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# FMA MINIMUM STANDARDS

## FOR INFORMING THE BENEFICIARIES OF *PENSIONSKASSEN*



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## I. INTRODUCTORY REMARKS

These FMA Minimum Standards refer to the information that is sent by *Pensionskassen* to beneficiaries (entitled and recipients) when being included in *Pensionskassen* provision as well as their leaving the company prior to the occurrence of a benefit event.

The addressees of these FMA Minimum Standards are all *Pensionskassen* pursuant to Article 1 PKG. They shall apply accordingly to institutions pursuant to Article 5 no. 4 of the *Pensionskassen* Act (PKG; Pensionskassengesetz). These FMA Minimum Standards do not constitute a Regulation. They serve as guidance and reflect the FMA's legal interpretation and the FMA's practical recommendations for conduct about information provided by *Pensionskassen* to beneficiaries (entitled and recipients) upon inclusion in the *Pensionskasse* provision as well as prior to the occurrence of a benefit event. No rights and obligations beyond those stipulated in the legal provisions can be derived from these Minimum Standards. The FMA reviews on a case-by-case basis whether legal provisions were also breached due to the non-observance of recommendations in minimum standards.

These FMA Minimum Standards do not prevent *Pensionskassen* from setting higher standards.

The previous FMA Minimum Standards for informing beneficiaries of *Pensionskassen* published in December 2013 are replaced by these Minimum Standards.

## II. INFORMATION TO BENEFICIARIES (ENTITLED) UPON THEIR INCLUSION IN THE *PENSIONKASSE* PROVISION

The *Pensionskasse* supports the employer with regard to the information that is given to beneficiaries (entitled) upon their inclusion in the *Pensionskasse* provision<sup>1</sup>. The aim is to ensure that the beneficiaries (both entitled and recipients) are informed in a clear and comprehensible way about their pension commitment. The *Pensionskasse* in particular supports the employee in the drawing-up of the following information about

- the general functioning of a *Pensionskasse*;
- the scope of benefits, in particular:
  - the conditions that need to be satisfied for a claim to an (early) old-age pension and the calculation method upon which the amount of the (early) old-age pension is determined;

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<sup>1</sup>Art. 19 para. 2 PKG

- the conditions that need to be satisfied for a claim to an occupational invalidity pension and the calculation method upon which the amount of the occupational invalidity pension is determined; Furthermore, the conditions under which the claim to an occupational invalidity pension expires are also listed;
- the conditions that need to be satisfied for a claim to survivors' benefits and the calculation method upon which the amount of the occupational survivors' benefits is determined; Furthermore, the conditions under which the claim to survivors' benefits expires are also listed;
- in the case of beneficiaries (entitled), the claims at the time of leaving the company prior to the occurrence of a benefit event. Where a vesting has been prescribed, then the timeframe is to be stated and its significance explained;
- the conditions under which benefits may be paid off;
- the employee's option to pay their own contributions as well as the administrative processing of such contributions, especially by way of the premium-sponsored employee contributions in accordance with Article 108a of the Income Tax Act (EStG; Einkommensteuergesetz);
- how contributions and benefits are treated from a tax perspective,
- The URLs of the web pages of the *Pensionskasse*, where information is also displayed for beneficiaries (both entitled and recipients).

For the case that forward-looking projections are made, the following limits for the parameters shall not be exceeded:

- annual yield from investment: the maximum technical surplus according to the *Pensionskasse* contract and/or the business plan;
- Pension increase: the maximum difference from the technical surplus less the assumed interest rate according to the *Pensionskasse* contract and/or the business plan;
- assumed interest rate: maximum assumed interest rate according to the *Pensionskasse* contract and/or the business plan;

The assumptions taken and parameters are stated and explained. Moreover, it should be clarified that the calculation is not based on a guaranteed assumed interest rate. The consequences of an under-running of the technical surplus and/or the assumed interest rate should also be pointed out.

### III. INFORMATION IN THE CASE OF LEAVING THE COMPANY PRIOR TO THE OCCURRENCE OF A BENEFIT EVENT

The *Pensionskasse* shall in particular inform beneficiaries (entitled) in the event of their leaving the company prior to the occurrence of a benefit event about

- Name, location of the central headquarters, legal form and registered office of the *Pensionskasse* as well as of any branch;
- Name, address, legal form and registered office of the (former) employer with which the *Pensionskasse* contract was concluded;
- Reporting date to when the information relates;
- Name, gender and date of birth of the beneficiary (entitled);
- The amount of the vested amount, broken down into:
  - vested amount from employer contributions;
  - vested amount from employee contributions in accordance with Article 108a EStG, Article 108i para. 1 no. 3 lit. c EStG and Article 17 para. 1 no. 4 lit. c of the Company Employee and Self-Employment Provisions Act (BMSVG; Betriebliches Mitarbeiter- und Selbständigenvorsorgegesetz);
  - vested amount from other employee contributions;
- the date of leaving the company;
- The disposal options for the vested amount pursuant to Article 5 paras. 2, 3 and 4 of the Company Pension Act (BPG; Betriebspensionsgesetz);
- the administrative processing including a pre-prepared reply letter, with the help of which the entitled beneficiary is able to choose the desired disposal option, and where applicable in the case of opting for a settlement may enter their bank details;
- the tax on salaries deducted in the case of a settlement in accordance with Article 67 para. 8 lit. e EStG.