



KÅPAN
PENSIONER

RULES

Decided on 30 August 2016

Rules for Kåpan pensioner försäkringsförening

Proposal for decision by the Council of Administration on 30 August 2016

§ 1 Operating name

The operating name of the Society is Kåpan pensioner försäkringsförening (Government Employees Pension Fund, Kåpan)¹⁾, referred to below as 'the Society'.

§ 2 Objects

The objects of the Society are to offer pension insurance to people covered by a pension agreement concluded between the Swedish Agency for Government Employers of the one part, and the three trade union organisations OFR/S, P och O (the Public Employees' Negotiation Council/S, P and O), Saco-S (the Swedish Confederation of Professional Associations-S) and Seko (the Union of Service and Communication Employees), or following special review between other parties who have concluded pension agreements linked to one of these agreements.

§ 3 Membership

The members of the Society are every employee covered by a pension agreement referred to in Rule 2 and that has been credited with premiums for occupational pension insurance or granted admission through private pension insurance.

§ 4 Information about pension

The Society shall provide at least once per year to each insured written details regarding the amount of the pension benefits

§ 5 Council of Administration

1. The Council of Administration is the Society's supreme decision-making body and substitutes the annual general meeting according to the Benevolent Societies Act. The Council of Administration comprises thirty members and personal deputies. Fifteen members are to be appointed by the trade union organisations, in proportion to the number of members they have, and fifteen members are to be appointed by the Swedish Agency for Government Employers (SAGE). Members are appointed for a term of office of one year by the respective organisation.
2. An annual meeting of the Council of Administration shall be held once per year, no later than July.

§ 6 Annual general meeting

1. The following business shall be dealt with at the annual meeting of the Council of Administration:
 - a) The board of directors' report for the past year,
 - b) Audit report,
 - c) Approval of management report, income statement and balance sheet,
 - d) Issue of discharge from liability for the board of directors and the president,
 - e) Issue of fees for the board members and auditors,
 - f) Election of members of the board together with deputies,,
 - g) Election of auditors together with deputies
 - h) Other business raised by the board of directors, auditors or individual members.

Other business raised by the board of directors, auditors or individual members shall be notified in writing to the board of directors at least four weeks prior to the meeting of the Council of Administration.

2. Every member has one vote. A member may not vote through a representative. Resolutions are determined by simple majority, unless otherwise provided by the Benevolent Societies Act (1972:262). In the event of an equal number of votes an election shall be determined by drawing of lots and otherwise the view supported by the chair shall prevail.
3. Notice convening meetings of the Council of Administration shall be given by letter and shall be dispatched no later than two weeks prior to the meeting

¹⁾ Translator's note: the registered name of the society is "Kåpan pensioner försäkringsförening" which literally means "Kåpan pension insurance society". This benevolent society also uses in its operations the unregistered English name "Government Employees Pension Fund, Kåpan".

§ 7 Board of directors and signatories

1. The affairs of the Society shall be managed by a board, based in Stockholm.
2. The board of directors of the Society comprises six members together with an equal number of personal deputies. Three of the members together with deputies are to be appointed by the employer's side, one by Saco-S, one by Seko and one jointly by OFR/S, P and O. Three members together with deputies are to be appointed on the proposal of the Swedish Agency for Government Employers. A member of the board of directors may not be a member of the Council of Administration.
3. The term of office for board members is one year. This term of office runs from the annual meeting of the Council of Administration, at which the election took place, up to and including the annual meeting of the Council of Administration in the immediately following year. Retiring board members may be re-elected.
4. The board of directors may itself appoint a chair and vice chair. The chair is appointed by the employer's side and the vice chair by the employees' side.
5. The board of directors shall appoint a president.
6. The board of directors comprise a quorum when at least two of the members from the employer's and the employees' side respectively are in attendance. The view supported by the majority shall prevail as the decision of the board of directors. In the event of an equal number of votes, the view supported by the chair at the meeting shall prevail. Minutes shall be kept of meetings of the board of directors.
7. The person or persons within or outside the board of directors who have been appointed by the board of directors to do so may sign in the name of the Society.
8. The board of directors shall decide and monitor the Society's budget at least once per year.
9. The board of directors or the person authorised by the board, decides upon the allocation of bonuses monthly in arrears.

