



# Assumptions for calculation of pensions for pension schemes under P+

December 2023

*In case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.*

This supplement provides an overall description of your pension statement which shows how you are covered as well as the names of your pension and insurance covers.

You can find the Regulations which form the basis of your pension scheme [here](#)

## **CALCULATION OF PENSIONS**

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The pensions are calculated according to the technical basis which is reported to the Danish Financial Supervisory Authority. Calculation and payment of bonus are based on P+'s Bonus regulations. The Board determines the bonus rates annually and can change the Bonus regulations.

### *P+ Regulations 2019*

Retirement pension, disability pension, spouse's or cohabitant's pension as well as children's pension are all calculated according to a basic and a supplementary pension respectively.

- **Calculated pension**  
The calculated pension is comprised of a basic pension and a supplementary pension. The calculated pension includes a 2 percent calculation interest rate. If bonus is inadequate for maintaining the calculated pension, it will be reduced – also if payment of benefits has started. This applies to all types of pensions, including forecasts for both the first and the later payments.
- **Basic pension**  
The basic pension is calculated according to the technical basis and can be changed, cf. the conditional basis, item 14.2 in the Regulations, if the basic interest rate, the biometrical assumptions or the cost structure change significantly. The Board can change the assumptions such as the basic interest rate, the biometrical assumptions and the cost structure if one or more of the assumptions change permanently.
- **Supplementary pension**  
The supplementary pension is the difference between the calculated pension and the basic pension. The supplementary pension is a supplement to the basic pension and is paid via bonus. The supplementary pension may be adjusted and possibly discontinued if e.g. the return on investments fails to meet the assumptions.

### *First year of payment if you retire . . .*

On the pension statement under *Første udbetalingsår, hvis du går på pension (First year of payment if you retire)* . . . is a pension forecast stating the current value of the pension benefits based on a number of assumptions which may change, and consequently the forecast is not binding. In the pension forecast, contributions, costs and kronedækning are adjusted for inflation, and the pension is discounted with the inflation rate. Up to and including 2029, the inflation rate accounts for 2,3 percent, from 2029 up to and including 2034, it accounts for 1.9 percent and hereafter it accounts for 2 percent. The interest rate forecast appear from the paragraph *Deposit interest rate forecast (pre-tax)*. Potential kronedækninger are also adjusted for inflation.

### *Payment course*

On the pension statement under *Udbetalingsforløb*, you can see how your total regular benefit payment may develop over time based on a number of assumptions. The assumptions may change, and consequently the payment course is not binding. In the payment course, contributions, costs and kronedækning are adjusted for inflation, and the pension is discounted with the inflation rate. Up to and including 2029, the inflation rate accounts for 2,3 percent, from 2029 up to and including 2034, it accounts for 1.9 percent and hereafter it accounts for 2 percent. The forecasted interest rates appear from the paragraph *Deposit interest rate forecast (pre-tax)*.

### *If you receive disability pension benefits*

In the pension forecast and payment course neither covers kronedækning nor amounts that correspond to non-contributory cover are adjusted for inflation. Furthermore, it is assumed that disability pension which is

granted for a short period of time is prolonged for the longest period possible. If the disability pension is granted for a short period of time, this does not appear from the pension statement. Deduction from disability pension benefits is assumed being unchanged during the entire payment period. If you receive temporary disability pension benefits, the pension forecast and payment period are calculated as if payment of contributions is resumed with the same amount and no inflation adjustment after payment of disability pension benefits has been discontinued. Payment is discontinued when the period for which you have been granted disability pension expires.

#### *Non-contributory cover*

For pension schemes subject to non-contributory cover, the basic pension under *Første udbetalingsår, hvis du går på pension ...* is calculated based on continued payment of pension contributions. The size of the retirement insurance, annuity certain and endowment policy under *Til dine efterladte, hvis du dør* is also based on continued payment of contributions and will be reduced to an amount equaling the paid contributions in the event of payment.

