

**CONVINCING:** Your Company Pension



# YOUR INITIATIVE - OUR CONTRIBUTION

Fresenius makes it easy for you to prepare for the future. You can save for your retirement by taking out direct insurance through Fresenius. Your commitment is well worth it: Fresenius funds your direct insurance with more than EUR 600 per year - regardless of whether or not you want to make contributions of your own. But read for yourself:

## “I should really do something about retirement funds...”

Financing retirement has been a subject of public discussion for some time: an aging society, demographic change, “Riester” or “Rürup” pension - these are just some of the keywords regarding this topic. It is obvious that the statutory pension alone will barely provide sufficient security for this stage of life. Well-balanced, secure retirement planning is therefore based on three pillars: state pension, company pension plan, and private provisions.

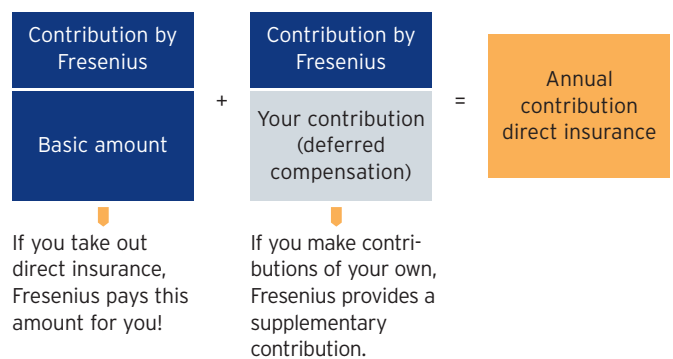
Due to the jungle of information on the topic of pensions, many employees are left with just a vague feeling of “I should really save more for my retirement...”

For this reason, it is especially important to Fresenius to support your pension provisions. Fresenius does this in several ways: through our employer-financed pension plan and through an attractive scheme for your own contributions including additional company subsidies.

Company pension schemes at Fresenius	
Employer-financed	Employee-financed
Information is available from your Human Resources Department	Direct insurance

## Do you have money to give away?

Trade unions and employers in the chemical industry have also responded to the demographic change - retirement provision is firmly stipulated in the collective labor agreement in the form of what is referred to as “Entgeltumwandlungsgrundbetrag”. This basic amount of EUR 478.56 is available to you each year<sup>1</sup> exclusively as a contribution for your pension provision. In addition, employees covered by the collective bargaining agreement automatically receive a supplementary contribution from Fresenius, which amounts to another EUR 134.98. This adds up to a total of over EUR 600 annually and allows you to build a foundation for your retirement savings. How does this work? Through direct insurance, into which both your basic amount and the contribution by Fresenius flow.



<sup>1</sup>Please note the remark on page 7: “In which cases will the basic amount not be paid in full?”.

### Basic amount, supplementary contribution, and your own contributions

Have you decided to participate in the direct insurance? If so, Fresenius grants you the basic amount<sup>1</sup> and - if you are covered by the collective bargaining agreement - the supplementary contribution, without you having to make any contribution of your own. In the case of part-time employees, a proportionate reduction is made.

If you like, you can limit your direct insurance to that. However, in order to secure your standard of living in retirement, your own commitment is also strongly encouraged.

This is so important to us that Fresenius adds another EUR 13 for each additional full EUR 100 contributed by you. The contribution scale as well as the maximum contributions are shown in the table<sup>2</sup>.

#### What is direct insurance?

Direct insurance is a special form of life insurance which Fresenius contracts for its employees. Fresenius selected the Allianz Insurance Group as its partner, and negotiated particularly favorable terms for a group contract.

#### Who can take out direct insurance?

All employees, whether covered by the collective bargaining agreement or not, temporary employees, and apprentices may participate. However, only employees covered by the collective bargaining agreement are entitled to the supplementary contribution provided by Fresenius.

Basic amount (EUR)	Your own contribution (EUR)	Contribution by Fresenius (EUR)	Annual contribution total (EUR)
478.56	0	134.98	613.54
478.56	100.00	147.98	726.54
478.56	200.00	160.98	839.54
478.56	300.00	173.98	952.54
...	...	...	...
478.56	2,000.00	394.98	2,873.54
478.56	2,220.46	420.98	3,120.00

For each EUR 100 in own contributions, a supplementary contribution of EUR 13 is made by Fresenius.

Maximum contribution made by Fresenius

Maximum contribution amount exempt from tax and social security contributions

+  
max. 1,800.00

Additional tax-exempt contribution

4,920.00

Maximum contribution to direct insurance in 2018

<sup>1</sup>This applies to tariff employees as well as to non-tariff employees. Different regulations apply to executives.

<sup>2</sup>Please make sure you consider the contribution levels in our group contract and the quotation request form.

## A CONVINCING EXTRA

The basic amount and the contribution by Fresenius are paid in addition to your regular salary - a sizeable extra benefit for Fresenius employees.



# CONVINCING FLEXIBILITY

## Financing your own contribution

You determine the amount you would like to contribute – keeping in mind that you should really plan for the long term here.

To finance your own contribution, you can choose between

- a lump sum from your vacation pay and/or Christmas bonus or
- a monthly payment from your regular compensation.

A combination of different pay components is conceivable as well. Whatever you decide, Fresenius remits the contribution specified by you to Allianz on December 1 each year.

As a non-tariff employee, you can additionally turn your variable, commission, or bonuses into a contribution to the direct insurance.

## Disability benefits

When determining the scope of the insurance, you also have the option of including an exemption from contributions in case of disability. Generally, a simplified medical examination suffices.

## Investment of the contributions

You decide how your contributions should be invested. You have the choice between a more security-minded or more opportunity-based investment.

