EMPLOYER-/EMPLOYEE FUNDED PENSION
INFORMATION FOR EMPLOYEES FOR DIRECT INSURANCE

Stand: 01/2020

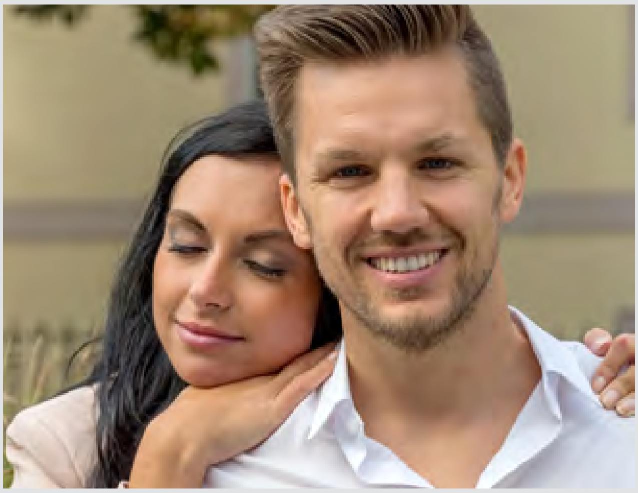
EMPLOYER-/EMPLOYEE FUNDED PENSION

BASICS

SHOW SOCIAL RESPONSIBILITY

Additional old-age provision doesn't only makes sense, it is existentially important for you!

For years it is clear: The statutory pension is not enough. This is primarily due to demographic change. We are getting older – that means that the pension phase is getting longer and longer. At the same time, the birth rate is falling. Consequently, fewer and fewer employees pay into the statutory pension insurance scheme (GRV). Therefore, the so-called „generation contract“ does not work anymore. If three depositors used to finance a pensioner's pension, today these three payers are already financing two pensioners. The result: the statutory pension is getting smaller and smaller and the pension gap of the citizens gets bigger and bigger. If you want to maintain your usual standard of living at retirement age, you must make additional provision - and do it as soon as possible!



There is a variety of ways to provide for retirement - from a classic pension insurance through Riester to Rürup, etc

A suitable option for employees for supplementary pensions is company pensions. It offers both, employees and employers, some advantages. There are for example Pension and relief funds and direct insurance. The latter is widespread and offers many benefits

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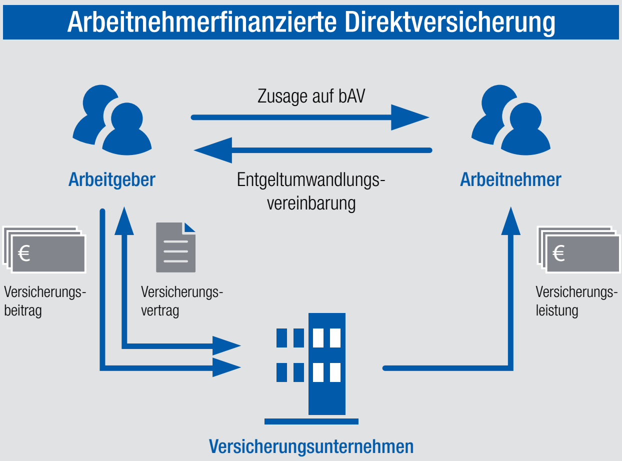
DIRECT INSURANCE?

A direct insurance is in principle a normal pension insurance. Your employer is the policyholder and you as an employee are eligible as an insured person.

There are two types of direct insurance: Employee- or employer-financed direct insurance.

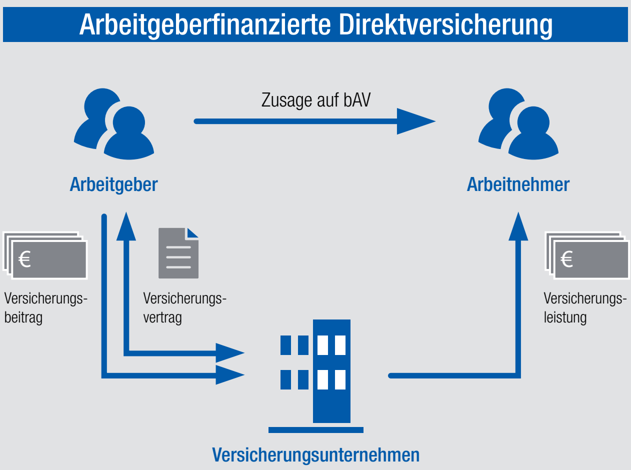


EMPLOYEE-FINANCED DIRECT INSURANCE

The employer gives a commitment and makes a salary conversion agreement with the employee. The employer then concludes a direct insurance. He can do this at his preferred insurance company, or he leaves the employee to choose the company. The employer is the policyholder and deducts the contributions, therefore one speaks of deferred compensation. The insured person is the respective employee who has the subscription right from the beginning. The contributions are deducted from the gross pay of the employee. There are no additional costs for the employer - even social security contributions and taxes can be saved!

