in the event of death, the documents and other information required to assess liability must be acquired and sent at no extra cost to VFF Pension, as soon as possible.

Size of the pension

The size of the pension is based on paid-in premiums and guaranteed interest before tax on returns and fees. The guaranteed interest may vary depending on when premiums are paid in.

Any return over and above the guaranteed interest is added as a bonus. A bonus is paid out when the operation generates a surplus. There is no guarantee of a surplus, and this may decrease in poor economic conditions in the coming years.

In addition to the above, the size of the pension also varies depending on predictions of future rates of tax on returns, interest rates, fatality rates, operating costs and more.

Read more at https://www.vffpension.se/ovriga-forsakringar/pluspension/

Limitations

The insurance is not valid in cases of death resulting from the policyholder participating in war, unless it is a state of war in Sweden, or when participating in political strife outside Sweden. Nor is the insurance valid in the event of death occurring within one year after such participation and that can be regarded as resulting from said war or political strife. Participation in UN military missions is not regarded as involvement in war or political strife. Within the first three years of the insurance coming into force, the policy does not cover death that can be regarded as being caused by a state of war outside Sweden, or by warlike political strife that occurs which the policyholder – without participating in war or strife – experiences while outside Sweden in an area where such conditions exist. During these three years of insurance,

the policy also does not apply in the event of death occurring within one year of such experiences and that may be regarded as resulting from war or strife. If war breaks out or strife occurs while the policyholder is in the area, the limitation does not apply for the first three months thereafter.

Force majeure (Grounds for exemption)

If there is a delay in assessment of an insurance case or in payment as a result of measures adopted by public authorities, or acts of war, strikes, lockouts, boycotts, blockades or similar, VFF Pension is not responsible for any resultant loss to the pension beneficiary.

Repurchase and right of transfer

After receiving a written application from the insured party or his/her survivor(s), VFF Pension is required to decide on repurchase of the insurance provided there is no obstacle to such a procedure as per applicable legislation and/or the Financial Supervisory Authority's regulations. Information about current repurchase fees can be found on the VFF Pension website or can be ordered.

The insurance cannot be repurchased unless the policy's value is lower than the limit specified in the Income Tax Act. Repurchase means that the insurance policy is terminated after VFF Pension pays the repurchase value.

The policyholder has the right to transfer insurance capital to another insurance provider.

The agreement's payout period – payouts

Retirement age

The normal retirement age is 65. Pension payments can be initiated at another time, but no earlier than the month after the policyholder reaches the age of 55, or no later than when the policyholder reaches the age of 70. If the pension payments are to begin early, VFF Pension must be notified no later than 30 days before payments are to be initiated.

Period of payment

The policyholder can choose to have his/her pension paid over a period of 5- 20 years or for the rest of life. Lifetime payment can only be chosen if the policyholder has insurance without survivor's protection. The payment time can be shortened to a period of less than 5 years, but not less than 3. In this case pension payments cease the month immediately after that in which the member reaches the age of 65.

Pension to a member is paid on a monthly basis during the specific payment period requested. In the event of death, the pension is paid up to and including the month in which the policyholder dies.

If the policyholder has opted for survivor's protection, the pension will continued to be paid thereafter to the beneficiary(ies) nominated for the period remaining.

If the policyholder dies before payments have been initiated, the pension will be paid to the beneficiary(ies) nominated for a period of 5 years.

If the insurance amount or the total value of the insurance is less than the minimum limits VFF Pension applies on any occasion, the association has the right to pay out the full amount plus bonus as a lump sum, or change the period of payment.

Policyholder's right to terminate the insurance agreement

Termination is not relevant since the premiums are paid continuously as one-time premiums.

Inaccurate and/or incomplete information

Upon application to join VFF Pension, it is necessary to comply with the legal stipulations relating to provision of information. If inaccurate information is provided this may result in the insurance being either fully or partially invalid.

