

# KÅPAN PENSIONER

Sweden's best pension manager

## Key information

- Kåpan Pensioner was named as Sweden's best pension manager at the IPE Awards Ceremony in Paris – the Oscars of the pension industry.
- Your bonus rate is 10%, throughout 2006, you will therefore receive the highest bonus rate after costs of all eligible companies in the PA 03 choice.
- You pay by far the lowest costs for administration, 0.10% on your pension capital.

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## Presenting Kåpan Pensioner

You are a member of the pension society called Kåpan pensioner försäkringsförening, (Pensions for Government Employees, Kåpan Pensioner). Since the start in 1991, the society has managed defined contribution pensions linked to the public sector pension agreements PA-91 and PA 03. You become a member when you have a job that means you are included in a government employee pension agreement.

Our name, Kåpan, is a Swedish acronym that stands for complementary retirement pension which is also the family name of our various pension products.

Kåpan Pensioner is a mutual society where the return on savings is returned to you as a member in the form of a higher pension. Today the society has more than 500,000 members. Together, our members own all the assets in the operations, there is no owner looking for returns as in a limited company. This is why we are not included in the information and statistics that cover life insurance and pension companies.

We offer traditional pension insurance with a guaranteed growth in value at a low cost, which over time is expected to provide a good and stable return on your pension capital.

Kåpan Pensioner has engaged the National Government Employee Pensions Board (SPV) in order to ensure efficient customer service and low administrative expenses. This means that you as a member mainly have contact with the Kåpan section at SPV concerning your pension. You can reach them by telephone +46 60 18 75 85.

We have prepared this brochure so that you can find out more about us and your pension savings.

Additional information is available on our website [www.kapan.se](http://www.kapan.se)

## We manage your pension capital

The public sector pension agreements PA 03 and PA-91 give you an occupational pension over and above your national pension.

Under these agreements the employer pays pension premiums to Kåpan Pensioner on your behalf.

You can see which pensions you have and how much capital you have by looking at your pension statement.

Your pension with us is a defined contribution pension which means that you build up your own pension capital every year until you retire. The total payments made, together with the return we achieve on the capital, determines the size of your pension. This is different from a defined benefit pension – such as the old ITP Plan or the defined benefit component in the state pension agreements – where your pension is determined by your salary prior to retirement and the number of years you have worked. Kåpan are exclusively defined contribution pensions where you receive a guaranteed interest and the entire surplus from management in the form of a higher pension.

### Kåpan Retirement Pension – occupational pension you choose

If you are over 23 and are covered by the PA 03 pension agreement, you will start earning a retirement pension where you can choose the type of pension insurance – traditional with a guaranteed rate, or unit linked where you yourself take the risk. You can also choose who manages your pension. You are free to choose Kåpan Pensioner's traditional insurance, but we also manage your pension if you do not make an active choice. The premium is 2.3% of your gross salary. Your pension will be paid from the day you retire and will be paid for life.

### Kåpan Tjänste – complementary occupational pension

For employees who have reached the age of 28, the employer pays premiums to Kåpan Tjänste each month. According to PA 03 the premium is 2.0 % of gross salary. Under the PA-91 pension agreement the premium is 1.7 % of gross salary. Kåpan Tjänste pension is normally paid over a period of five years but you can change this if you would like your pension paid for longer at a lower amount. Posten employees are covered by Posten's own pension plan ITP-P which includes a component called ITPK-P which corresponds to Kåpan Tjänste.