§ 8 Audit

1. Three auditors together with three deputies for such auditors shall be appointed annually at the annual meeting of the Council of Administration, for the period up to and including the immediately following annual meeting, to examine the administration by the board of directors and the accounts.
2. At least one of the ordinary auditors together with one of the deputies shall be an authorised public accountant.

§ 9 The Society's reserves for equity

1. The Society's equity comprises the proceeds of the surplus reserve and the premium adjustment reserve.
2. The surplus reserve comprises the capital that remains after the technical provisions have been made according to Rule 23 together with fees having been added to the premium adjustment reserve according to Rule 14, item 3.

§ 10 Actuarial report

Each year the board of directors shall arrange and submit to Finansinspektionen (the Swedish Financial Supervisory Authority) an actuarial report showing the status of the Society at the end of the preceding year.

§ 11 Investment of assets

1. The assets of the Society shall be invested in the manner that is of the greatest benefit to the interests of the members.
2. Caution shall be applied and the Society's assets invested in accordance with the applicable legislation and regulations made under such legislation and in such a way that an appropriate risk spread is achieved.
3. The board of directors shall each year approve investment guidelines and monitor the development of results and risks on an ongoing basis.

§ 12 Föreningens upplösning

If the Society has entered into liquidation and a transfer will not be effected according to Section 56 of the Benevolent Societies Act then, after the date of appearance referred to in the notice to the Society's unknown creditors has passed and all known debts have been paid, the remainder of the assets upon the dissolution

of the Society shall be shared between all those insured in proportion to the total of their respective shares in the technical liability and accumulated bonus for each individual. The amount that each individual thereby receives shall be used to purchase corresponding insurance with a Swedish insurance undertaking.

General Insurance Conditions

§ 13 Benefits

1. Pension insurance comprises optional occupational pension (Kåpan Ålderspension) and complementary occupational pension (Kåpan Tjänste and Kåpan Flex) under a central agreement together with pension under a local agreement (Kåpan Extra).
2. The pension is determined as follows:
 - a) The premiums credited to the member through payments.
 - b) The guaranteed increase in value of premiums achieved as regards interest and the assumptions on length of life and overheads referred to in Rule 21.
 - c) In addition to the guaranteed increase in value members are entitled to bonus in accordance with Rule 24. Bonus is payable in those cases where the actual growth in value was more favourable than that guaranteed.

§ 14 Premiums and premium payment

1. Premiums are to be paid as lump-sum premiums or as a series of lump-sum premiums.
2. The employer pays premiums for occupational pension insurance for employee members. The amount of the premium is governed by the relevant pension agreement.
3. In the case of delay in payment of premium or charge, compensation for interest shall be paid to the Society. Interest is payable at the applicable government lending rate plus 8 per cent.

§ 15 Surrender

If the surrender value of an insurance at the date when retirement pension or repayment cover shall start to be paid is less than the maximum amount allowed for surrender according to the Income Tax Act, the Society may accept surrender the insurance. There is no right to surrender in other cases except for payments to Kåpan Retirement pension [Ålderspension] insurance after 30 June 2016 with the aim of transferring pension capital to another insurance provider, according to the provision for pension agreements concluded in accordance with Rule 2.

§ 16 Repayment cover

1. Insurance can be taken out with or without repayment cover. The conditions for occupational pension insurance are stated in the collective agreement upon which the insurance is based.
2. If the insurance is agreed without repayment cover, the member may within one year following a change of family circumstances as shown below have the insurance amended to apply with repayment cover:
 - the member gets married
 - the member enters into a cohabitee relationship
 - the member has children who are entitled to inherit.

Insurance agreed to apply with repayment cover can be amended to apply without repayment cover.

