Storebrand

Explanation of the Contents of the Statement of Account for Paid-up Policies

A paid-up policy is a pension insurance from a current or previous employment relationship.

You have received a statement of account for your paid-up policy. The statement of account gives you an overview of your secured pension benefits. The pension benefits are paid out under certain conditions.

This document contains explanations of the various parts of the statement of account and all the items that may appear in the overviews of the accounts. Some of the items may therefore not be applicable to your paid-up policy.

Any changes made to your paid-up policy after the end of the accounting period will not be included until the statement of account for next year.

If you have changed your paid-up policy to a paid-up policy with investment choice, this statement of account includes the paid-up policy's pension benefits for disability pension and/or survivor's pensions. In January you will receive another statement of account for the savings to your retirement pension.

1. Annual Pension Amounts

1.1 Secured Pension Amounts

Secured pension amounts are the annual pension amounts applicable to your paid-up policy.

The pension amounts are guaranteed and cannot be reduced. The pension amounts can be increased only when Storebrand achieves a return that is higher than the guaranteed return.

If the paid-up policy includes disability pension, the pension amounts and payment periods for these are stated in the statement of account. The amounts stated apply at 100 percent disability level. The payment is graded at lower disability levels. Such pensions are paid according to specific rules.

If the paid-up policy includes survivor's pension (spouse's/cohabitant's/children's pension), the pension amounts and payment periods for these are stated in the statement of account. Such pensions are paid according to specific rules, and only after the policyholder's death.

1.2 Earned Pension Amounts

Earned pension amounts are the annual pension amounts applicable if you stop or have stopped paying premiums. The secured pension amounts apply only if you continue to pay premiums.

1.3 Pension Amounts from Previous Paid-Up Policy with Investment Choice

If your paid-up policy contains the savings balance for the retirement pension from your previous paid-up policy with investment choice, the overview shows the pension amounts before and after the annual calculation.

Payment of the retirement pension is calculated annually based on the capital in the agreement, and an annual technical interest rate of 3 percent is applied. The reason for using the technical interest rate is to achieve a more even payment scheme of the retirement pension.

This means that pension payments increase only if the return on the agreement, after allocation to the buffer fund, exceeds the 3 percent, which are already included in the payment. Similarly, pension payments will decrease if the return on the agreement, after allocation to the buffer fund, is lower than the 3 percent, which are already included in the payment.

2. Pension Assets

Pension assets comprise the sum of the premium reserve, buffer fund, premium fund and outstanding/pre-paid premium.

If your paid-up policy comes from a previous paid-up policy with investment choice, the pension assets consist of the savings balance and buffer fund.

The total pension assets can only be used for pension payments during the specified period and therefore cannot be paid out as a lump sum.

2.1 Premium Reserve

The premium reserve consists of pension assets set aside to the paid-up policy to cover future pension benefits and costs. The size of the premium reserve is stated at the beginning and at the end of the accounting year.

2.2 Buffer Fund

The buffer fund is money set aside to secure the guaranteed return on the agreement's funds.

The buffer fund applies from January 1, 2024. It replaced additional statutory reserves and market value adjustment fund. The purpose of the change was to facilitate more risk in the management of pension funds and thus increase the expected return over time.

If the return is negative or not large enough to cover the guaranteed return, the buffer fund can cover it.

If the return is positive, the surplus is allocated to the buffer fund until the buffer fund reaches a maximum level. The maximum level depends on the agreements' guaranteed return and the policyholder's age.

2.3 Premium Fund

Some paid-up policies have a premium fund. It is mainly used to pay premiums to maintain the secured annual pension amounts. When you reach retirement age - or in the event of earlier death - the assets of the premium fund are used to increase the pension amounts.

2.4 Outstanding/Pre-paid Premium

This is the premium that should have been paid during the accounting period (negative amount) or prepaid premium for the next year (positive amount).

2.5 Savings

The savings account is the balance transferred from your paid-up policy with investment choice at the start of the payout. The savings account also includes the annual return and administration reserve to cover all future costs.

The savings account cannot be paid out in cash. The amount can - according to applicable laws and regulations - only be used for pension payments and to cover the paid-up policy's costs.

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3. Summary of the Results

The summary of the results shows the paid-up policy's profit for the year and how this profit is allocated.

3.1 Sum Return Added

The overview shows the total achieved return on the premium reserve, buffer fund and premium fund, and how it is allocated.

If your paid-up policy comes from a previous paid-up policy with investment choice, the overview shows the total achieved return on the savings balance and buffer fund, and how it is allocated.

First, the achieved return is used to cover the guaranteed return on the premium reserve. Then, it is allocated to the buffer fund. For agreements with a premium fund, the return will also finance the year's administration/management costs of the premium fund. The remaining return is used to increase the annual pension amounts, except for Storebrand's share of the remaining return.

