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ACTUARIAL STANDARDS FOR TRANSFERS BETWEEN PENSION SCHEMES IN THE COUNTRIES OF THE EC AND OTHER EUROPEAN COUNTRIES

A survey by the Groupe Consultatif

Editor Philip Shier FIA

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Introduction

The Pensions Committee of the Groupe Consultatif completed in April 1995 its first survey covering 12 countries of the EU on actuarial standards for transfers between pension schemes with a special reference to the cases where the transfer involved the change of country of residence of the worker within the EU.

The second survey was carried out in 1998 and included Austria, Finland and Sweden which were not able to participate in the previous edition. This survey also included information on two of the countries that participate in some activities of the Groupe as observer members: Norway and Switzerland. A separate note on Iceland was attached.

The survey has now been updated to 2001 and covers 21 countries. Included for the first time are Cyprus, Latvia and Slovenia. Summaries of the responses to the questionnaire are included as Appendix 1. Due to the diversity of supplementary pension provision among the countries surveyed and the wish to keep the survey as concise as possible, these summaries may not cover all the issues which need to be considered in order to understand fully the position in each country. Any comments which readers of the survey wish to make which would provide greater clarity would be very welcome.

Review of questionnaire

The questionnaire covered three broad areas

- the level of protection given to early leavers from occupational pension schemes
- the options in relation to a transfer payment to another scheme
- any special requirements in relation to cross border transfers

A summary of the trends in relation to these three issues, and of the main changes which have taken place since the previous survey in 1998, is given below.

Protection for early leavers

An "early leaver" from an occupational pension scheme is an employee who leaves service, other than on retirement, death or disability, whether this is at the request of the employer (e.g. on redundancy) or because the individual wishes to leave to work for another employer. The benefits to which he or she is entitled from the occupational pension scheme on leaving service depend on the vesting provisions of the scheme or of the national legislation.

The highest level of protection for an early leaver is if there is "immediate vesting". This means that on leaving the scheme, even after a very short period of service, the employee remains entitled to the benefits secured by the company contributions paid in respect of him or her to the scheme (as well as those secured by any employee contributions). These benefits may be maintained in the scheme and drawn at retirement, or it may be possible to transfer the value of these benefits to another pension scheme (e.g. that offered by a new employer, or an approved insurance policy in the employee's name).

The chart in Appendix 2 illustrates the different vesting periods which apply in the countries which have occupational pension schemes. In some cases, the requirements for vesting are more complex than can be illustrated in a chart and the reader is referred to the notes for greater detail. It can be seen that there are a number of countries where immediate vesting is a statutory requirement (e.g. Sweden, Switzerland) and in other countries it may be common to provide immediate vesting on a discretionary basis. Among the countries with a long vesting period is Germany, where it has recently been proposed that this be reduced to 5 years. In France, it is not possible under national legislation to provide for vesting of benefits for early leavers from defined benefit schemes because of adverse tax consequences.

The increase in the proportion of countries where there is a legal requirement for vesting of benefits which was noted in the 1998 survey has continued, and a number of countries have reduced the minimum period of service which must be completed by an employee in order to qualify for vesting rights (Italy, Norway, Sweden). In addition, improved vesting rights will come into effect in Ireland shortly.

Appendix 3 shows the basis for calculation of vested benefits for a defined benefit scheme. For half the countries surveyed, this is the proportion of the full pension expected at retirement which has been earned for service in the scheme (e.g. Belgium, Germany, UK) but in about one quarter of cases the benefit is based on the reserve held (e.g. Norway, Sweden). In Spain, the vested benefit is converted to a defined contribution account of equivalent actuarial value.

In some circumstances it is possible that basing the benefit on the reserve will be more generous to the leaver than the proportionate approach. However, the benefits provided under the latter approach are substantially improved if they are increased between date of leaving and retirement. Appendix 4 shows that in only about one-third of countries is there a statutory requirement to increase part or all of the deferred benefit broadly in line with price inflation (UK, Ireland, Cyprus, Sweden), and that in other countries this may be done on a discretionary basis. However, for almost half the countries surveyed increases are not granted. For benefits provided by means of insurance policies, there may be profit sharing based on the excess investment return achieved. For defined contribution plans, the vested benefit is usually the accumulated fund and this will continue to increase after leaving to reflect investment returns earned on the fund.