3. The repayment cover applies in the case of death occurring no later than by the end of the month in which the insured would have attained the age of 75 or prior to the end of the applicable payment period determined for temporary pension.
4. The repayment cover comprises a temporary survivor's pension which is payable for 5 years from the first date of the month of death. In the case of temporary pension following a fixed pension age, payments will be made under the repayment cover for such time as remains of the payment period. However, payment is only made for as long as there is a beneficiary according to item 5.
5. Survivors who according to applicable legislation may be a beneficiary are:
 - a) a) Husband/wife or former husband/wife.
 - b) b) Cohabitee or former cohabitee.
 - c) c) Children/stepchildren/foster children of the insured or of any person according to a) or b).
6. The annual amount of the repayment cover is determined so that the surrender value of the insurance immediately upon the death is equal to the insurance's surrender value immediately prior to the death. In addition to the agreed annual amount there is a bonus, the amount of which depends on the share of the insurance in the bonus funds of the insurance stock.

§ 17 Amendment of insurance agreement

In the case of an amendment to the insurance, a recalculation will be made of the pension amount applying the technical principles of the Society contained in Rule 21.

§ 18 Excess payment of pension

If a pension has been paid to someone who was not entitled thereto or paid at an amount that was too great, the Society may request that the erroneous or excess amount paid should be repaid if the recipient caused or ought to have realised the error.

§ 19 Age for collection and payment period

A member is entitled to – subject to the restrictions contained in the legislation and in the collective agreement on which the insurance is based – to have the insurance amended as regards age when the pension is to start to be paid out and the length of the payment period.

Special conditions for Kåpan Extra (locally agreed occupational pension)

§ 20 Right to take out insurance

The employer shall submit an admission notification to the Society according to a special standard form for insurance according to a local agreement. The insurance enters into force for the employees listed in the notification as of the notification being confirmed by the Society. The employer shall continuously notify the Society of all changes concerning scope of the insurance

Technical principles

§ 21 Principles for calculating pension

1. Guaranteed interest

In the case of insurance, the rate of interest is assumed to be 1% before the deduction of yield tax.

2. Assumed remaining length of life

When estimating the remaining length of life, it is assumed that the mortality rate μ_x at the age of x years will correspond to the following formula:

$$1000\mu_x = 0.35 + 0.000125 * e^{0.147 * x}$$

Mortality is not taken into account in the case of insurance with repayment cover.

3. Overheads

Payments to an insurance are deducted first through a deduction for overheads on the guaranteed interest of at most 0.2%, second through a deduction for a solvency contribution of at most 20% for the gross amount of each individual payment.

§ 22 Principles for calculating premium reserve

The premium reserve is to be calculated on the basis of cautious assumptions and the applicable ordinances, together with the guidelines and instructions issued by the regulatory authority. The parameters used are specified in the technical calculation data.

§ 23 Principles for calculation in the case of surrender and amendment

1. The surrender value of an insurance is equal to the capital value calculated on the basis of assumptions regarding mortality and interest, after deduction of tax, overheads and any other loadings, according to the principles applicable for calculation of pension at the time it was taken out. The surrender value is zero for premium waiver insurance.
2. If surrender is allowed by the Society according to Rule 15, the surrender value of the insurance plus any bonus shall be paid out.
3. If the insurance is amended, a recalculation shall be conducted to equalise the surrender value of the insurance before and after the amendment.

4. Surrender of the Kåpan Retirement pension [Ålder-spension] insurance according to Rule 15 can be allowed at a value corresponding to the current pension capital with a deduction for any administrative costs.

§ 24 Principles for calculation and allocation of bonus

1. The pension capital of an insurance comprises the difference between the accrued value of premiums paid and the accrued value of the expenses for the insurance during the time that the insurance was in force.

Interest will accrue at a bonus interest rate to be determined annually. The expenses of the insurance comprise first the payments, including bonus amount, second the share of the insurance in the Society's costs. If the pension capital of the insurance exceeds the value of the guaranteed pension, there is a surplus. Surpluses that are added to the insurance are however not guaranteed and may be withdrawn and used to cover losses.

