



Regulation on the Provision for Administrative Expenses 2013

(VKRStV 2013; Verwaltungskostenrückstellungsverordnung 2013)

Full title

Regulation of the Financial Market Authority (FMA) on the determination of criteria for managing the provision according to the business plan for administrative expenses incurred after the beginning of retirement (VKRStV 2013; Verwaltungskostenrückstellungsverordnung 2013)

Original version: Federal Law Gazette II No. 381/2013.

Amendments: Federal Law Gazette II No. 92/2017; Federal Law Gazette II No. 195/2022;

Preamble/Promulgation clause

Based on Article 20 para. 5 of the *Pensionskassen* Act (PKG; Pensionskassengesetz), published in Federal Law Gazette no. 281/1990, last amended by federal act published in Federal Law Gazette I no. 36/2022, the following shall be determined by regulation:

Text

General provisions

Article 1. (1) The provision according to the business plan for administrative expenses incurred after the beginning of retirement (provision for administrative expenses) shall be established, taking account of the recognised actuarial principles, in an amount sufficient for operational purposes and considering the interests of the beneficiaries (entitled and recipients) in accordance with the provisions set forth in this Regulation.

(2) The provision for administrative expenses shall be managed uniformly within a *Pensionskasse* (pension company) for all investment and risk-sharing groups.

(3) The management of the provision for administrative expenses, stipulated in accordance with the provisions of this Regulation, shall be specified in the *Pensionskasse's* business plan (Article 20 PKG).

(4) If a pension company commitment is jointly administered by several *Pensionskassen*, each participating *Pensionskasse* that also settles the pension benefit shall establish a provision for administrative expenses.

Calculating the provision for administrative expenses

Article 2. (1) The provision for administrative expenses shall be calculated in accordance with an internationally recognised actuarial procedure, taking account of the increases in the administrative expenses to be expected in the future.

(2) As an alternative to para. 1, the provision for administrative expenses may also be calculated according to the entry age normal method. The net assumed interest rate shall not be allowed to exceed 2.0% in each case.

(3) The minimum standard with regard to the biometric calculation bases used shall be set using life cohort tables specified for employees.

(4) In the event that a significant change occurs in the circumstances relevant to selecting the bases of calculation (Article 20 para. 2 no. 3 PKG), the *Pensionskassen* shall be obliged to adapt their calculation bases immediately.

(5) Underfunding or overfunding that arose due to incorrect assumptions in the bases of calculation (Article 20 para. 2 no. 3 PKG) shall be balanced out within a time period of maximum ten years, beginning in the financial year in which the assumptions were first required to be corrected; the balancing shall be effected annually with at least one tenth of the original amount for the obligations still existing at the end of the relevant financial year.



Article 3. (1) The actuarial calculation of the provision for administrative expenses shall be based on a unit cost rate for each beneficiary (both entitled and recipients).

(2) Any and all costs that arise in the payment phase shall be considered for calculating the unit costs. Not to be included in the calculation are those costs that arise in the course of investing the assets allocated to the investment and risk-sharing group. The calculation shall be attached to the application for approval of the business plan. By way deviation from the *Pensionskasse's* balance sheet date, a different date between 30 September to the balance sheet date may be set in the business plan for ascertaining numbers (i.e. the number of beneficiaries (entitled and recipients) for determining the unit costs).

(2a) When calculating the unit costs pursuant to para. 2, the following in particular shall be taken into account:

1. the statement of costs, provided that one was drawn up;
2. the forecasted future change in operating expenses taking into consideration historic change;
3. the staffing and material expenses incurred both directly and indirectly for the administration of beneficiaries (recipients);
4. the existing levels of beneficiaries (entitled and recipients) as well as the forecasted development of beneficiaries (recipients);
5. in the case of an external management contract, the agreed expense ratios, with the exception of those costs that are incurred during the investment of the assets of the investment and risk-sharing group.

(3) If the *Pensionskasse* faces disproportionate difficulties in determining the unit costs, it may use the standard costs set by the FMA.

(4) The standard costs, which are required for a beneficiary (recipient) during the payment phase, shall be fixed at EUR 85 per year.

(5) The standard costs pursuant to para. 4 will be valorised according to the 1996 consumer price index, special classification "services", published by Statistics Austria, using the value that results from the change in the value for the month of July of a calendar year compared with the value published for January 2001. The new value shall apply from 1 January of the following year.

(6) The *Pensionskasse* may also manage the provision for administrative expenses in accordance with a procedure other than the one set forth in paras. 1 to 3. In this case, however, a check must be carried out pursuant to paras. 1 to 3 at least every three years to determine whether the provision for administrative expenses is appropriately funded. Both the procedures and checks must be defined in the business plan.

Balancing underfunding or overfunding

Article 4. If, at the first balance sheet date after this Regulation has entered into force, the provision for administrative expenses resulting from the application of this Regulation's calculation methods is either underfunded or overfunded, compared with the provision for administrative expenses set aside to date, the underfunded or overfunded provision shall be balanced over a period of no more than ten years; the balancing shall be effected annually with at least one tenth of the original amount for the obligations still existing at the end of the relevant financial year.

Entry into force and repeal

Article 5. (1) This Regulation shall enter into force at the end of the day on which it is announced, and shall be applied for the first time to financial years commencing after 31 December 2012; at the same time, the Regulation of the Federal Minister of Finance on the Enforcement of the *Pensionskassen Act* (Regulation on the Provision of Administrative Expenses), published in Federal Law Gazette II No. 16/2001, shall expire.

(2) Article 2 para. 2 second sentence and para. 5 in the version of the Regulation published in Federal Law Gazette II No 92/2017 enters into force of the day following publication and shall first apply to financial years that end after 30 June 2017.

(3) Article 2 para. 2 and Article 3 para. 2a in the version of the Regulation amended in Federal Law Gazette II No. 195/2022 shall enter into force on the day following publication, and shall apply for the first time to financial years that end after 31 December 2022.