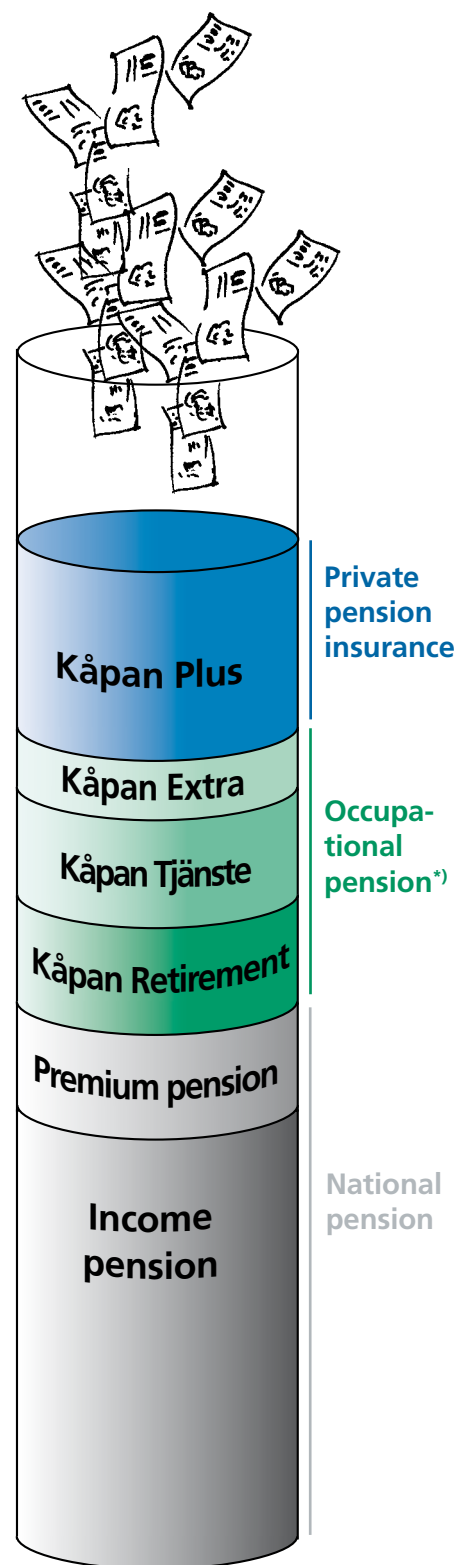
### Kåpan Extra – locally agreed occupational pension

Your employer and the union organisations can sign local collective agreements on additional pension provisions in the form of Kåpan Extra for employees over the age of 18. The size of the premium is set in the agreement. Agreements can be signed for an entire authority or for sections of personnel.

### Kåpan Plus – your own choice for private pension savings

Everyone who is at least 18 and is or has been a government employee or receives a statement from Kåpan Pensioner can save in the private pension insurance Kåpan Plus. This is the only pension form where you yourself decide how much you wish to save!

**Read more about Kåpan Plus further on in this brochure or on our website [www.kapan.se](http://www.kapan.se)**



\*) Your state occupational pension often also includes a defined benefit component. You can obtain information about this from the National Government Employee Pensions Board (SPV).

EXAMPLE

# KÅPAN

## PENSIONER

Stockholm, april 2007

### Pensionsbesked per 2006-12-31

490501-4455

 Demo Demosson  
 Demovägen 1  
 111 22 DEMOBORG

Försäkringens värde 2006-12-31		2	3
Värde är inbetalda premier, nettoavkastning inklusive återbäring.			
Försäkring	1	Värde	varav garanterat värde
Kåpan Tjänste		67 656	61 509
Kåpan Extra, med återbetalningsskydd		1 970	1 879
Kåpan Ålderspension, med återbetalningsskydd		25 849	22 040
Kåpan Plus, med återbetalningsskydd		110 624	105 117
Kåpan ITPK-P med återbetalningsskydd		21 051	21 051
<b>Totalt värde</b>		<b>227 150</b>	<b>211 596</b>

Inbetalda premier		4	5
		Under 2006	T.o.m. 2006-12-31
Försäkring		4 011	44 813
Kåpan Tjänste		468	1 973
Kåpan Extra, med återbetalningsskydd		13 077	25 783
Kåpan Ålderspension, med återbetalningsskydd		3 600	79 600
Kåpan Plus, med återbetalningsskydd		4 063	23 663
<b>Totalt inbetalt</b>		<b>25 219</b>	<b>175 832</b>

Förväntad pensionsutbetalning per månad				6
Prognos beräknad på värdet av försäkringen enligt ovan och en antagen framtida återbäring på 5 %:				
Försäkring	Fr.o.m. ålder	7	8	Per månad
Kåpan Tjänste	65 år	5 år		1 732
Kåpan Extra, med återbetalningsskydd	65 år	5 år		50
Kåpan Ålderspension, utan återbetalningsskydd	65 år	livsvarig		165
Kåpan Plus, med återbetalningsskydd	65 år	5 år		2 787
Kåpan ITPK-P med återbetalningsskydd	65 år	5 år		568
<b>Totalt</b>				<b>5 302</b>

