



FOR GOVERNMENT EMPLOYEES



Traditional pension insurance for government employees

Informations brochure

This is Kåpan Tjänstepension

Kåpan Tjänstepension manages collectively agreed occupational pensions for you who are or have been a government employee. We offer a traditional pension insurance with a guaranteed interest rate and good returns over time. Kåpan is a mutual insurance society which means that the members own the business together.

The society manages over SEK 130 billion for 900,000 members. We are a small insurance company with a major and important assignment. We make long-term choices to optimise the balance between risks and returns. At the same time we keep our costs as low as possible and use limited resources on marketing. All in order to give you a good return on your pension capital at the lowest possible cost. When there is a surplus, everything goes back to you in the form of bonuses.

Kåpan was formed in 1992 by the parties to the government collective agreements.

The name, Kåpan, is the Swedish acronym that stands for complementary retirement pension. It is also the family name of our various pension insurance products. The aim of this brochure is to provide basic information about what your insurance with us includes, what you receive and the choices available to you.



We have chosen to use Lady's Mantle as an illustration and symbol. Lady's Mantle is easily recognised from its unique fan shaped leaf rosette. In the centre of the rosette water drops collect in the early morning to form a shimmering pearl. The drops are formed during the night when the leaves exude water which has been taken up through the roots by guttation.

Information about your pension with Kåpan

When you are a government employee you belong to the PA 16 occupational pension agreement. This agreement means that you become a member of Kåpan as a result of your employer paying money to your occupational pension. All our insurance products are defined contribution. This means that the total amount of contributions paid and the return we can offer you determine the size of the pension you will receive from us.

Your occupational pension varies a little depending on which section of the PA 16 occupational pension agreement you belong to. If you were born in 1988 or later, you belong to Section 1. If your date of birth is before 1988, you normally belong to Section 2.

- **Kåpan Tjänste.** Your employer pays in at least 2% of your salary to Kåpan Tjänste. If you are in Section 1, your employer pays of 10% on salary components in excess of 7.5 income base amounts.
- **Kåpan Valbar or Kåpan Aktieval**
– **Your selectable part.** There is also a selectable part where you decide yourself how it should be managed. If you choose us, you can choose between two products, Kåpan Valbar with lower risk and Kåpan Aktieval with higher risk in the savings. If you do not make a choice the selectable part is placed in Kåpan Valbar.

For this component, your employer pays in at least 2.5% of your salary. If you are in Section 1, your employer pays in 20% on salary components in excess of 7.5 income base amounts. If you choose to exchange some of your salary for pension, that premium is placed in in the choice you made for your selectable part.

- **Kåpan Flex.** If you are in Section 1, your employer pays 1.5% of your salary to Kåpan Flex. If your employer has signed a local collective agreement then the extra premium is also placed here.
- **Kåpan Extra.** If you are in Section 2 and your employer has signed a local collective agreement, the extra premium is invested in Kåpan Extra.

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Your savings are a traditional pension insurance

Saving for a pension can be done in many different ways. With us, you have traditional pension insurance where our investment managers take care of the management. A traditional pension insurance also means that there is a certain guarantee.

Currently the guarantee for the **Kåpan Tjänste**, **Kåpan Valbar**, **Kåpan Flex** and **Kåpan Extra** consists of 80% of paid-in premiums accrue interest of 1% before deducting tax and costs. The cost deduction is currently 0.2%.

The guarantee for **Kåpan Aktieval** is very limited. The guarantee for Kåpan Aktieval today consists of 20% of paid-in premiums accrue interest of 0% interest before deductions for tax and costs. The cost deduction today is 0.2%.