#### *Payment after stipulated retirement age*

The pensions are calculated according to the retirement age stipulated in the Regulations. Prolongation of contribution payments and postponement of benefit payments surpassing the fixed retirement age are considered as a new policy.

#### *Savings schemes*

Annuities certain and endowment policies as well as retirement insurances are savings products on market rate. The size of the pensions is adjusted according to the return on investments the investment profile, and accordingly it may both increase and decrease. This applies to all types of pensions, including forecasts for both the first and later payments. In general, annuities certain in payment are adjusted at year-end.

#### *Exemption from paying contributions*

If you are granted disability pension, you are exempt from paying contributions. However, this does not apply to contributions used for an annuity certain, a retirement insurance or a high savings pension scheme. The exemption from paying contributions is discontinued if the right to disability pension is discontinued.

#### *MemberFunds*

P+ sets aside an amount which at present equals 2 percent of your contributions to regular pensions to MemberFunds which are individual special bonus provisions, cf. the Policy for bonus and special bonus provisions. MemberFunds are a part of P+'s basic own funds and serve as collateral for P+'s obligations. MemberFunds are paid as a supplement to the retirement pension benefits and is in general determined annually. MemberFunds may be changed or discontinued.

The expected return used for calculation of the supplement appears below. On the pension statement you can see how MemberFunds are paid, and you can read more about MemberFunds [here](#). In case of transfer of the pension scheme to another company and in case of a cash compensation for withdrawal, MemberFunds are included in the transferred amount.

#### *Procentdækning and kronedækning*

Disability pension, spouse's or cohabitant's pension as well as children's pension are all insurance covers where the size of the cover is based on one of the following two principles:

- Procentdækning where the insurance cover is determined as a percentage rate of the calculated retirement pension at age 68.
- Kronedækning where the insurance cover is determined as a fixed amount.

#### *Adjustment of kronedækning*

The calculated pension (the basic and supplementary pension) is determined as kronedækning. The basic pension is determined as an individual percentage rate of the retirement pension based on the ratio of the covers of the calculated pension. The ratio is adjusted regularly concurrent with the development of the pension scheme and may result in the basic pension being adjusted for one or more insurance covers or the retirement pension.

Kronedækning that are not in payment are adjusted annually on 1 January with the consumer prices index. The adjustment may affect the insurance covers that are not based on kronedækning and the retirement

pension. Kronedækning that are not in payment are not adjusted annually if you receive temporary or permanent disability pension.

When you start payment of retirement pension benefits or are transferred to dormant membership, all covers with kronedækning are changed to covers calculated as a percentage rate. The insurance covers are determined according to the rules applying to the pension agreement. On resumption of contribution payments, you must opt for kronedækning again.

When you start payment of a kronedækning, the paid calculated pension benefit may be adjusted both upwards and downwards, cf. the Bonus regulations.

*Adjustment of pension schemes with a deposit interest rate*

The adjustment of your pension depends i.a. on the deposit interest rate, the administrative costs and the group life premium. The adjustment may be both negative and positive. This applies to all types of pensions, including forecasts for both the first and later payments. In general, pensions in payment are adjusted at year-end.

*Adjustment of private payments*

Private monthly payments are adjusted annually on 1 January with an adjustment rate equaling the adjustment rate for annuities certain. The adjustment rate is determined according to existing law.

<b>DEPOSIT INTEREST RATE FORECAST (PRE-TAX)</b>	<b>2025-28</b>	<b>2029-33</b>	<b>2034 →</b>
Regular pension under P+ Regulations 2019	6.34 %	6.48 %	5.08 %

<b>EXPECTED RETURNS (PRE-TAX)</b>	<b>0-5 years</b>	<b>5-10 years</b>	<b>10 years →</b>
Annuity certain, endowment policy and Retirement insurance under P+ Regulations 2019:			
P+ Aktiemax	8.19 %	8.59 %	7.08 %
P+ Balance	6.34 %	6.48 %	5.80 %
P+ Obligationsmax	4.82 %	4.76 %	4.76 %
MemberFunds	6.34 %	6.48 %	5.80 %

The forecasted deposit interest rates are determined according to social assumptions provided by the Council for Return Expectations. For pension schemes under P+ Regulations 2019 the actual deposit interest rate for 2023 is applied.