Transfer payments

The number of countries which give an early leaver a statutory entitlement to a transfer is thirteen (See Appendix 5). There has been a change in Belgium since the last survey. In five other countries, transfer payments may be possible. Only in three countries is a transfer not possible - Finland, France (defined benefit) and Iceland. However, in Iceland and Sweden, an employee can be credited with additional service in his new scheme without any transfer of assets.

The transfer payment in the case of a defined benefit plan is calculated as the actuarial value of the deferred entitlements in the majority of cases. In some countries, such as Norway and Sweden, the actuarial reserve is used. This is shown in Appendix 6. The assumptions to be used in calculating the transfer value are usually a matter for the discretion of the actuary, for example, in Cyprus, Germany, Spain, Portugal, UK and Ireland. However, in the latter two countries the actuary is required to follow professional guidance notes. In Ireland, the Society of Actuaries in Ireland has recently issued a guidance note which set outs a recommended standard basis for the calculation of transfer values (although higher values may of course be offered). In other countries (e.g. Belgium, Netherlands, Sweden, Switzerland) the assumptions to be used are prescribed (or maximum discount rates are set out in legislation). For a defined contribution plan, the transfer value is the value of the accumulated fund, less any surrender penalties or exit charges.

The treatment of the transfer payment in the receiving plan varies considerably. For defined contribution plans, the amount received is treated as a special contribution to the plan and this approach is also used in some countries even where the main benefits provided under the receiving plan are on a defined benefit basis. Where defined benefits are provided for a transfer payment received (e.g. added years of service), these are usually calculated as the actuarial equivalent of the amount received.

It should be noted that it may not be in the best interests of the individual in some cases to take a transfer value as this may not reflect the full value of the benefits which he or she may receive if the deferred benefit is retained in the existing scheme. For example, an individual leaving a scheme in the UK or Ireland may be offered a transfer value which makes no allowance for any discretionary increases to pensions in payment. If he or she takes the transfer payment, he or she loses any prospect of receiving increases which might have been granted on the pension when it came into payment had it remained in the scheme. Another situation where a transfer value may not be the best option is where the assumptions used to calculate it are not consistent with the basis on which the benefit in the receiving scheme is determined. Accordingly, the most effective way of ensuring that early leavers are provided with a reasonable level of benefits is to improve the quality of the deferred benefits offered e.g. less

onerous vesting requirements, guaranteed increases in benefits etc. This should in turn lead to higher transfer payments but if not, the individual will have the option of retaining his or her entitlement to deferred benefits in the scheme.

Cross border transfers

The possibility of making a transfer payment to a pension scheme in another country is available in 11 countries but in some cases the approval of the regulator or tax authority may be needed, and in others there may be a tax charge. This is shown in the chart in Appendix 7. In all cases, the basis for calculation of the transfer value is the same as for a transfer within the country concerned.

There is no evidence of any reduction in the obstacles to cross border transfers from the position in 1998.

In its Communication on the Elimination of Tax Obstacles to the Cross-Border Provision of Occupational Pensions issued on 19th April 2001, the European Commission made reference to the tax obstacles which may arise when a transfer of accrued pension capital is made from the pension scheme of an employer in one member state to an employer in another member state to which the worker has moved. The Commission has indicated that it will examine the national tax rules relating to cross-border transferability of pension capital and take the necessary steps to ensure compliance with Treaty rules. It is therefore to be expected that the tax obstacles to cross-border transfers will reduce in future.

Summary

The protection provided to early leavers by way of improved vesting terms and pre-retirement increases has continued to improve, and in most countries it is possible to take a transfer payment to another (domestic) pension arrangement. The method and assumptions used to calculate such transfer payment are still significantly different across Europe.

There are still many obstacles to cross border transfers, primarily arising from the requirements arising from the regulatory and taxation authorities.

The Pensions Committee of the Groupe Consultatif would be happy to provide more detailed information, if requested, and to develop proposals for common actuarial standards for the treatment of transfer values.

