

3rd Pension Pillar

Information about the service
AS "SEB atklātais pensiju fonds"

What is 3rd Pension Pillar?



It is a private voluntary pension scheme that provides a voluntary choice of every person to build supplementary savings for their own pension by making contributions to a private pension fund. Contributions can be made by both – an individual or a legal entity for the benefit of their employees.



For whom is the 3rd Pension Pillar suitable?

- For clients, who want to save extra funds for themselves for retirement in a longer period of time.
- For clients, who want to receive the personal income tax refund from the contributions made to the 3rd pension pillar.



How much should the contributions made to the 3rd pension pillar be?

- The amount of the contributions is not fixed.
- It is preferable to make regular contributions and to review the amount of contributions at least once a year.



What is a pension plan and which one should be chosen?

When concluding a 3rd pension pillar contract, a pension plan must be chosen. These are the rules that determine where and to what extent the fund manager can invest contributions made by the client.

- SEB-Balanced (**low-medium** risk investments – investments in shares up to 25%). Suitable for clients, who have less than 10 years left until retirement.
- SEB-Active (**medium-higher** risk investments – investments in shares up to 50%). Suitable for clients, who have more than 10 years left until retirement.
- SEB-Index pension plan (**high-risk** investments - up to 100% investments in instruments linked to stock market indices).

Suitable for clients, who have more than 20 years left before reaching the state retirement.

The asset manager, when choosing investment products, takes into account environmental, social management factors, in accordance with the investment policy of the pension plan.

You can view the terms and conditions of the pension plan on the website seb.lv.



What are the risks of making 3rd pension pillar savings?

- Retention of the amount of contributions or increase in the value of the provision (profit) is not guaranteed.
- The 3rd pension pillar is not intended as a short-term money investment, especially, if these funds may be urgently needed.



What is the profitability of the pension plan?

- Pension plans have a profitability that is linked to the financial markets, so it can fluctuate.
- Past profitability does not guarantee similar results in the future.



What are the contract fees for the pension plans?

For pension plans "SEB-Balanced", "SEB-Active" the maximum contract fee is 1.33% per annum from the savings, including:

- to the Asset Manager: 0.4%
- to the Asset Holder: 0.08%
- For the pension fund: 0.85%

For the "SEB Index pension plan" the maximum contract fee is 1.15% per annum from the savings, including:

- To the Asset Manager: 0.25%
- To the Asset Holder: 0.05%
- For the pension fund: 0.85%



What is the protection of the 3rd pension pillar savings?

- The funds of pension plans, financial instruments and other types of property are kept, booked and managed separately from the pension fund's own funds.
- Even if the pension fund is declared insolvent and the bankruptcy proceedings have been started or the licence is withdrawn, the Participant does not lose its savings and can transfer such to another pension fund.



Is the 3rd pension pillar inheritable?

- The Participant may indicate the person(s) to whom the savings are paid in the event of death of the participant.
- If the participant has not indicated such a person, the savings may be inherited in accordance with the procedure prescribed by the Civil Law.



When is it possible to receive the 3rd pension pillar savings and how?

It is possible to receive the savings from the age of 55, but you can continue to participate while you wish to.

It is possible to receive the savings before the age of 55:

- If you work in a profession which, according to the laws and regulations of the Republic of Latvia, provides an early retirement age.
- If the permanent disability group I has been granted for life.

How is it possible to receive the savings?

- It is possible to apply for a payout at SEB Internet bank or a bank branch.
- The savings can be received in instalments, periodically or in a single payment.

The following taxes are deducted when paying the savings:

- If an income has been earned from contributions, the personal income tax on the return on capital is charged.
- Personal income tax is deducted from contributions made by the employers. If the client uses tax relief and wants to withdraw the accumulated capital, contributions made during the calendar year must be held in the pension fund for two years. This condition does not apply to clients, who have been granted permanent disability group I for life.



In accordance with the EU regulation on disclosure of information related to the application of sustainability principles in the financial services sector, information on the sustainability principles applied can be found on the [SEB website](http://seb.lv). You can get acquainted with detailed information in the document "Information about sustainability principles AS "SEB atklātais pensiju fonds"".