Legislation

Swedish law applies.
Pension payments are taxed as income from employment.

Taxation category

Taxation category private pension insurance.

- The premiums are deductible in accordance with the regulations relating to pension savings deductions.

- The pension when paid out is subject to income tax.

Premiums

As of 2019, PLUSpension is closed to registration of new customers, premium payments and transfer of capital.

Administrative costs and risk fee

In order to cover VFF Pension's costs for administration of insurance agreements, administrative fees are applied. As of January 1, 2018, the following fees are levied:

- 1% premium fees

- 0.4% annual fee on pension capital.

For insurance with survivors' protection, a risk fee is also applied. The risk fee is assessed with due regard to the policyholder's age, probability of death and the size of the insurance capital.

Fees for capital management

The cost of capital management is covered by the annual capital fee as per the previous section entitled "Administrative costs".

The management fees that VFF Pension pays to its asset managers are taken directly from the return for each respective fund, thus reducing the return that is provided to VFF Pension.

Tax on returns

The tax on returns is a Swedish state tax that VFF Pension is obligated to pay by law. This tax is calculated on the capital registered per January 1 of every year.

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Bonus entitlement

The insurance entitles the policyholder to a bonus. The bonus for each policy is the share of the surplus that has accumulated, provided the association's financial result has been more favourable than was expected when fees were calculated on the basis of forecast interest rates, fatality rates, operating costs and so on.

Allocated (preliminarily distributed) bonus

The allocated bonus is not guaranteed and can be reduced in the event of unfavourable results in future years. An allocated bonus is paid in addition to the guaranteed pensions.

Collective consolidation and consolidation level

Collective consolidation is the difference between the assets that VFF Pension manages, and the policyholders' combined insurance capital.

In order to measure collective consolidation, a parameter known as the consolidation level or consolidation rate is used.

The consolidation level is VFF Pension's total assets divided by the value of the association's undertakings to its policyholders and others entitled to remuneration. The term "undertakings" here refers to the sum total of the insurance's technical repurchase value and allocated bonus. The consolidation level is 100 % if the assets are as large as the undertakings are.

VFF Pension's consolidation policy is that the consolidation level should be between 95 % - 125 %, with a target level of 105 %.

In cases in which the consolidation level deviates from the target level, a correction is made by either raising or lowering the bonus interest rate.

If the consolidation level is outside the permitted range for more than 36 months, this will instead prompt a one-time increase or decrease in the individual insurance capital, known as an instantaneous allocation or reallocation. The aim is for the consolidation level to be within the 100 % - 110 % range after this measure.

The current consolidation level can be seen on the VFF Pension website.

Value of the insurance at repurchase and transfer

The repurchase value is equal to the insurance-technical repurchase value, calculated according to the premium parameters applicable when the agreement was signed.

For transfer of insurance capital to another insurance provider, the repurchase value is paid along with the capital value of allocated bonus benefits.

For transfer of insurance capital to another insurance provider and for repurchase, the value shall be adjusted using the market adjustment factor if the PLUSpension consolidation level is below 100 %.

Transfer of PLUSpension from VFF Pension

The policyholder has the right to transfer his/her insurance capital to another insurance provider that offers insurance services from a fixed operational location within the European Economic Area (EEA), on condition that the new insurance agreement is classified as a pension insurance as per Sweden's Income Tax Act (1999:1229) and provided it is compatible with applicable legislation. In order for such transfer to be implemented without taxation consequences, the recipient insurance agreement must meet the same terms and conditions of the Income Tax Act (1999:1229) as regards pension insurances. Upon transfer, the entire value of the policy shall be transferred to another pension insurance, with the same person registered as the insured party. Insurance terms and conditions vary between different insurance providers, so transfer may mean that some terms and conditions may change.

VFF Pension is not liable for any impairment in insurance terms and conditions subsequent to any transfer.

VFF Pension's liability as regards the insurance ceases on the day of the transfer.