APPENDIX 1 Summary of Responses to Questionnaire

COUNTRY	**AUSTRIA**
VESTED RIGHTS	FOR INSURANCE CONTRACTS THERE IS IMMEDIATE AND FULL VESTING. FOR DIRECT COMMITMENT AND PENSIONSKASSE THERE IS A VESTING PERIOD OF 5 YEARS FOR EMPLOYER CONTRIBUTIONS. COMMON PRACTICE FOR PENSIONSKASSE IS 2 YEARS. EMPLOYEE CONTRIBUTIONS VEST IMMEDIATELY.
INCREASES PRE RETIREMENT	NO BUT FOR DIRECT COMMITMENT MAY BE WRITTEN IN TO THE COMMITMENT
TRANSFER VALUES	THERE IS A LEGAL RIGHT TO A TRANSFER WHICH WILL EQUAL THE SURRENDER VALUE FOR AN INSURANCE ARRANGEMENT AND WILL BE ON THE BASIS OF PREMIUMS PAID FOR PENSIONSKASSE. THE BOOK RESERVE IS TRANSFERRED IN THE CASE OF A DIRECT COMMITMENT
CROSS BORDER TRANSFERS	THESE ARE POSSIBLE PROVIDED THE INDIVIDUAL IS MOVING ABROAD INDEFINITELY

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COUNTRY	**BELGIUM**
VESTED RIGHTS	AFTER 1 YEAR'S MEMBERSHIP FOR EMPLOYER CONTRIBUTIONS (EMPLOYEE CONTRIBUTIONS VEST IMMEDIATELY). VESTED BENEFITS ARE FULL ACCRUED RIGHTS.
INCREASES PRE RETIREMENT	NO LEGAL REQUIREMENT AND NOT COMMONLY PROVIDED.
TRANSFER VALUES	THERE IS A LEGAL RIGHT. VALUE IS CALCULATED AS PRESENT VALUE OF ACCRUED RIGHTS, USING SPECIFIED MORTALITY TABLES AND A DISCOUNT RATE OF NOT MORE THAN 6%. IN RECEIVING SCHEME, TRANSFER DOES NOT SECURE BENEFITS ON SCHEME FORMULA, BUT IS APPLIED TO PROVIDE BENEFITS SEPARATELY ON A DC BASIS.
CROSS BORDER TRANSFERS	POSSIBLE WITH THE AGREEMENT OF ALL PARTIES (IE EMPLOYEE AND BOTH EMPLOYERS). LIABLE TO TAX IN BELGIUM.

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COUNTRY	**CYPRUS**
VESTED RIGHTS	FOR DB PLANS, THERE IS USUALLY A 5 YEAR VESTING PERIOD BUT SOME PROVIDE IMMEDIATE VESTING. BENEFIT IS PROPORTION OF FULL PENSION AT RETIREMENT. FOR DC PLANS, EMPLOYEE CONTRIBUTIONS VEST IMMEDIATELY AND EMPLOYER CONTRIBUTIONS MAY VEST OVER 10 YEARS (NIL FOR 5 YEARS, 50% FOR YEARS 5-10)
INCREASES PRE RETIREMENT	YES - AT LEAST IN LINE WITH CPI
TRANSFER VALUES	THERE IS A LEGAL RIGHT TO TRANSFER AND FOR DB SCHEMES THE TRANSFER VALUE IS THE ACTUARIAL VALUE OF THE BENEFIT AS DETERMINED BY THE ACTUARY. THE TRANSFER VALUE IS CONVERTED TO BENEFITS IN THE NEW SCHEME. FOR DC PLANS THE ACCUMULATED VALUE LESS VESTING PENALTIES IS AVAILABLE BUT IN PRACTICE THE NEW EMPLOYER WILL NOT USUALLY ACCEPT THE TRANSFER PAYMENT.
CROSS BORDER TRANSFERS	NOT ALLOWED