If the achieved return is lower than the guaranteed return, the amount lacking will be covered by the paid-up policy's buffer fund and, if needed, by Storebrand's equity.

3.2 Insurance Risk Results

This is the paid-up policy's share of Storebrand's insurance risk results (death, longevity, disability, and recovery).

Storebrand's insurance risk results indicate what the year's actual insurance risk costs/incomes are compared to the estimated insurance risk costs/incomes according to the scale of premium rates for all paid-up policies in Storebrand.

Up to half of a positive result for insurance risk can be allocated to Storebrand's risk equalization fund, and the rest is used to increase the pension amounts.

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4. Overview of the Premium Reserve Account

Balance pr. 31.12.
The amount for the paid-up policy's premium reserve account at the beginning of the accounting year.

Premiums
The premiums due for payment during the accounting year, whether paid or not.

Guaranteed return
The annual guaranteed return added to the premium reserve.

Costs
Actual administrative and management costs for the premium reserve charged to the paid-up policy during the accounting year. These costs are financed by the premium/premium reserve.

Estimated cost of the insurance risk
The part of the premium and premium reserve that covers the annual insurance risk for death and disability (transferred to the insurance community) as well as the annual insurance risk for longevity and recovery (transferred from the insurance community).

Disbursements
Total pension payments during the accounting year. This also includes waiver of premiums and waiver of contributions granted in case of disability.

Changes to the premium reserve
Amount transferred to/from the pension insurance upon the occurrence of an insurance event, such as transition to disability pension or survivor's pension, change in disability degree, etc.

To increase the annual pension benefits
The total amount used to increase pension amounts. This amount can be financed by:
- Return exceeding the guaranteed return
- Insurance risk result
- Buffer fund

Balance pr. 31.12.
The balance on the paid-up policy's premium reserve account at the end of the accounting year.

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5. Overview of the Savings Account

Balance pr. 31.12.
The balance of the savings account at the beginning of the accounting year or at the time the paid-up policy was created in the accounting year. The amount will cover future pension payments and costs.

Contributions
The contributions made in the accounting year.

Costs
The administration and management costs for the accounting year that have been charged to the savings account.

Inheritage mortality transferred
The paid-up policy's share of the savings accounts for individuals with similar agreements in Storebrand who have died during the accounting year.

Disbursements
Total pension payments during the accounting year.

Balance transferred
Changes in the savings account during the accounting year.

Added savings
The amount that has been added to the savings balance in the accounting year.

Balance pr. 31.12.
The balance of the savings account at the end of the accounting year. The amount will cover future pension payments and costs.

6. Overview of the Buffer Fund

Balance pr. 31.12.
The balance of the paid-up policy's buffer fund at the beginning of the accounting year.

Changes to the buffer fund
Changes in the buffer fund during the accounting year.

Buffer fund transferred
The amount transferred from the buffer fund.

This amount (excluding Storebrand's share) is transferred to the premium reserve either because the maximum level of the buffer fund has been reached or because the premium reserve has been reduced.

If your paid-up policy comes from a previous paid-up policy with investment choice, this amount (excluding Storebrand's share) is transferred to the savings account either because the maximum level of the buffer fund has been reached or because the savings account has been reduced.

Used to cover a shortfall in the return
If Storebrand does not achieve the guaranteed return on the pension assets, the buffer fund is used to cover the shortfall. If this is the case, this item will contain the amount used to cover the shortfall.

Transferred from the return
The part of the year's return that is used to increase the paid-up policy's buffer fund.

Transferred from risk results
The amount transferred from the risk result in the accounting year.

Balance pr. 31.12.
The balance of the paid-up policy's buffer fund at the end of the accounting year.

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7. Overview of the Premium Fund Account

Balance pr. 31.12.
The balance of the paid-up policy's premium fund at the beginning of the accounting year.

Payments received, transfers and withdrawals
The payments made into the premium fund and transfers (including waiver of premiums) to/from the premium fund in the accounting year. This item also shows the amount used for premium payments and/or to increase the pension benefits.

Return added
The return that has been added to the premium fund in the accounting year.

Balance pr. 31.12.
The balance of the paid-up policy's premium fund at the end of the accounting year.

8. Additional Information

This part of the statement of account shows the return added on the paid-up policy as a percentage per annum. It also shows the average guaranteed return on the paid-up policy's pension assets as a percentage per annum.

The overview also shows the balance of Storebrand's risk equalization fund at the end of the accounting year, and how much this fund constitutes as a percentage of the total customer assets in Storebrand.

Disclaimer

Translated from Norwegian. Only the terms and conditions of the insurance agreement in Norwegian are to apply. This document is not legally binding and is intended solely to provide an understanding of the contractual contents of the Norwegian legal document in force.

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