**UNCERTAINTY IN PENSION FORECASTS**

*Uncertainty in the calculation of your benefit*

The payment based on the expected return is our best estimate of the size of your benefit when you retire. Calculation is made on basis of key assumptions and average observations about return, inflation, life expectancy and tax. We cannot forecast the development of these conditions accurately. Accordingly, we cannot be certain about the size of your benefits.

*Uncertainty about the return*

In order to give you an idea about the uncertainty, we also calculate the benefit on basis of a high and a low return. These two figures show the size of your benefit if the financial markets develop better or worse than forecasted. The size of your benefit will in all probability (90 percent) lie between the two.

Only the uncertainty about the development on the financial markets is included in the calculation based on a high and low return respectively. The uncertainty about inflation, tax rules, life expectancy etc. is not included. You can read more about the calculation method and the forecast [here](#)

### *Uncertainty about life expectancy*

The lifelong pension is paid for as long as you live. The size of the benefits depends on the future average life expectancy. If later on we estimate that the life expectancy increases more than expected, yours and the other members' lifelong pensions must last longer. This implies that the size of the benefits may be reduced.

Below, you can see an example of how the size of your benefit may fall if the average life expectancy for all members increases with one year from e.g. 85 to 86 years.

<b>Expected benefit per year</b>	<b>Age 85</b>	<b>Age 86</b>
Annual pension	DKK 100,000	DKK 95,000

### **ADMINISTRATIVE COSTS**

The direct administrative costs are determined by the Board. The cost rates appear from the technical basis which is reported to the Danish Financial Supervisory Authority. Calculation of pension forecasts includes below administrative costs for 2025 and onwards. For 2024, the present costs, which you find [here](#), are applied.

#### **Forecast for 2025 and onwards:**

<b>Administrative costs</b>	<b>Retirement pension</b>	<b>Annuity certain, endowment policy and retirement insurance</b>
Monthly fixed costs	DKK 20	DKK 10
Payment of contributions and single contributions each time	DKK 45	DKK 0
Payment per month	DKK 25	DKK 10
Payment to spouse/children	DKK 20	DKK 0

### *Group insurance*

The group insurance is a one-year insurance. The Board determines the group insurance and premium annually, and in 2024 the group insurance premium accounts for DKK 2,648 (including administrative costs) The group insurance premium is paid through bonus. If your group insurance includes a lump sum disability benefit, it can be paid once in the event of permanent disability.

### **PROVISION PERIODS**

P+ does not require submission of health information. On the contrary, you become subject to provisions.

On admission, the pension scheme is subject to a 2-year provision period for compulsory members and members under a company scheme and a 4-year provision period for individual members on payment to P+ for a consecutive period of 2 and 4 years respectively.

On contribution increases, payment of single contributions, resumption of contribution payments from dormant membership as well as opting for and changing the disability pension, the spouse's or cohabitant's pension, the children's pension, pension life cover and group insurance a 2-year provision period is applied.

You can read more about provision periods in the Regulations, the Insurance terms and [here](#)

### **TAXATION**

#### *Employer paid contributions*

Your employer deducts the pension contribution before calculating tax and labour market contribution. P+ pays the labour market contribution to the Danish Tax Agency (SKAT). Accordingly, you have benefitted from a tax

relief on the pension contribution, and it should not be stated on your tax return. The paid contributions are not included in your taxable income.

#### *Privately paid contributions*

When you pay the pension contributions yourself, P+ reports the payments to SKAT. The reported amounts appear from your tax return.

Payments to a pension scheme with regular payments are fully deductible in your personal income when the payment period is 10 years or longer. If the payment is reduced within the first 10 years, other rules apply.

If the payment period is less than 10 years, or you pay single contributions, the total tax deduction must as a main rule be divided with 1/10 per year for 10 years. If the 1/10's deduction is less than DKK 58,100 (2024), you can 'fill up' and deduct this amount every year. If you pay contributions to several private life annuities, the limit of DKK 58,100 applies to all schemes as a whole.