Lifelong or time-limited payment

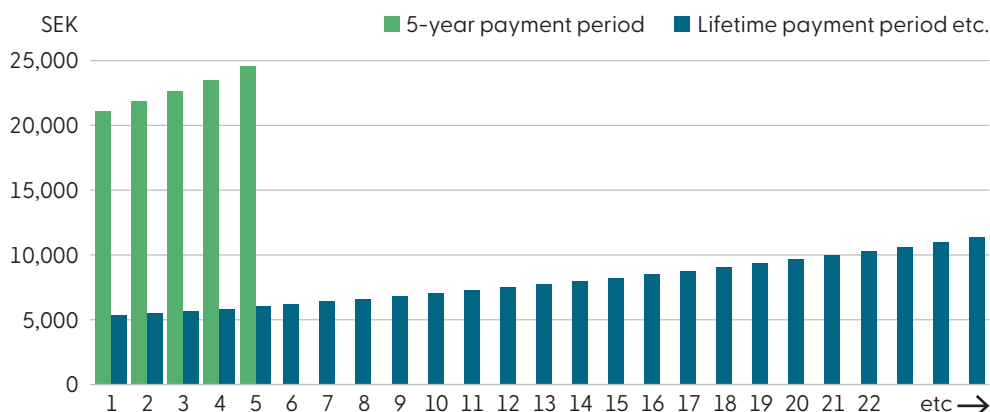
When your pension is to be paid out you can decide if you want it paid for a limited period or for the rest of your life. If you do not make a choice, the pension is paid for the rest of your life.

We use among other things life expectancy assumptions to decide the size of your pension each month. Life expectancy assumptions are an assessment of how long the insured individual will live. If you choose lifetime payments you will continue to receive your payments even if you live longer than expected according to our life expectancy assumptions. This is part of your insurance. The expected remaining lifetime for a member who reaches the age of 65 this year is 23 years and 4 months.

Right of transfer for Kåpan Valbar and Kåpan Aktieval

Right of transfer means that you can move the capital in a pension insurance. Your **Kåpan Valbar** and **Kåpan Aktieval** insurance with premiums paid after 30 June 2016 has terms that allow transfer. You may only move your pension capital to an insurance provider that is affiliated to the PA 16 occupational pension agreement.

Pension payments per year with a pension capital of SEK 100,000 and assuming a bonus interest rate of 5%



Insurance with or without repayment cover

It is possible to add repayment cover to your insurance with us. Your pension will then be lower. If you do not make an active choice, your insurance will not include repayment cover. Repayment cover means that the value in your insurance is paid to your surviving beneficiaries if you die.

How long is repayment cover valid?

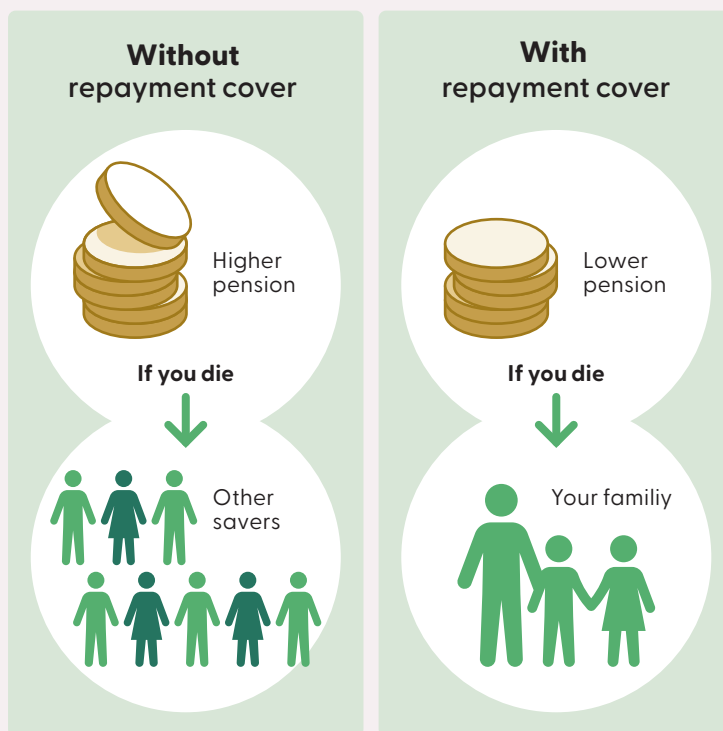
If your pension is paid out for life, repayment cover is valid up to the month of your 75th birthday. If you have chosen to withdraw your pension for a limited period, repayment cover is valid until you have received your final payment.