APPENDIX 1 Summary of Responses to Questionnaire

COUNTRY	**DENMARK**
VESTED RIGHTS	AFTER 5 YEARS OF MEMBERSHIP PROVIDED MEMBER HAS ATTAINED AGE 30. COMMON PRACTICE IS FULL AND IMMEDIATE VESTING. BENEFIT IS ACTUARIAL RESERVE.
INCREASES PRE RETIREMENT	NONE
TRANSFER VALUES	THERE IS NO LEGAL RIGHT BUT THERE IS AGREEMENT BETWEEN THE BIG PENSION COMPANIES TO TRANSFER IF BOTH PLANS ARE COMPULSORY. THE TRANSFER VALUE IS THE ACTUARIAL VALUE OF THE VESTED BENEFITS AND IS CALCULATED AT THE DISCRETION OF THE ACTUARY. IT IS TREATED AS AN INITIAL RESERVE IN THE RECEIVING SCHEME.
CROSS BORDER TRANSFERS	NO - EXCEPT TO THE EC PENSION SCHEME. THERE WILL BE A TAX LIABILITY AS THE TRANSFER IS CONSIDERED A SURRENDER.

APPENDIX 1 Summary of Responses to Questionnaire

COUNTRY	**FINLAND**
VESTED RIGHTS	FOR INSURED SCHEMES,IMMEDIATE VESTING IS THE COMMON PRACTICE AND BENEFITS ARE FULLY FUNDED. FOR FUNDED SUPPLEMENTARY SCHEMES, THERE IS A LEGAL REQUIREMENT ONLY ON LIQUIDATION OF FUND, BUT IMMEDIATE VESTING IS FAIRLY COMMON ALTHOUGH THERE CAN ALSO BE LONG VESTING PERIODS. FULL FUNDING IS COMMON AND WILL BE COMPULSORY AFTER A TRANSITION PERIOD LASTING TO 2010. BENEFIT IS ACCUMULATED RESERVE.
INCREASES PRE RETIREMENT	NOT COMPULSORY -THE COMMON PRACTICE IS TO USE THE SAME INDEX AS FOR PENSIONS
TRANSFER VALUES	NOT POSSIBLE
CROSS BORDER TRANSFERS	NO

APPENDIX 1 Summary of Responses to Questionnaire

COUNTRY	**FRANCE**
VESTED RIGHTS	RIGHTS ACCUMULATED UNDER ARRCO/AGIRC STATUTORY PLANS ARE FULLY VESTED. FOR SUPPLEMENTARY DB PLANS, VESTING PRE RETIREMENT IS NOT PERMITTED BY LAW AND BENEFITS ARE FULLY COVERED BY AN INSURANCE CONTRACT. FOR DC PLANS, THERE IS IMMEDIATE VESTING.
INCREASES PRE RETIREMENT	NO - AS BENEFITS UNDER DB PLANS DO NOT VEST UNTIL RETIREMENT
TRANSFER VALUES	THERE IS A LEGAL RIGHT TO TRANSFER FROM A DC PLAN AND THE TRANSFER AMOUNT IS THE ACCUMULATED RESERVE LESS EXPENSES. THE TRANSFER VALUE IS CREDITED TO THE INDIVIDUAL ACCOUNT IN THE NEW PLAN. TRANSFER FROM A DB PLAN IS NOT POSSIBLE AS BENEFITS ARE NOT VESTED UNTIL RETIREMENT.
CROSS BORDER TRANSFERS	POSSIBLE FOR DC PLANS PROVIDED RECEIVING SCHEME MEETS CERTAIN CRITERIA. TRANSFER VALUE IS THE SAME AS WOULD BE PAID FOR A TRANSFER WITHIN FRANCE. FOR DB PLANS, ONLY COLLECTIVE TRANSFERS CAN BE CONSIDERED.

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COUNTRY	**GERMANY**
VESTED RIGHTS	ATTAINED AGE 35 AND HAVING COMPLETED EITHER 10 YEARS OF PLAN MEMBERSHIP OR 3 YEARS OF PLAN MEMBERHIP AND 12 YEARS SERVICE (CURRENTLY CONSIDERING A REDUCTION TO 5 YEARS PLAN MEMBERSHIP). THE BENEFIT IS USUALLY A PROPORTION OF THE FULL EXPECTED PENSION AT RETIREMENT, BUT FOR PENSION FUNDS OR DIRECT INSURANCE A PAID UP POLICY IS PERMITTED AND BENEFITS ARE FULLY FUNDED IMMEDIATELY.
INCREASES PRE RETIREMENT	NO
TRANSFER VALUES	THERE IS CURRENTLY NO LEGAL RIGHT TO TRANSFER BUT THIS IS UNDER REVIEW AT PRESENT. TRANSFERS CAN TAKE PLACE WITH THE AGREEMENT OF ALL PARTIES. A FAIR VALUE IS AGREED BETWEEN THE TWO EMPLOYERS.
CROSS BORDER TRANSFERS	THESE CAN TAKE PLACE ON THE SAME BASIS AS FOR INTERNAL TRANSFERS BUT THERE MAY BE TAX OBSTACLES.

