



# Company Pensions

## Information for Employers

# Company Pensions. Flexible. Fair. Secure.

Company pensions are an increasingly important tool in HR policy. By giving your employees the chance to secure their standard of living in retirement, you will help to ensure your employees are loyal to your company. In addition, you are also fulfilling your statutory requirements for deferred compensation.

## **PKDW – your partner for company pensions**

Pensionskasse für die Deutsche Wirtschaft, or PKDW in short, is a specialist service provider in company pensions. We cover the entire value chain of company pension, from advice to disbursement of pension benefits, doing so in a manner that is clear and cost-effective for you as an employer.

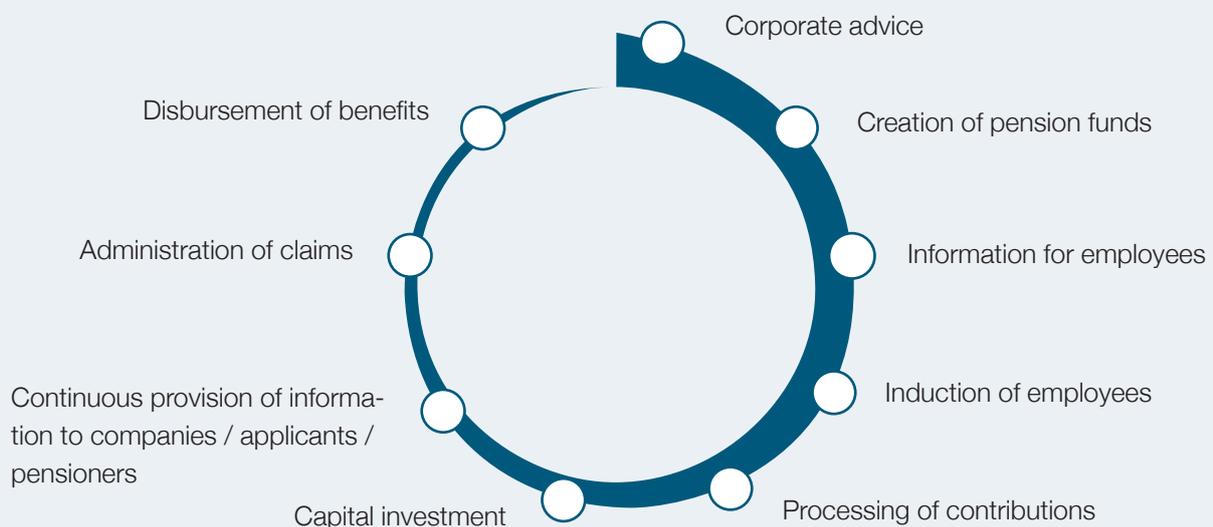
As a mutual insurance company, PKDW does not pursue its own profit-making activity. This ensures our members can benefit from a fair price/performance ratio with a flexible tariff structure and high level of security. Just like our member companies, you can rely on the expertise and efficiency of a fast-growing and well-established provider.

As a pension institution, PKDW grants pension benefits for retirement, occupational invalidity and surviving dependants. Unlike private pension schemes, virtually the entire contribution is built up with us as a traditional pension scheme as we do not have any sales structures and do not demand any acquisition fees. PKDW is able to offer you a fair tariff calculation based on low administrative costs.

## **Structuring contribution in a flexible manner**

With regard to our classic pension insurance, Tariff A, our members are able to change their contribution at any time. The same applies to you as a member company. You can, for example, defer success-based remuneration to company pensions for your employees. If you or your employees wish to individually adjust the contribution, we can implement this

## **Our value chain regarding occupational pension is your one-stop-shop.**



subject to the same conditions and without any additional costs.

The contributions are made subsidised by the state, either as an employer contribution or as an employee's own contribution. The employee's own contributions, which may flow into the company pension by way of deferred compensation, may include, for example, holiday and Christmas pay, capital forming benefits, a portion of the monthly income or other income components permitted via collective wage agreement provisions.