When can you add or remove repayment cover?

You can add repayment cover:

- within six months of taking out the insurance
- within a year from getting married, cohabiting or having children
- to future premiums in a new insurance.

You can remove repayment cover without having changed your family circumstances. You cannot add or remove repayment cover once you have started to withdraw your pension.



Repayment cover means that you get a lower pension

You are	Payment	
	for less than 5 years	for life ¹⁾
25	-6%	-10%
55	-3%	-7%

¹⁾ The figures are based on you being a new employee and continuing to work until 65.

You find forms to add or remove repayment cover at

www.kapan.se/english

Other types of insurance cover

If you die while you are a government employee, for example, according to the collective agreement your family is entitled to payments for six years following your death. At spv.se you can read more about what you are entitled to in case of death as a government employee.

Long-term asset management

The insurance premiums paid into the society together make up the assets that we manage. We have long experience of strategic investment management and our main goal is the creation of good long-term returns on your pension capital.

Our financial strength

Solvency is a measure of our financial strength, in other words, our ability to meet our guaranteed commitments. Our solvency is at an adequate level but the solvency varies between years in step with the value changes in assets and liabilities. If you would like to read more about the society's investment strategy and solvency ratio you can find the society's annual report on our website kapan.se.

Balance between risk and return

Managing assets within the framework of a traditional pension insurance relies on finding a balance between taking risks and expected returns. Capital is therefore invested based on the society's risk policy which has been produced by the society's Board. The policy stipulates that investments must be made in many different asset classes. Investments must also be made in many different securities so that no single investment constitutes too big a risk.

Investments in different asset classes

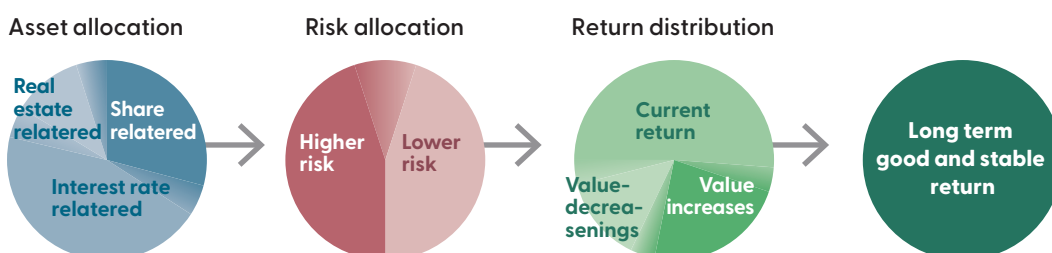
Based on the risk policy and our investment guidelines, we divide the managed capital across three main investment areas, equities, bonds and property. Together these constitute a well-balanced portfolio. Fixed-income securities are expected to provide stable returns and performance over time. Equities are more risky investments which means that the performance can swing both up and down but are expected to provide a higher return over time. Investments in real estate and similar asset types are a good complement to investments in equities and fixed-income securities. All assets are continuously given a market value so that we always have the value of the society's assets. The increase in value accrues to your insurance in the form of bonus interest.

Generation savings or Kåpan Aktieval

In Kåpan Aktieval your capital is invested exclusively in equity until you start withdrawing your pension. For our other products we take your age into account to decide the risk distribution for your capital. If you are young and have a long time before you retire you will get a higher risk in your savings to give the possibility of a higher return. Investments with greater risk are expected to provide a higher return over time than more stable investments, but value development can fluctuate considerably more during this time. This means in turn that the risk in your savings reduces in step with your approaching retirement. When you are older you get more stability in your savings.

Asset management model

We split the saved capital into three different age categories with different asset allocation between the three main investment areas. The allocation can vary within a range set by the Board in the society's risk policy.