#### *General information*

Payment to annuities certain is deductible in your personal income. In 2024, the maximum tax deduction accounts for DKK 63,100 after payment of labour market contribution regardless of you pay into one or more annuities certain.

Payment to a retirement insurance is not deductible in your personal income. If you have more than 7 years until reaching the state pension age, you can pay up to DKK 9,100 in 2024. If you have 7 years or less until reaching the state pension age, you may pay up to DKK 58,900 in 2024. If you pay into several retirement insurances, the maximum payment applies to all of them as a whole.

Payment to the group insurance is taxable and reported to SKAT.

An individual pension return tax of 15.3 percent is paid annually. Deposit values earned before 1 January 1983 are exempt from pension return tax.

#### *Payment of benefits*

- Your monthly pension benefits are taxed as personal income. Payments are not subject to labour market contributions.
- Payment of retirement sums and endowment policies is subject to a 40 percent tax charge.
- Payment of annuities certain, endowment policies and pension life cover on death is subject to a 40 percent tax charge.
- Payment from the group insurance and retirement insurance is tax-free.

On payment of a lump sum death benefit, a potential estate tax is deducted when payment is made to others than spouse, cohabitant or registered partner.

The pension return tax is adjusted annually at the end of December. The adjustment may impact the year's benefit payments.

#### *§ 53A schemes*

Contribution payments to § 53A schemes are not deductible. In return, the benefit payments are tax-free unless special rules apply to residence abroad at the time of payment. This applies to both regular payments and lump sums.

The return is taxed as capital income, and we report the amount to SKAT. The amount appears from your tax return if you are tax liable to Denmark. In Greenland, special rules apply to taxation of the return. You can read more on [here](#)

## **WITHDRAWAL PENALTY**

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P+ has rules about withdrawal penalty which apply on transfer of your pension scheme or payment of a cash compensation for withdrawal. If the withdrawal penalty is applied, the actual charge appears from the website. Read more about the rules on withdrawal penalties and the actual charge [here](#)

## TERMINATION

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If your pension scheme is set up through your employer, it cannot be terminated without your employer's consent. If the pension scheme is set up by yourself, you have the right to cancel the scheme within 30 days. You can always discontinue payment of contributions to the pension scheme, however, you should be aware that you may be taxed additionally if you have not made payments to a lifelong pension scheme for at least 10 years. The rules on cash compensations for withdrawal appear from the Regulations.

## LEGISLATION, TRANSPARENCY AND RIGHT TO COMPLAIN

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You should read the pension statement carefully and check that all information is correct. In order to ensure transparency and good corporate governance, there are rules and regulations that we as a pension fund must comply with.

### *Transparency*

In order to make it easier for you to understand your pension and compare your pension schemes in different pension companies, you can see the pension fund's portfolio composition and your pension scheme's risk labelling [here](#). Here you can also find our Solvency and Financial Conditions Report (the report is only available in Danish).

### *The General Data Protection Regulation*

We process and store your personal data according to the Act on Processing of Personal Data. This means that you have the right to gain insight into the information we hold about you and have corrected, handed over and, if necessary, erased any information about you which is wrong or misleading.

We communicate mainly with you through e-Boks and Min pension. We do not send civil registration numbers or other sensitive personal data via mail, and our IT systems comply with the general standards for security.

### *Anti-money laundering*

We are obliged to ensure that the pension fund is not misused for money laundering or terrorist financing. This means among other things that we must know our members and their relatives to whom we pay benefits. This applies especially to members and relatives resident outside Denmark. Accordingly, there may be situations where we need picture ID or other documentation related to payments made and received.

### *Right to complain*

If you find that P+ has made a wrong decision in a matter between you and the pension fund, you have the right to complain. You can send an e-mail to [klageansvarlig@pplus.dk](mailto:klageansvarlig@pplus.dk) – read more [here](#)



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