### Defining the retirement start date in a flexible manner

The retirement applies upon reaching the age of 65. PKDW members may draw their retirement pensions or lump-sum payments between the ages of 62 and 68. The pension may even be drawn before reaching the age of 65 if the individual's income no longer exists or has been reduced, such as during partial retirement.

If the pension is first drawn after reaching the age of 65, this shall be increased for members whose insurance cover started from 1 January 2017 by 0.3% for each month of the deferred drawdown; if the retirement start date is prior to the individual in question reaching the age of 65,

this is reduced by approximately 0.4% for each month of the early drawdown as a result of the extended drawing of the pension.

### Other benefits for your employees

Widows, widowers or registered same-sex partners shall receive a lifelong pension for surviving dependants totalling 60% of the entitlements or pension accrued. The orphan's pension is 15%. Full orphans will receive 30%.

The occupational invalidity cover may be opted into for the tariff. The amount of benefits is calculated from the total amount of achieved pension modules at the time of the incapacity to work.

### Your employees can choose themselves

Our members will generally always opt for a lifelong pension. However, you also have the option to arrange for disbursement of capital instead – or to receive 30% of this plus a lifelong pension amounting to 70%. Your employees therefore have the following options available at the start of their membership:

#### Option 1

**lifelong  
monthly pension**

or

**lump-sum payment**

#### Option 2

**lifelong  
monthly pension**

or

**30 %  
partial  
lump-sum  
payment**

**70 %  
lifelong  
monthly pension**

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## Changing employer flexibly arranged

When changing employer, employees can continue their entitlements accruing with PKDW via a new employer subject to the same conditions, or transfer said entitlements to the pension institution of the new employer. However, it is also possible to arrange for designated non-contributory status, free of charge, as well as private deferral.

## Deferring income without deduction

The employee pays a portion of his income – up to 8 % of the relevant contribution assessment ceiling in the statutory pension insurance scheme (BBG\*) – via you as an employer tax-free into the company pension. For 2022, this currently amounts to a maximum of EUR 6,768 and/or EUR 564 per month.

Contributions up to 4 % of the BBG (EUR 3,384) are also exempt from social security contributions.

The disbursements are taxed upon retirement – typically on income that is subject to lower taxation.

There is also the option available in the company pension to utilise the »Riester« support via the route of deferred compensation from net income. Your employees may also make private payments, too.

All contributions made are converted into a pension increment based on age.

Please note that as an employer you might be obliged, in the course of the introduction of the »Betriebsrentenstärkungsgesetz« as of 1 January 2019 within the framework of § 1a (1a) BetrAVG (Betriebsrentengesetz), to subsidise your employees' deferred compensation amounting 15 % of the converted remuneration, insofar as you save social security contributions in this way.

## Company Pension: easy to implement

You as an employer simply register your employees with PKDW. The employee selects his desired tariff and concludes a deferred compensation agreement with you. By following this process, the employee gives his consent that you can defer his selected salary components into contributions for the company pension and transfer these contributions to PKDW.

## High level of security

At PKDW, any accruing surpluses are paid to our members and pensioners as we do not need to distribute our surplus to shareholders. Each entitlement and each current pension is adjusted on a regular basis in line with the financial results of our pension fund for the financial year in question.

As a reliable provider that has been in existence in the market for more than 90 years, our focus is on sustainable capital investments aligned with our obligations. As a mutual insurance company, PKDW is able to offer the greatest possible level of transparency and openness. In addition, the pension funds are also subject to federal supervision by the Federal Financial Supervisory Authority (BaFin). The assets in the cover pool are supervised by external trustees.

More than 600 companies have already set up their company pensions with PKDW with great success. We provide support for more than 90,000 insured persons. This number has more than tripled in recent years. PKDW is on hand to support you in creating company-specific pension arrangements and offers early retirement schemes as well.

\* *BBG = Beitragsbemessungsgrenze der gesetzlichen Rentenversicherung West*

As of: 01/2022



Our highly skilled and committed employees are on hand to help you. Do not hesitate to contact us. Further information can be found online at [www.pkdw.de](http://www.pkdw.de).

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