Responsible investment management

The society's goal is to provide a long-term, stable pension to its savers. The society aims to do this at the lowest possible cost at the same time as we wish to contribute to a long-term sustainable development of society. To achieve this, we take environmental, social and economic aspects into account in our operations and in our investments.

Inclusion

To the greatest possible extent, we select companies or funds that have a high sustainability profile and companies that work actively to achieve a transition to sustainable solutions.

Exclusion

We make every effort to reject companies that contravene global standards relating to the environment, human rights, working conditions and anticorruption as well as not being involved in the manufacture or distribution of controversial weapons.

Engagement

As a long-term owner we have a responsibility to influence for positive change where we can. Our advocacy and shareholder engagement vary depending on investment and size. Our engagement includes dialogues, voting at annual meetings, membership of nomination committees, board assignments, and active participation in advisory boards.

Climate impact

We reduce our carbon footprint by avoiding investments in fossil-based companies (more than 5% of sales from extraction, energy production, processing and refining of coal and oil).

We prioritise to the greatest possible extent operations that make a positive climate contribution. We support the Paris Agreement and we have set short-term and long-term climate targets and objectives for our measurable investments in order to ensure that we reach net zero emissions by 2045 at the latest.

Internal sustainability work

It is also important that in our own operations we work actively to be a good sustainable company. We do our utmost to be resource efficient and climate smart in day-to-day activities. Internal sustainability work also covers equal treatment, equality and skills development which are fundamental values and drivers for us. You can read more about ongoing sustainability work on kapan.se. There you will also find our most recent sustainability report and our sustainability declaration.



Investment management shall be guided by:

- Decisions made by the Swedish parliament and government
- The ten principles in the UN Global Compact
- OECD's guidelines for multinational companies
- The Oslo and Ottawa Conventions
- The six UN Principles for Responsible Investment (PRI)
- The UN Sustainable Development Goals – 2030 Agenda for sustainable development.

Links to these conventions can be found on kapan.se.

Bonus – sharing the assets in the society

Your insurance with Kåpan is a traditional pension insurance which means that we guarantee your capital. In addition to the guarantee you are entitled to your share of the society's assets since we are a mutual association. You get this through each insurance being given a bonus rate, which can also be called return interest, on your pension capital. For Kåpan Aktieval the bonus rate corresponds to the development of our equity portfolio and for our other products the bonus rate corresponds to the development of the assets in your generation portfolio.

The bonus on which your pension capital is recalculated can be positive or negative at any given time. Normally your pension capital is more than your guaranteed capital and therefore the amount of your pension capital will determine the level of your pension. We add the bonus provisionally to all policies monthly.

Bonus after tax and costs

The costs allocated to your insurance are partly the costs the society has for administration of all policies and partly the tax charged on savings in pension insurance, so-called tax on returns. This tax uses a standardised method based on the average government lending rate and is equally high in percentage points for all pension savers regardless of the size of the return.

The society's administrative costs in relation to managed capital are low and have gradually decreased over the years. These costs are covered by taken a charge from your pension capital. Currently the charge are 0.06 percent. The cost of asset management is 0.04 percent. The cost of asset management is not a charge taken from your capital however it affects your capital when it's make the bonus rate lower.

The collective funding ratio

The collective funding ratio is a measure of the value of the society's assets in relation to the members' total pension capital. The policy adopted by the Board means that value of the society's total assets shall provisionally be shared monthly across all policies. This means that the bonus rate is set so that the funding ratio amounts to 100% at each month-end.

The cost of asset management is
0,04%

Currently the charge are
0,06%

When you start withdrawing your pension

There are many different alternatives when you start planning for your retirement.

Your pension will normally come from several different sources and there are a lot of conditions and options to consider. When you want to withdraw your pension you need to make an application. A form to apply you find at kapan.se/english. The pension is paid for life unless you apply for an alternative.

You can withdraw.