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COUNTRY	**GREECE**
VESTED RIGHTS	THERE ARE NO LEGAL REQUIREMENTS BUT VESTING IS FAIRLY COMMON AFTER 5-10 YEARS.
INCREASES PRE RETIREMENT	UNCOMMON
TRANSFER VALUES	NOT SPECIFICALLY ADDRESSED UNDER LEGISLATION. SOMETIMES OCCURS THROUGH INDIRECT ROUTES
CROSS BORDER TRANSFERS	POSSIBLE IN PRINCIPLE, BUT UNCOMMON IN PRACTICE

APPENDIX 1 Summary of Responses to Questionnaire

COUNTRY	**ICELAND**
VESTED RIGHTS	WITH EFFECT FROM 1998, EMPLOYEES DO NOT LOSE PENSION RIGHTS WHEN THEY MOVE FROM ONE PENSION FUND TO ANOTHER
INCREASES PRE RETIREMENT	NO
TRANSFER VALUES	BENEFITS ARE TRANSFERRED ONLY AT RETIREMENT (WHERE THE BENEFITS FOR WHICH A FUND IS LIABLE FALL BELOW A CERTAIN LEVEL)
CROSS BORDER TRANSFERS	YES - FOR CITIZENS OF NON-EEA COUNTRIES. TRANSFER IS CALCULATED ON ACTUARIAL PRINCIPLES. FOR EEA CITIZENS, THE RIGHTS TO BENEFITS ARE RETAINED IN THE ICELANDIC FUND UNTIL RETIREMENT.

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COUNTRY	**IRELAND**
VESTED RIGHTS	AFTER 5 YEARS' PLAN MEMBERSHIP. FOR DB PLANS VESTED BENEFITS IS A PROPORTION OF FULL PENSION AT RETIREMENT RELATED TO SERVICE SINCE 1.1.1991 AND FOR DC PLANS IS THE ACCUMULATED FUND IN RESPECT OF CONTRIBUTIONS PAID SINCE 1.1.1991. SOME PLANS PROVIDE VESTED BENEFITS IN EXCESS OF THE STATUTORY REQUIREMENTS. STATUTORY VESTED BENEFITS MUST BE FULLY FUNDED IMMEDIATELY.
INCREASES PRE RETIREMENT	YES - IN LINE WITH CPI TO A MAXIMUM OF 4% P.A. ON THE STATUTORY VESTED BENEFIT.
TRANSFER VALUES	THERE IS A LEGAL RIGHT TO A TRANSFER PAYMENT IN LIEU OF STATUTORY VESTED BENEFIT. FOR DB PLANS, THIS IS CALCULATED BY THE ACTUARY IN ACCORDANCE WITH PROFESSIONAL GUIDANCE AS THE ACTUARIAL VALUE OF THE VESTED RIGHTS. IN THE RECEIVING PLAN, THE TRANSFER VALUE MAY BE INVESTED ON A DC BASIS OR USED TO PURCHASE A SERVICE CREDIT.
CROSS BORDER TRANSFERS	THESE ARE POSSIBLE SUBJECT TO CERTAIN CRITERIA AND ARE CALCULATED IN THE SAME WAY AS FOR TRANSFERS WITHIN IRELAND

APPENDIX 1 Summary of Responses to Questionnaire

COUNTRY	**ITALY**
VESTED RIGHTS	5 YEARS OF PLAN MEMBERSHIP AND ATTAINED AGE 65 OR 15 YEARS OF PLAN MEMBERSHIP HAVING AT MOST 10 YEARS TO STATE PENSION AGE (CONDITIONAL ON HAVING STOPPED WORK). NO LEGAL REQUIREMENTS REGARDING LEVEL OF VESTED BENEFITS. USUALLY FULLY FUNDED.
INCREASES PRE RETIREMENT	YES - USUALLY LINKED TO INVESTMENT RETURNS
TRANSFER VALUES	THERE IS A LEGAL ENTITLEMENT BUT NO RULES
CROSS BORDER TRANSFERS	YES - NO RULES