VFF Pension is not responsible for any taxation consequences resulting from such transfer.

A fee for handling the insurance transfer is levied through a deduction from the transfer value of the insurance. The transfer fee is determined on the basis of the costs accruing from the transfer process and with due regard to such financial claims on the policyholder as may occur for costs arising with signing of the insurance agreement. Information about transfer fees can be found on the VFF Pension website, or can be ordered.

Transfer of insurance to PLUSpension at VFF Pension

As of 2019, PLUSpension is closed to registration of new customers, premium payments and transfer of capital.

Long-term investment goals

VFF Pension shall have long-term growth characterised by stability and sustainability. The over-riding goals for capital management are to ensure that the value of the assets always covers the pension undertaking in both the short and long terms, and to be able to offer as competitive a bonus as possible in the long run.

The structure of the current norm portfolio is shown on the VFF Pension website.

The investment guidelines are set by the Board of VFF Pension. Ultimately the association's investments are regulated by the desire to ensure that assets are invested in accordance with the regulations in the Insurance Business Act.

Information about VFF's financial status

The most recent annual report and periodic report for January – June can be found on the VFF Pension website and can also be ordered.

The above documents also contain information about historical results, returns and bonus interest.

Our sustainability work

PLUSpension promotes environmental or social characteristics, but does not have sustainable investment as a goal.

Read more about our sustainability work on our website where you will also find our sustainability report and our sustainability policy: www.vffpension.se

Handling of personal data

Personal data that is submitted to VFF Pension when an insurance agreement is signed or that we obtain in connection with an insurance agreement, will be processed by VFF Pension or by companies with which we collaborate. We do this so we can deliver on our undertakings as per the insurance agreement, so we are able to contact you, and in all other respects so we can fulfil our obligations as an insurance provider. Personal data may also be processed for analysis or statistical purposes. VFF Pension is responsible for complying with correct procedures for handling of personal data. For more information about how VFF Pension handles personal data, please visit the VFF Pension website.

If you are dissatisfied with the way VFF Pension handles your personal data, or if you feel we handle such data incorrectly, please contact us so we can properly deal with any misunderstandings. You can also submit a complaint to IMY, the Swedish Authority for Privacy Protection, (www.imy.se). You can also request, free of charge, a printout of your registered data and if any information there is incorrect, excessive or insufficient, you have the right to demand that we make the necessary amendments.

A request for register records, amendments and so on should be sent to:

VFF Pension, Data Protection Officer

TSG:5

405 08 Göteborg, Sweden

VFF Pension's right to alter insurance terms and conditions

VFF Pension has the right, during the insurance period, to change these insurance terms and conditions as well as the insurance agreement itself, if such a move is deemed necessary owing to the nature of the insurance agreement or for any other special reason. Such a change may stem from calculation preconditions, fees, inheritance payouts and insurance terms and conditions in general. The term "other special reason" includes, for instance, changed legislation or application of the law, rulings by public authorities or other fundamental basis underpinning the insurance agreement.

In order for a change in terms and conditions to become valid for the policyholder and the insured party, it is necessary that they first receive all relevant information in writing. The changed terms and conditions then become applicable from the subsequent premium period, and with certain exceptions also take effect for already accumulated capital. Minor changes, and changes resulting from altered legislation, altered application of the law or rulings by public authorities, however, may take effect immediately.

If you are dissatisfied

If you feel that VFF Pension has handled your case improperly, it is important that you get in touch with us as soon as possible. In the first instance, contact the person who dealt with your case. We advise this to ensure that it is not simply a matter of misunderstanding or because certain information about you is missing. If after this you are still dissatisfied, file a complaint with the Complaints Officer at VFF Pension for a more in-depth examination of your case. If after this stage you still do not feel satisfied with the outcome, contact ARN, the National Board for Consumer Disputes. The ultimate recourse is to the general court.