- **Kåpan Tjänste** and **Kåpan Extra** for life or for a limited period of 5 to 20 years
- **Kåpan Valbar** and **Kåpan Aktieval** for life or for a limited period of 10 to 20 years
- **Kåpan Flex** for life or for a limited period of 1 to 20 years.

If you are in Section 2, the earliest you can withdraw your pension is age 61. If you are in Section 1, the earliest you can withdraw your pension is the same age as for the national retirement pension. Today this is age 63 at the earliest.

From pension capital to paid-out pension

When you have told us that you want to start taking out your pension, we calculate a so-called forecast amount. The forecast amount is the amount of pension we will pay each month. It is based on the amount of pension capital and the length of time over which payments will be made.

When we calculate the forecast amount, we take into account assumptions about future returns, tax and costs as well as life expectancy for the remaining insured period. The aim is to give you a relatively even pension payment.

The assumptions are usually called forecast assumptions. The most important assumption is the forecast interest rate. We currently assume a forecast interest rate of 2% which comes from assumptions about our expected returns. You will still get a bonus rate on the capital that remains in the society. If the bonus rate is over 2%, your pension payments will increase.

To ensure that you always get at least the pension guaranteed by your insurance, we also calculate the guaranteed pension amount per month based on your guaranteed pension capital. We always pay you the higher of these two amounts.

More about the society

Strategic direction

The society is not open to everybody. Members can only comprise persons who are employed under collective agreements made between the parties in the government sector. This means that the society does not compete with other insurers in other agreement areas. We have therefore chosen to put limited resources into marketing and focus on providing information via the annual statement and kapan.se. We also do not pay commission to banks or insurance agents for selling our products. The intention is to create a good long-term return on members' pension capital at a low cost. We do this by focusing on one product, traditional pension insurance with guaranteed interest, a balanced and efficient form of saving. We do not put resources into creating many different savings alternatives. We try solely to achieve a good and efficient pension saving for our members.

The strategic direction is decided by the Board. The parties to the government agreement sector have given the society specific responsibility within the framework of the pension agreement since we are responsible for management of pension premiums for which there is no choice and premiums for those who do not make a choice. The overall judgement is that the society's method of working in combination with the legal structure of a mutual society is the best way to offer effective and stable long-term pension savings.

Regulations

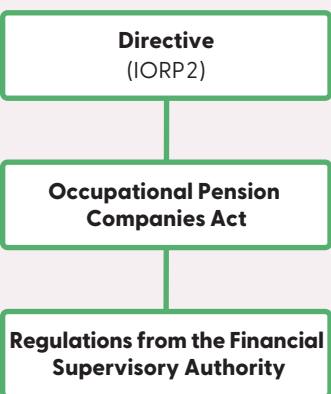
Kåpan is an independent legal entity in the form of an occupational pension society. The business is regulated by a number of laws enacted by parliament, primarily the Occupational Pension Companies Act (2019:742) as well as a large number of regulations published by the Swedish Financial Supervisory Authority. The regulations are based on the EU's Institutions for Occupational Retirement Provision (IORP) Directive. The Financial Supervisory Authority exercises oversight of the business.

Our business is also regulated by the Sustainable Finance Disclosure Regulation (SFDR). The aim of the regulation is to make it easier for end-investors to compare different financial products and players regarding sustainability risks and targets for sustainable investment. The regulation applies both at product level and entity level. Kåpan is covered by the regulation at entity level but not at product level since the society does not market or sell financial products within the EU. A comprehensive description of how the society relates to the Disclosure Regulation can be found at kapan.se/disclosureforordningen.

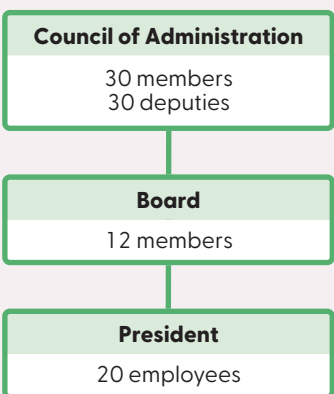
Governance and organisation

According to the statutes, the society's highest decision-making authority is the Council of Administration. The Council of Administration has thirty members and the same number of personal deputies. Fifteen members are appointed by the trade unions the Public Employees' Negotiation Council (OFR/S,P,O), the Swedish Confederation of Professional Associations (Saco-S), and the Service and Communication Union (Seko) in proportion to the number of members in each, and fifteen members are appointed by the Swedish Agency for Government Employers (Arbetsgivarverket). The members are appointed by their respective organisation for a mandate period of one year. They must be members of the society.