 Din  
 pension  
 från  
 Kåpan

Utvecklingen av värdet på ditt pensionskapital är beroende av återbäringsräntan. Så här har återbäringsräntan för Kåpan varit de senaste åren:

År	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	genomsnitt/år
Ränta	10,0 %	10,0 %	5,0 %	3,5 %	1,0 %	4,0 %	6,0 %	14,0 %	11,1 %	11,1 %	7,6 %

 Din pension förvaltas av Kåpan pensioner försäkringsförening. Vill du fråga om Kåpanpensionerna eller göra egna pensionskalkyler? Kontakta Kåpans kundtjänst hos SPV, telefon 060-18 75 85, fax 060-18 77 47, e-post: [kapan@spv.se](mailto:kapan@spv.se), webbplats: [www.spv.se](http://www.spv.se) eller via brev: Jägargatan 1, 851 90 Sundsvall

## How to read your pension statement

- 1** The name of the **pension product** you have with us. A brief description of each product is provided on previous pages.

**The insurance is shown with or without repayment cover**  
 Kåpan Tjänste is not available with repayment cover. Kåpan Pension's other products can be chosen with or without repayment cover.

Repayment cover means that the pension capital accrues to your next of kin in the event of your death. If you have a pension without repayment cover, your pension will be slightly higher since you will receive a part of the surplus that arises as a result of assumptions on the anticipated longevity of the insurance collective, but if you die your capital stays in the society and creates a so-called inheritance gain.
- 2** **The insurance value** at the end of the year consists of paid-in premiums plus return minus expenses and taxes.

**Return** consists of the guaranteed rate combined with the annually decided bonus rate. Before the return is included in your insurance value, deduction must be made for costs and policyholder tax. It is the net rate that remains that is added to your insurance.

**Policyholder tax** is the same for all pension savers and is 15% of the government lending rate, i.e. approximately 0.5%.

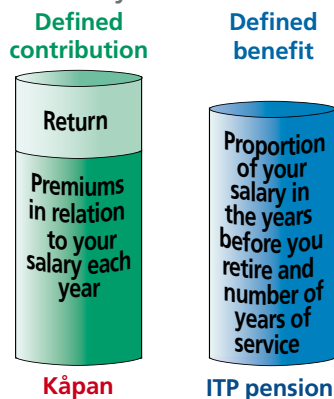
**Your costs** when you save with Kåpan Pensioner are low, in 2006 total administrative expenses were only 0.16% of your managed assets. For 2007, we will take out a charge of 0.75% on paid-in premiums and 0.10% on your pension capital. The low costs are a major advantage for you since they mean there is more money for your pension when the time comes for it to be paid.
- 3** **The guaranteed value of the insurance** at year-end consists of paid-in premiums and guaranteed rate minus expenses and taxes. The difference between the insurance value and the guaranteed value is the size of the bonus funds earmarked for you. The bonus funds are your risk capital in the society since they can be taken back if the return on the assets is too low in the future.
- 4** **The total amount of premium** payments during the year. Kåpan Plus you have paid in yourself, while other premiums have been paid by your employer.
- 5** **The total amount of premium payments**, both this year and in previous years. The amounts at items 4 and 5 do not include a guaranteed rate and bonus or deduction for taxes and management charges, but only a summation of payments made.
- 6** **The pension payment you are expected to receive per month** is calculated by the value of the insurance indexed with an assumed bonus rate of 5% for every year until retirement date. The calculation is solely based on premium payments so far. Your pension per month has been calculated on the basis of this forecast value. The assumption of a bonus of 5% per year is not a guarantee. It is an estimated level of anticipated future return.
- 7** **The retirement age** on which the calculations are based. Normal retirement age is 65 but you can choose to start withdrawing pension at a different age. If you want to change your withdrawal age, please telephone us on 060-18 75 85.
- 8** **The period** during which your pension will be paid. For Kåpan Tjänste, Extra and Plus the normal period is 5 years. Other withdrawal periods may be chosen. If you want to change, please telephone us on 060-18 75 85.

**Read more about our defined contribution pensions and low costs on the next page!**

## Saving with Kåpan – return with a low risk

We want you as a member and saver with Kåpan to feel that your capital is in safe hands and will be managed in the best way until it is time for you to retire. So we would like to explain a little about what happens to your money when you save with us.