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COUNTRY	**LATVIA**
VESTED RIGHTS	NO LEGAL REQUIREMENT FOR PRIVATE PENSION FUNDS
INCREASES PRE RETIREMENT	NO
TRANSFER VALUES	THERE IS AN ENTITLEMENT TO TERMINATE MEMBERSHIP OF A FUND AND TRANSFER ACCRUED CAPITAL
CROSS BORDER TRANSFERS	NO

APPENDIX 1 Summary of Responses to Questionnaire

COUNTRY	**LUXEMBOURG**
VESTED RIGHTS	MAXIMUM OF 10 YEARS BUT MAY BE LESS. NO LEGAL REQUIREMENTS REGARDING LEVEL OF BENEFITS. USUALLY FINANCED BY BOOK RESERVES.
INCREASES PRE RETIREMENT	NO
TRANSFER VALUES	THERE IS NO LEGAL RIGHT BUT THIS MAY BE PERMITTED. CALCULATED AS THE ACTUARIAL VALUE OF VESTED RIGHTS. THE ASSUMPTIONS ARE NOT SPECIFIED AND THERE ARE NO RULES ABOUT BENEFITS TO BE PROVIDED IN THE RECEIVING SCHEME.
CROSS BORDER TRANSFERS	YES

APPENDIX 1 Summary of Responses to Questionnaire

COUNTRY	**NETHERLANDS**
VESTED RIGHTS	ONE YEAR OF PLAN MEMBERSHIP (IMMEDIATE IF RIGHTS HAVE BEEN TRANSFERRED IN). PROPORTION OF FULL EXPECTED PENSION AT RETIREMENT. MUST BE FULLY FUNDED.
INCREASES PRE RETIREMENT	IF INCREASES ARE PROVIDED TO PENSIONS POST RETIREMENT
TRANSFER VALUES	THERE IS A LEGAL RIGHT TO TRANSFER ACTUARIAL VALUE OF VESTED BENEFITS. CALCULATED ON PRESCRIBED BASIS WHICH REQUIRES DISCOUNT RATE OF 4% PA (WITH NO ALLOWANCE FOR PENSION INCREASES PRE RETIREMENT) AND SPECIFIED MORTALITY TABLES. AN ALLOWANCE FOR MARKET CONDITIONS IS PERMITTED UNTIL 2004. IN RECEIVING SCHEME, CONVERTED TO SERVICE CREDIT. FOR DC PLANS, ACCUMULATED FUND IS TRANSFERRED AND APPLIED AS INITIAL RESERVE TO ACCOUNT IN NEW PLAN.
CROSS BORDER TRANSFERS	ONLY WHERE TO AN ALLOWED INSURANCE COMPANY OR FOR PENSION FUNDS WITHIN SAME GROUP OF COMPANIES. MEMBER MUST RECEIVE BENEFITS AS AN ANNUITY RATHER THAN A LUMP SUM. THERE ARE NO RULES BUT PRACTICE WOULD BE TO PAY SAME TRANSFER AS WITHIN NETHERLANDS. TRANSFER MUST BE APPROVED BY INSURANCE SUPERVISORS AND TAX AUTHORITIES. TAX TREATMENT DEPENDS ON BILATERAL TAX TREATY.

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COUNTRY	**NORWAY**
VESTED RIGHTS	LEGAL REQUIREMENT TO PROVIDE VESTED BENEFITS AFTER 12 MONTHS SERVICE. MINIMUM OF ACTUARIAL RESERVE FOR RETIREMENT BENEFIT (MINIMUM 50% OF THE BASIC AMOUNT IN THE SOCIAL SECURITY SYSTEM). VESTED RIGHTS ARE FULLY FUNDED IMMEDIATELY.
INCREASES PRE RETIREMENT	NO LEGAL REQUIREMENT BUT AS VESTED RIGHTS ARE USUALLY PROVIDED BY AN INSURANCE POLICY IN NAME OF INDIVIDUAL, THE POLICYHOLDER WILL PARTICIPATE IN PROFITS OF THE INSURANCE COMPANY.
TRANSFER VALUES	THERE IS A LEGAL RIGHT TO TRANSFER THE ACTUARIAL VALUE OF VESTED BENEFITS. THESE ARE CALCULATED ON THE SCHEME'S FUNDING BASIS AS APPROVED BY THE SUPERVISORY AUTHORITY. IN RECEIVING SCHEME A SERVICE CREDIT IS CALCULATED INDEPENDENT OF TRANSFER RECEIVED. THE SERVICE CREDIT IS NOK 200.
CROSS BORDER TRANSFERS	NOT USUALLY POSSIBLE AS RECEIVING SCHEME (INSURANCE COMPANY) MUST BE ACCEPTABLE TO REGULATORY AUTHORITY.