2. When the payment has started and annually thereafter, a calculation shall be made of the pension that can be paid out.

The amount of the pension is based on the pension capital and an assumed future net yield (forecast interest) during the expected remaining payment period under the insurance. If the pension calculated in this way is greater than the guaranteed pension, the calculated pension shall be paid. If, however, the pension calculated is less than the pension that is guaranteed, the guaranteed pension shall be paid out. The forecast interest shall be determined one year at a time.

3. The consolidation ratio should lie within the interval 95–105%. The surplus or deficit consolidation respectively that arises is to be distributed by means of decisions concerning bonus interest rate or decisions concerning annulment of surpluses within a maximum equalisation period of three years.
4. Other principles for determining bonus interest rate together with regulation of the consolidation ratio are determined by the board of directors in a special policy document.

§ 25 Principles for calculating pension on insurance taken out previously

Guaranteed interest on insurance taken out previously

Insurance product	Payment period for premiums	Guaranteed Interest	Notional yield tax	Assumed expenses yearly on premiums	
Kåpan Tjänste	1 Jan 2012– 30 Jun 2016	0.3%	0.04 %	0.2%	1.5%
	1 Jan 2007 – 31 Dec 2011	2.00%	0.30%	0.2%	1.5%
	1 Jan 2006 – 31 Dec 2006	1.50%	0.22%	0.2%	1.5%
	1 Jan 2004 – 31 Dec 2005	0.35%	0.05%	0.2%	3.0%
	1 Jan 2000 – 31 Dec 2003	3.00%	0.45%	0.2%	3.0%
	prior to 1 January 2000	5.30%	0.80%	0.4%	3.0%
Kåpan Ålderspension	1 Jan 2012– 30 Jun 2016	0.3%	0.04 %	0.2%	1.5%
	1 Jun 2009 – 31 Dec 2011	2.00%	0.30%	0.2%	1.5%
	1 Jan 2006 – 31 May 2009	2.75%	0.41%	0.2%	1.5%
	1 Jan 2004 – 31 Dec 2005	2.40%	0.36%	0.2%	3.0%
	prior to 31 December 2003	3.00%	0.45%	0.2%	3.0%
Kåpan Extra and Plus	1 Jan 2012– 30 Jun 2016	0.3%	0.04 %	0.2%	1.5%
	1 Jun 2009 – 31 Dec 2011	2.00%	0.30%	0.2%	1.5%
	1 Jan 2006 – 31 May 2009	2.75%	0.41%	0.2%	1.5%
	1 Jan 2004– 31 Dec 2005	2.40%	0.36%	0.2%	3.0%
	1 Jan 2000 – 31 Dec 2003	3.00%	0.45%	0.2%	3.0%
	prior to 1 January 2000	5.30%	0.80%	0.2%	3.0%

For insurance taken over, taken out with the Pension Insurance Society for Social Insurance Agency Employees (FFO)

Kåpan Tjänste (FFO)	after 1 January 2001	3.00%	0.45%	0.4%	3.0%
	prior to 1 January 2001	5.30%	0.80%	0.4%	3.0%
Kåpan Privat (FFO)	after 1 January 2001	3.00%	0.45%	0.4%	3.0%
	prior to 1 January 2001	5.30%	0.80%	0.4%	3.0%

Assumption concerning mortality for insurance taken out previously

For insurance taken out prior to 31 December 2009 when estimating the remaining length of life, it is assumed that the mortality rate μ_x at the age of x years will correspond to the following formula:

$$1000\mu_x = 1.0 + 0.012 * 10^{0.044*(x-3)}$$

For insurance with Kåpan Plus prior to 31 December 2001 and also for Kåpan Privat taken out with FFO, an age reduction factor (f) was assumed, namely 0 for men and 6 for women.

For the insurance Kåpan Tjänste taken out with FFO, an age reduction factor (f) was assumed, namely 5.