EMPLOYER-FINANCED DIRECT INSURANCE

With employer-financed direct insurance, you determine whether and how much you want to contribute to a company pension plan for your employees. The paid-in contributions are business expenses and thus reduce the tax burden of your company.
Also mixed forms are possible. As an employer, you can participate in the company pension plan by letting an in- crease flow into the employee's direct insurance.



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DETAILS

FOR WHOM IS AN OPERATIONAL AGE PROPER INTERESTING?

The company pension plan is in principle interesting for every employee, not only for „high earners“.
Trainees and low-paid employees also have an excellent opportunity to supplement the pension with the company pension scheme.
Within the scope of the occupational pension strength law, the possible crediting of a company pension to the basic security was massively defused. This makes it worthwhile for employees with a low income.

COLLECTIVE AGREEMENTS

In many sectors, occupational pensions are already regulated in collective agreements. You should therefore inform yourself beforehand whether collective bargaining regulations also apply to your company.

MINI JOB PENSION

Even marginally employed persons can make provisions with the help of direct insurance without any loss of salary. Due to the so-called „mini-job“, this professional group has the opportunity to build up precaution by investing working time alone. The only prerequisites: The employment relationship must be indefinite and the earnings must not exceed € 450 per month.

CONVERSION BENEFICIAL BENEFITS

Asset-effective services (VL) are generally subject to tax and social security contributions, as they are part of the salary / salary. Conventional VLs (building savings, fund savings, bank savings, etc.) burden the employee with taxes and social security contributions.
Better: conversion of the VL contributions into a contribution to the BAA. Employees thereby save taxes and social security contributions, which in turn increases the net salary. The share of social security contributions that you save as an employer will, as of 2019 and 2022, lead you to the employee-benefit contracts of your employees with virtually no additional costs as an employer subsidy.

TAX TREATMENT FOR WORKERS

The contributions to a direct insurance are subsidized by the state (§ 3 no. 63 EStG). For this they must come from a first employment relationship. So there must be wage tax class I to V available.
The contributions then remain tax-free up to 8% of the income threshold for the statutory pension insurance (the first 4% are exempt from tax and social contributions (2020: 276 euros per month), the next 4% are tax-free only).

The subsequent pension payment is subject to subsequent taxation (§ 22 no. 5 EStG). The pension payments from the company pension plan are also taken into account when determining the health insurance contribution in the statutory health insurance. The tax burden as a pensioner is usually lower than in the acquisition phase. As a result, downstream taxation generally has a positive impact.

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WHAT HAPPENS IN THE CHANGE OF WORK OR BANKRUPTCY?

Due to the immediate and irrevocable subscription right of a direct employee insurance financed by the employee, the employee is entitled to the insurance benefits from day one. In the case of employer financing, the irrevocable subscription right only arises after several years of employment.

If he leaves your company, you have the following options:
• The new employer takes over the contract.
• A new direct insurance scheme will be signed for the new employer. closed. The existing supply capital from the first
Contract will be transferred to the new contract.
• The employee can continue the contract from their own contributions
finance.
• The contract is made free of contributions, so it runs without further Contribution payments with correspondingly reduced future pension continue.

A direct insurance does not fall into the insolvency estate, it is insolvency protected.

WHAT HAPPENS IN THE EVENT OF DEATH DURING THE SAVING PHASE?

In general, the company pension plan complies with the regulations of § 3 No. 63 EStG. In this case, contractual assets can only be paid out to these persons in this order of priority in the event of death:

- Spouse living in valid marriage
- Life partner according to civil partnership law
- Children of the insured person (as long as there is a child benefit entitlement)

Notwithstanding this basic rule, the partner in the home community or the former spouse of the insured person may also be favored. For this purpose, the person must be named

If there are none of the persons mentioned here who qualify for favoritism, another exception applies. Then up to € 8,000 of the contract credit can go to any, named by name, the so-called „death benefit“. If such was not named, the contractual assets of the insured community

Exception to the rule: Anyone who (also) owns a company pension scheme in accordance with § 40b EStG („old“ regulation) can use any surviving relatives as beneficiaries.

USEFUL INFORMATION

THE ADVANTAGES AT A GLANCE

- The state participates in your old-age provision
- Funding effect: More money goes into precaution than you spend
- The contributions are partly free of tax and social contributions
- Flexible product selection
- Lifelong pension
- Lump-sum settlement possible
- Transfer is possible when leaving the Companies
- bankruptcy protection
- After vesting no credit to Hartz IV during the Ansparphase
- Should you rely on social benefits in your pension You can get an extra retirement pension up to an allowance from 50% of the standard requirement level 1 according to SGB XII from old-age provision contracts, without these being deducted from your basic pension.

The occupational pension scheme is for employees important component of private old-age provision.

In addition, you should also pay attention to the Riester / Rürup pension and the private pension insurance. Depending on the life situation, another type of prevention or a combination of different variants may be advantageous.

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