Your pension is determined in different ways



### A defined contribution pension – gives you all the growth in value

Your pension with us is a defined contribution pension which means that your employer, or you yourself for Kåpan Plus, pays in premiums for your Kåpan pension. The employer pays a charge in addition to your monthly salary, after which the money is “yours”.

The size of your pension is determined by your total premium payments and the size of the return on your pension capital with the society. You will receive the entire return in the form of a higher pension. This is different from a defined benefit pension which is determined on the basis of your salary before your retire. The difference means that the employer receives the surplus created on the managed pension assets but also bears the risk if a deficit should arise.

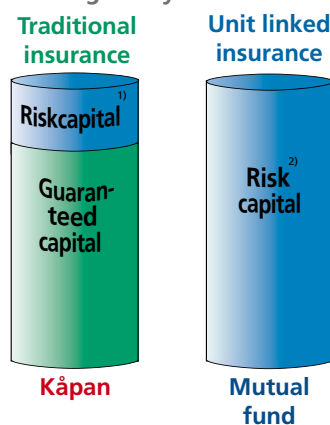
### With a guaranteed rate – to reduce the risk

Your pension from Kåpan is a traditional pension insurance. This means that every year you receive a guaranteed interest rate on the money you pay in.

The guaranteed interest rate that applies when the payment is made is what you receive on that money until you retire. Your savings capital can therefore never decrease in value but constantly increases in value by at least the average guaranteed rate.

The guaranteed rate means that we who manage your capital must constantly weigh the risk of the capital decreasing in value against the aim of creating a high return. If you compare this with a unit linked pension insurance, you risk your entire pension capital in such an insurance which can give you a higher return but can also reduce the value of your capital and give you a lower pension.

Your savings carry different risks



<sup>1)</sup> Your risk capital is the bonus you have received over the years in addition to the guaranteed return.

<sup>2)</sup> In a unit linked insurance you risk all your capital.

### Bonus rate in 2006, after deduction for costs

Kåpan Pensioner	9.9%
AMF	9.8%
Handelsbanken <sup>*)</sup>	7.4%
Länsförsäkringar	6.7%
SPP <sup>*)</sup>	6.1%
Skandia	6.0%
Nordea Liv	2.9%
Folksam <sup>*)</sup>	2.9%
SEB	2.5%
KPA <sup>*)</sup>	1.2%

<sup>\*)</sup> provides a bonus rate that is the same as return for the year.

### Kåpan has provided the highest bonus rate in recent years

You also receive interest on your entire saved capital every year. This is called the bonus rate and is specified including the guaranteed rate. All the surplus created in the society is given back to you as the difference between the bonus rate and your guaranteed rate. Normally, the bonus rate is higher than the guaranteed rate so it is probably the bonus rate that decides the size of your pension.

The bonus rate is decided at Kåpan's annual meeting. For 2006 you will receive a bonus rate of 10% for the whole year. The average bonus rate in pension companies for 2006 was 5.6%<sup>\*)</sup> before costs. Kåpan has provided a higher bonus than any other eligible pension company in recent years at the same time as having the lowest costs.

<sup>\*)</sup> Source: Swedish Insurance Federation, eligible companies in the PA 03 choice.

## What return will you receive on your capital?

We whose job is to manage your money have many years of experience of asset management. Our aim is to give you a stable value development and therefore a good long-term return on your savings capital. It is also important that we keep costs at as low a level as possible.

### The net return determines your pension

The return you receive is usually referred to as a bonus rate before deduction for administrative expenses and policyholder tax. Policyholder tax is a standard tax which is the same for all pension savers regardless of the return on your capital.

People who save with Kåpan Pensioner do so at very low costs, compared with the pensions companies, which gives you an important advantage. However, since there is no consistent accounting for costs it is difficult for us and for you as a saver to compare all costs.

Since saving towards your pension is long-term, even minor differences in costs are highly significant for your future pension. If you compare our costs of 0.1% with a pension company that has total costs of up to approximately 1%, this means that your pension if you are 45 years old will be 15% higher from us, all other things being equal.

### Our aim is stable long-term returns

Managing assets well is all about finding a balance between risk taking and anticipated return. We invest some of your capital in fixed-income securities since these are expected to provide a stable value development over time and we have promised you a guaranteed return.

Normally we invest just over one-third of the capital in equities which is a more risky investment but which can also provide a higher return. In order to be able to assess whether we are successful in our asset management, we compare ourselves with the performance of various markets with the aid of indexes.