Regulations



Board and management



The Council of Administration appoints Kåpan's Board which consists of twelve members. Six of the members are appointed by the employee side, two by the Swedish Confederation of Professional Associations, two by the Service and Communication Union and two by the Public Employees' Negotiation Council. Six members are appointed by the Swedish Agency for Government Employers. Members of the Board may not be members of the Council of Administration.

The Council of Administration also appoints at least one ordinary authorised public accountant and at least one deputy authorised public accountant to audit the business on behalf of the Council of Administration.

The mandate period for Board members is one year. The mandate period runs from the ordinary meeting of the Council of Administration where the election took place up to and including the ordinary meeting the following year. Board members stepping down may be re-elected. The Board appoints a President who has operational responsibility for the business.

Insurance conditions are determined by the collective agreement and the society's statutes

The society's business is governed by statutes adopted by the society's Council of Administration. The statutes provide the basic conditions for the business and what limitations apply. The conditions for your pension insurance are based on the conditions in applicable collective agreements and statutes. There are also conditions for each insurance which describe the conditions in a coherent manner. The statutes are available on kapan.se and information on your applicable pension agreements will be found on arbetsgivarverket.se or on one of the trade unions' websites.

If you want to influence the society's operations and direction you can make your views known to your local trade union representative, the trade union main office or one of the members of the Council of Administration. The members of the Council of Administration are presented in the society's annual report which you will find on kapan.se

The role of the insurance actuary

To ensure that we get our calculations right and the conditions of all our insurances are followed correctly, the society uses an actuary. The actuary is independently responsible to the Board and the Financial Supervisory Authority and is responsible among other things for calculating the value of your pension capital and the pension you get paid by us. The actuary's work is based on the society's actuarial guidelines adopted by the Board.

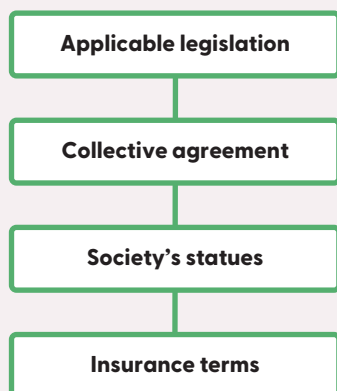
Auditing and internal control

The society's operations are continuously reviewed through internal controls which make risk assessments and specific analyses that are presented to the Board. Additionally, the Council of Administration appoints external auditors who review our investment management and ensure that we are following applicable accounting regulations. The auditors present the result of their review to the Council of Administration each year. In all there are three levels of control in the society all aimed to ensure that we manage your capital well and that we pay you the correct pension.

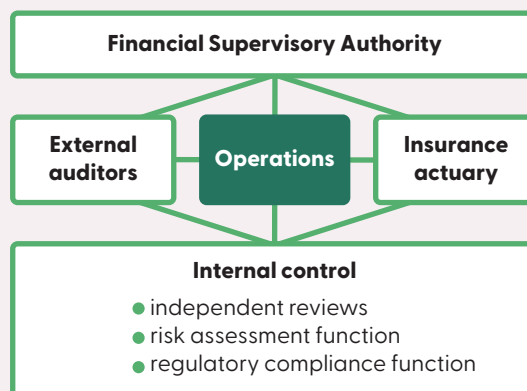
Future direction

The society's ambition is that we will provide a good alternative for those who do not actively choose a pension manager. Our intention is to be able to offer an alternative for the future with good expected returns and low costs.

Your insurance conditions



Control and oversight





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www.kapan.se