Pokojninska družba A, d.d. pension fund overview and occupational pension plan information

Company overview

Pokojninska družba A, d.d. pension fund was established in 2001 by a group of large and successful companies in order to insure their employees and the employees of other companies in the most economical and safest manner and to provide them adequate income in retirement. The ownership of the company is dispersed between 23 corporate shareholders with no shareholder owning more than 15% of the company. We operate supplemental pension insurance exclusively for corporate and individual members. The company collected in 2016 22,3 million euros of gross premium payments and recorded 1,3 million euros net profit. The main policy of our pension fund is "partnership for the benefit of our members" which has been the foundation of the fund ever since the start in 2001.

Credit rating – D&B rating 3A1

References – more than 44,000 members and more than 240 million euros under management

The company meets the requirements of the ISO/IQNet 9001:8000 management system and is the pension fund of choice for many of the Slovene blue-chip companies.

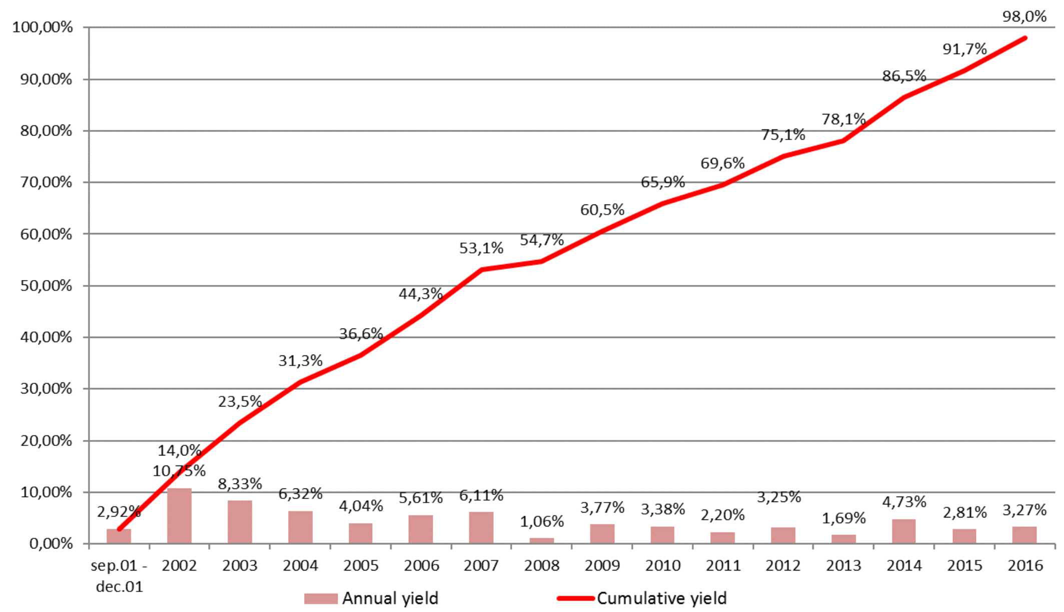
Corporate clients:

Pension fund performance

The Guaranteed return fund of Pokojninska družba A, d.d. has a positive investment track record of more than 15 years. The fund's goal is to keep 5% of the funds invested in equities and 95% in bonds. The fund may also invest in bank deposits, promissory notes, unlisted money market instruments and real estate.

Fund performance (Sep. 2001 – Dec. 2016) – cumulative yield 98%, avg. annual yield: 4.55%

The fund provides guaranteed minimum yield (defined as 50% of the average annual interest on Slovenian government bonds which is 0,71% in 2017).



Slovene pension system

The Slovenian pension system is a three-pillar system, with the dominant role still played by the first, public pillar. This part of the system is mandatory. Benefits are calculated in line with the pay-as-you-go mechanism and financed through contributions paid by employees. According to the new pension law, the ratio between pension and salary is set at 57.25%, but all calculations predict that this percentage will hold only until 2020. Then, due to demographic trends, the public pension will be slowly decreased to 40% of net salary, which will not be sufficient for decent living in retirement.

Voluntary occupational pension plan

The second pillar (voluntary occupational pension plan) is represented by pension funds mostly financed by employers and supported by the state with income tax relief.

The voluntary occupational pension plan is a form of saving for old age by which the insured person or the employer finances a monthly or yearly premium. The interest for the premium is paid on the achieved yield. At the time of retirement, a life insurance policy with a life annuity is bought with the funds on the account. On the basis of this policy, an additional monthly pension is paid out to the insured person until their death.

The employer can adopt different versions of pension schemes in which all premium is financed by the employer or only part of the premium is financed by the employer and the other part by the employee (so called company match). Because of tax incentives, the employee can finance his contribution from his gross salary, meaning his net salary is reduced by approximately only half of the contribution.

Tax incentives

The monthly premium of up to 5.844% of gross salary is tax deductible. For the premium financed by the employer or employee, taxes and contributions from the premium are not charged and the premium reduces the profit taxable base of the company. The premium is not regarded as a salary payment.

Life-cycle investment policy

Changes in the legislation enabled pension funds in Slovenia to introduce in 2016 to its member an alternative option of investment policy that is represented by Life-cycle funds. Pokojninska družba A established a new pension fund that comprises three sub-funds with different investment policies. Each member will be able to choose a sub-fund according to his age that will provide him with an optimal investment policy according to his age. Then an individual will be automatically transferred as he ages between the sub-funds from a more dynamic in his youth to a more conservative, thus providing an optimal balance between risk and yield.

High Equity Exposure fund (Equity) - This fund is suitable for persons under 42 years of age. The fund's goal is to keep 70% of the funds invested in equities and 30% in bonds. To a lesser degree, the money in the fund may also be invested in bank deposits, promissory notes and non-listed money market instruments. No less than 15% of the fund's investment portfolio consists of low-risk investments.

Fund with medium equity exposure (Balanced) - This fund is suitable for persons under 55 years of age. The fund's goal is to keep 25% of the funds invested in equities and 75% in bonds. To a lesser degree, the fund may also invest in bank deposits, promissory notes and unlisted money market instruments. No less than 60% of the fund's investment portfolio consists of low-risk investments.

Guaranteed return fund - This fund is suitable for members of all ages. The fund's goal is to keep 5% of the funds invested in equities and 95% in bonds. The fund may also invest in bank deposits, promissory notes, unlisted money market instruments and real estate. No less than 70% of the fund's investment portfolio consists of low-risk investments. The sub-fund provides guaranteed minimum yield (1,88% in 2015). The investment goal of the life cycle guaranteed fund is to reach at least the guaranteed rate of return on investment in the amount of one-half of the average rate of return, calculated using the methodology for calculation of the minimum guaranteed rate of return prescribed by the minister in charge of finance (0,71% in 2017).

Fund performance in 2016

High Equity Exposure fund – 14,07%
Fund with medium equity exposure – 4,07%
Guaranteed return fund – 3,27%

Additional contact & information

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