



Regulation on Calculation Parameters for *Pensionskassen*

(*Pensionskassen-Rechnungsparameterverordnung – PK-RPV*)

Full title

Regulation of the Financial Market Authority (FMA) on the maximum permissible percentage of the assumed interest rate and the technical surplus (Regulation on Calculation Parameters for *Pensionskassen* – PK-RPV; *Pensionskassen-Rechnungsparameterverordnung*)

Original Version: Federal Law Gazette II No. 15/2016

Amendment: Federal Law Gazette II No. 262/2019

Preamble/Promulgation clause

Based on Article 20 para. 2a of the *Pensionskassen* Act (PKG; *Pensionskassengesetz*), Federal Law Gazette No. 281/1990, last amended by federal act published in Federal Law Gazette I No. 81/2018, the following shall be determined by Regulation:

Text

Scope of application

Article 1. (1) This Regulation is to be applied to new beneficiaries (entitled) in existing *Pensionskasse* contracts and to new pension company contracts which were concluded after 30 June 2016. *Pensionskasse* contracts which were concluded in the course of a termination, the termination by mutual consent of the *Pensionskasse* contract, or by an employee leaving a company pursuant to Article 17 PKG or a transfer pursuant to Article 41 PKG shall not be considered to be new contracts within the meaning of this provision.

(2) With regard to the maximum permissible percentage for the assumed interest rate of the security-oriented IRG pursuant to Article 12a PKG and for the technical surplus of the security-oriented IRG, this Regulation is to be applied to all *Pensionskasse* contracts regardless of when they were concluded.

Principle of Prudence

Article 2. (1) The assumed interest rate and the technical surplus shall be chosen pursuant to Article 20 para. 2a PKG with necessary prudence. This especially means that it will not be permissible in every case to apply the maximum permissible calculation parameters that are permitted in accordance with this Regulation.

(2) The calculation parameters are to be chosen in any case in such a way that the continuous fulfilment of obligations assumed in *Pensionkasse* contracts shall also be adequately taken into consideration even in the event of strongly adverse developments in the capital markets or the cost structure or the underwriting parameters. Account shall be taken of the following criteria in this regard in particular:

1. product features and risks;
2. guarantees and options of the product;
3. the term of the obligation and subsequent resulting reinvestment risks; and
4. the capital market situation.



Assumed interest rate

- Article 3.** (1) The maximum permissible percentage of the assumed interest rate is 2.00%.
- (2) The maximum permissible percentage of the assumed interest rate of the security-oriented IRG pursuant to Article 12a PKG is 1.25%.
- (3) If the premium reserve is calculated using methods in which the assumed interest rate and increases in salaries and pensions are set separately, the combined use of both percentages must not exceed the respective maximum permissible assumed interest rate in accordance with paras. 1 or 2.

Technical surplus

- Article 4.** (1) The maximum permissible percentage of the technical surplus is 4.00%.
- (2) The maximum permissible percentage of the technical surplus of the security-oriented IRG pursuant to Article 12a PKG is 2.25%.
- (3) The technical surplus must exceed the assumed interest rate by at least one percentage point.

Entry into force and transitional provisions

- Article 5.** (1) This Regulation shall enter into force on 01 July 2016.
- (2) For the period from 01 July 2016 to 31 December 2016
1. by way of derogation from Article 3 para. 2 the maximum permissible assumed interest rate for the security-oriented IRG is 1.75%;
 2. by way of derogation from Article 4 para. 2 the maximum permissible percentage of the technical surplus for the security-oriented IRG is 2.75%;
- (3) The 2012 Regulation on Calculation Parameters (RPV 2012 – Rechnungsparameterverordnung 2012, published in Federal Law Gazette II No. 454/2012, shall be repealed upon expiry of 30 June 2016.
- (4) Article 3 para. 1 and Article 4 para. 1 in the version of the Regulation amended in Federal Law Gazette II No. 262/2019 shall apply to newly introduced beneficiaries (entitled) of existing *Pensionskasse* contracts as well as to *Pensionskasse* contracts that are concluded after 31 December 2019.