## Pension plan "Perspective"

- All contributions will be invested in Allianz Lebensversicherungs-AG security assets.
- Participation dependent on the capital market.
- Generated revenues will improve the guaranteed capital.

## Pension plan "InvestFlex"

- The main focus of investment is in stock ("Strategiefonds Wachstum" or "Strategiefonds Wachstum Plus").
- Opportunity and risk: The payout depends on the development of the capital market

Investing your contributions in equity funds generally offers the prospect of higher returns. However, these are always associated with a higher investment risk.

Both pension plans include a guarantee. When your pension starts, at least all amounts paid for retirement will be available (guaranteed capital).

### Some things cannot be planned

If changes occur in your life that affect the planning of your retirement provisions, the consulting team of the Insurance Department at Fresenius will gladly assist you. Contact information can be found on the back of this brochure.

## Payout

Flexibility is of great importance to us when it comes to the payout of benefits. You can obtain benefits from the direct insurance between the ages of 60 and 75.

Furthermore, you can choose between a lifelong annuity and a lump sum. If you opt for an annuity, a ten-year annuity guarantee period applies. This means that in the event of death during this period, any annuity payments still outstanding are converted into lifelong - of limited duration for children - annuity payments which are paid to the survivors.

The following legally defined group of persons is considered entitled to survivor benefits:

- Spouse, registered partner (as per German Life Partnership Act)
- Children entitled to child allowance
- Partner named in writing

In the event of death prior to retirement, the survivors receive the contributions that were paid in, plus any surpluses or, in the case of unit-linked contracts, the current policy value. These benefits are also paid out as a lifelong - time-limited for children - annuity.

If there are no family members entitled to the benefits, your heirs receive a death benefit (currently up to a maximum of EUR 8,000).

## Taxes and social security contributions

All contributions are invested within the framework of deferred compensation. Deferred compensation means that a part of the compensation is not paid out but used as a contribution to a company pension plan instead. These contributions are deducted from the gross income. Contributions that do not exceed 4% of the Social Security Contribution Ceiling (2018: EUR 3,120), are exempt from taxes and social security contributions. Moreover, an additional EUR 1,800 can be converted tax-free but is subject to social security contributions, as long as you are insured with statutory health insurance.

Upon payout, taxes and social security contributions must be paid. Nevertheless, the overall financial burden in retirement can be lower than during your active working life: There are no more contributions to unemployment insurance and to the state pension scheme and your tax rate most likely will be lower as well. However, you alone are responsible for health insurance and long-term care insurance contributions, as long as you are insured with statutory health insurance.

The **Social Security Contribution Ceiling** is the threshold of the gross income up to which contributions must be paid to the state pension scheme (2018: EUR 78,000/year). Each year, the Social Security Contribution Ceiling is adjusted to the development of income. Employee and employer do not pay contributions to the state pension scheme or other social security contributions for the portion of the income that is above the ceiling.

## LONG-TERM PROVISION

You should plan for your future in the long term. Use the various information available as well as the calculator on the intranet to find the solution that is best for you.





## YOUR QUESTIONS - OUR ANSWERS

### **When I take out direct insurance, do I also get the subsidies under the "Riester" pension system?**

No, the subsidies of the "Riester" pension (a state-subsidized supplementary private pension) do not apply to direct insurance. However, you can enter into a state-subsidized "Riester" contract on a private basis in addition to the direct insurance.

### **Can I also receive the basic amount and contribution by Fresenius for a different pension plan, the "Riester" pension for example? Or can I choose a different insurance company instead of Allianz?**

You only receive the basic amount and supplementary contribution when you take out Allianz direct insurance through Fresenius. We have entered into a group contract with Allianz, which means that you benefit from the favorable terms.

### **I still have an old direct insurance from my previous employer. Can I continue it?**

We will gladly check whether and how a transfer is possible.

### **Are costs incurred with direct insurance?**

As with most contracts, administrative and initial costs arise for Allianz from placing direct insurance contracts. These are set off against contributions in the first years. However, because it is a group contract, the costs are comparably low.

### **What happens if I leave the company early?**

Once the contract takes effect, you are immediately entitled to the accumulated capital, but it will not be at your disposal until you retire. If you leave the company early, you have the following options:

- Transfer of the direct insurance to the new employer - a significant advantage of direct insurance
- Conversion into a paid-up policy
- Continuation of the payment of contributions with your own contributions from your net income

### **What happens if I take a temporary break, for example, due to parental leave?**

You can continue making voluntary contributions from your net pay during this time. In this case, please contact us early on so that we can look into the various options.

### **In which cases will the basic amount not be paid in full?**

In general the basic amount will be granted from 7 months of employment onwards. 1/12 will be payable for each full calendar month, in which you have 12 working days with payment. The basic amount can vary, especially in your first year of employment, due to parental leave or longer illness.

### **When is a participation in a new direct insurance or an extension of my existing direct insurance via Fresenius possible?**

Both is possible from that moment when you start working with Fresenius. Start of contract will be the 1 December of this year.

## INITIATIVE PAYS OFF

If you take out direct insurance, Fresenius provides funding in the form of a basic amount and a supplementary contribution.



## Your direct line to the Insurance Department:

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Additional information is available on the intranet.

### Please note:

Different regulations apply to employees with an existing deferred compensation agreement from 2004 or earlier. If you have any questions, the Insurance Department or Corporate Human Resources will gladly assist you.

This brochure provides a simplified overview of the regulations regarding deferred compensation and direct insurance. Only the company agreement on deferred compensation and the certificates of insurance for each individual contract are legally binding.