Another way of making comparisons is to look at our returns in relation to those of the pension companies.

During the period 2001-2006, Kåpan Pensioner had an average total return of 5.6%. The average return achieved by the pension companies was 2.9%. Furthermore, as already mentioned, their costs are considerably higher.

### Green light from the Swedish Financial Supervisory Authority

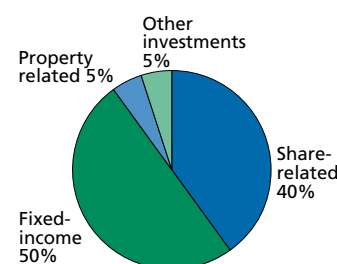
In 2006, the Swedish Financial Supervisory Authority introduced a new “traffic light” monitoring system for occupational pension insurance. In the test the risks in the investments are weighed up against assumptions made. Kåpan was given a “green light” which means, among other things, that we can cope with a stock market fall of 40% without risking our obligations. This means that we have a stable financial position that provides you with financial security.

**You can also monitor our asset management performance on our website [www.kapan.se](http://www.kapan.se)**

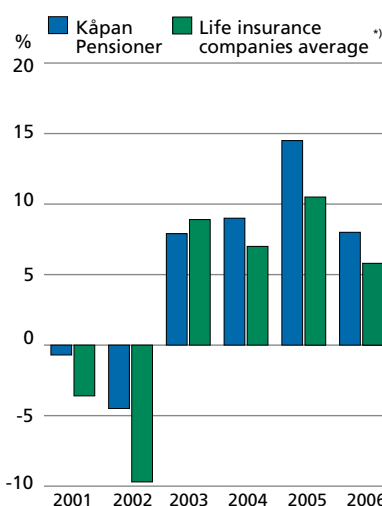
Here is an example from 2006 which shows how low costs give you a high net return

	Kåpan	Pension companies
Bonus rate, gross	10.0	5.6
Policyholder tax, standard rate	- 0.5	- 0.5
Administrative expenses	- 0.1	- 0.5
<b>The return you will receive</b>	<b>9.4</b>	<b>4.6</b>

### Breakdown of society's assets, December 2006



### Total return



<sup>\*)</sup> Eligible companies in PA 03 choice.

## Kåpan Plus – a safe choice for a higher pension!

Since most of us can expect our income to be reduced by at least one-third when we retire, it might be a good idea to complement your occupational pension with a private pension insurance. Kåpan Plus has a guaranteed return, our low costs and the same bonus rate as your occupational pension.

### Who can take out Kåpan Plus?

Everyone who is at least 18 and is or has been a government employee or receives a pension statement from Kåpan Pensioner, i.e. is a member, can save in the private pension insurance Kåpan Plus.

### Premiums

It is entirely up to you how much you wish to save, although the minimum amount is 200 kronor per month. You can also choose how long you wish to save and whether you want to pay your premiums monthly or quarterly. You are also free to make an extra payment from time to time! Even if you are no longer a government employee, you can keep your Kåpan Plus insurance and continue saving.

The premiums for Kåpan Plus are tax deductible in your tax return up to a certain amount specified in the tax deduction rules for pension insurance.

### Pension payments

Payment of your pension can start from the age of 55 at the earliest and on your 70th birthday at the latest. You can choose to withdraw your pension during a five-year period or longer. Pension payments are taxed as earned income.

### Repayment cover

Kåpan Plus can be taken out with repayment cover. This means that pension can be paid to your surviving spouse, cohabitant, or children for a maximum period of five years if you should die before your pension has been paid. The size of this survivor's pension is based on the current value of your insurance. If you choose to have repayment cover, you will receive a slightly lower pension.

The table below provides a forecast of the size of your pension capital after regular savings from when you start saving until you reach 65. Your pension will be calculated from this pension capital.

### Your future pension capital in Kåpan Plus (with 5% annual interest)

Starting age	Monthly saving, SEK	Pension capital at 65, SEK	
		Without repayment cover	With repayment cover
25 year	200	252,600	239,600
25 year	400	505,200	479,100
35 year	200	146,800	139,500
35 year	400	293,600	279,000
45 year	200	76,600	73,200
45 year	400	153,200	146,500
55 year	200	30,200	29,300
55 year	400	60,400	58,500

# KÅPAN

## PENSIONER

Pensions for Government Employees

### Application for Kåpan Plus

Personal particulars	Personal id. no.	
	Name	
	Street address	
	Postal address	
Specify type of pension	<input type="checkbox"/> Retirement pension with repayment cover <input type="checkbox"/> Retirement pension without repayment cover	
Specify payment method	<input type="checkbox"/> I wish to pay in my savings amount myself. Paying in to payment Kåpan's PlusGiro using the payment slips I receive from Kåpan <input type="checkbox"/> I wish to make regular savings via autogiro.	
Savings amount	I wish to make monthly savings in Kåpan Plus and make regular payments as specified below (minimum SEK 200/month). <input type="checkbox"/> SEK 200 <input type="checkbox"/> SEK 500 <input type="checkbox"/> SEK 1000 <input type="checkbox"/> SEK 1500 <input type="checkbox"/> SEK .....	
Name and signature	Date ..... Signature ..... Name in block capitals .....	
Autogiro	I hereby accept the terms for connection to Autogiro. The amount will be transferred on the 28th of each month or on the next banking day after the 28th. (NB! Transfers will be made without prior notification and will continue each month until you specify otherwise.) The amount specified above should be withdrawn from Clearing number ..... Account number ..... Bank ..... Date ..... Signature .....	
Insurance policy	An insurance policy will be sent to you when your first payment has been	

Please send your application to SPV, Kåpan-sektionen, SE-851 90 Sundsvall

Kåpan pensioner försäkringsförening is the insurance provider and manager of the Kåpan pension, which is administered by SPV.

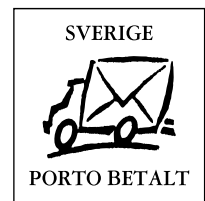
Please address any questions about the Kåpan pension to: SPV Kåpansektionen SE-851 90 Sundsvall

**Telephone** +46 60 18 75 85 **Fax** +46 60 18 77 47 **E-mail** kapan@spv.se **Website** www.spv.se

**I would like to take out a  
Kåpan Plus pension**

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Fold and tape your application



**SPV Statens Pensionsverk**  
**Kåpansektionen**

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**Svarspost 204 499 23**  
**858 00 Sundsvall**

## A balance between return and risk

Our aim is to create a good and stable return on your pension capital at the lowest cost in the industry.

It is always nice to be appreciated for the work you do. For us the voting of Kåpan Pensioner as Sweden's best pension manager at the IPE Awards Ceremony in Paris – the Oscars of the pension industry – provides confirmation that we are doing the right things in the right way.

We also managed to reduce our administrative expenses still further to an annual cost for you of 0.10% of your pension capital, which is a very low level compared with the other eligible pension companies in the PA 03 choice.

It is also important to achieve a good result in investment management. We enjoyed stable development during 2006 with a total return of 8.8% which is well on a par with the return among pension companies. The Board has decided on an investment policy which means that we will gradually increase our holding of different classes of assets. The policy means that we will use available risk capital in the society in an effective manner while at the same time trying to achieve a good return without risking our members' pension capital.

My assessment is that the way we work, combined with the fact that we are a pension society, is the best way to offer effective and stable pension savings. On our website [www.kapan.se](http://www.kapan.se) you can continuously monitor how we manage our assets and review our financial position.

We look forward to managing your pension capital in the years ahead.

**Gunnar Balsvik**  
President

**Göran Leine**  
Investment Manager, equities

**Rolf Ramstedt**  
Investment Manager,  
fixed-income

**Arne Lidén**  
Investment Manager,  
derivatives, etc

**Josefine Ljung**  
Risk Manager

**Kerstin Bergman**  
Chief Accountant

**Rolf Berglund**  
Investment Manager,  
external investments

## Like to know more about your Kåpan pension?

We will continue to keep our costs low. So this brochure is all you will receive from us in your letterbox for a while. Instead, you are welcome to visit our website [www.kapan.se](http://www.kapan.se).

Here you will find more information about your Kåpan pension and the latest figures from our investment managers. You can also read more about us as an organisation and obtain answers to many other questions relating to your pension savings.

If you have any further questions or would like a personal estimate for a Kåpan Plus pension, please call the Kåpan section +46 60 18 75 85, or send an e-mail to [kapan@spv.se](mailto:kapan@spv.se).

**KÅPAN**  
PENSIONER

Pensions for Government Employees