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COUNTRY	**PORTUGAL**
VESTED RIGHTS	NO LEGAL REQUIREMENTS BUT SOME PLANS PROVIDE FOR VESTING AFTER 10 YEARS.
INCREASES PRE RETIREMENT	NO EXCEPT UNDER SOME COLLECTIVE AGREEMENTS
TRANSFER VALUES	THERE IS NO LEGAL RIGHT BUT THESE ARE POSSIBLE FOR A PLAN WHICH PROVIDES VESTED BENEFITS. FOR A DB PLAN THE TRANSFER VALUE WILL BE THE ACTUARIAL VALUE OF THE VESTED BENEFITS AS DETERMINED BY THE ACTUARY AND SCHEME SPONSOR. FOR A DC PLAN THE TRANSFER VALUE WILL BE THE ACCUMULATED FUND. THE TRANSFER WILL BE PAID TO AN INDIVIDUAL PLAN AND TREATED AS DC.
CROSS BORDER TRANSFERS	YES

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COUNTRY	**SLOVENIA**
VESTED RIGHTS	IF A TOTAL OF AT LEAST 10 YEARS HAS BEEN SPENT IN ALL PENSION SCHEMES. VESTED BENEFITS ARE THE ACCUMULATED RESERVE LESS EXPENSES WITH A MINIMUM GUARANTEED INTEREST RATE LINKED TO THE RETURN ON BONDS.
INCREASES PRE RETIREMENT	NO LEGAL REQUIREMENT
TRANSFER VALUES	THERE IS A LEGAL RIGHT TO TRANSFER IF THE EMPLOYEE HAS SPENT AT LEAST 3 YEARS IN THE SCHEME. THIS IS CALCULATED AS THE ACCUMULATED RESERVE LESS EXPENSES AND IS TREATED AS SPECIAL CONTRIBUTION IN RECEIVING DC SCHEME.
CROSS BORDER TRANSFERS	NO - TRANSFERS ARE POSSIBLE ONLY TO QUALIFIED PLANS AND OVERSEAS PLANS ARE NOT CONSIDERED QUALIFIED.

APPENDIX 1 Summary of Responses to Questionnaire

COUNTRY	**SPAIN**
VESTED RIGHTS	QUALIFIED PLANS MUST PROVIDE IMMEDIATE VESTING. FOR INSURANCE CONTRACTS THERE ARE NO STATUTORY REQUIREMENTS BUT SOME HAVE IMMEDIATE VESTING. VESTED BENEFITS ARE MATHEMATICAL RESERVES FOR DB PLANS AND ACCUMULATED FUNDS FOR DC PLANS.
INCREASES PRE RETIREMENT	NO EXPLICIT PROVISION
TRANSFER VALUES	THERE IS A LEGAL ENTITLEMENT TO A TRANSFER VALUE FROM A QUALIFIED PLAN TO ANOTHER QUALIFIED PLAN. THIS IS CALCULATED AS THE MATHEMATICAL RESERVE IN RESPECT OF PROJECTED BENEFITS, USING ASSUMPTIONS DECIDED BY THE ACTUARY (BUT WITH A MAXIMUM INTEREST RATE OF 4% PRESCRIBED). THE TRANSFER PAYMENT IS TREATED AS DC IN THE RECEIVING PLAN.
CROSS BORDER TRANSFERS	NOT POSSIBLE FROM A QUALIFIED PLAN AS A FOREIGN PLAN WOULD NOT BE TREATED AS A QUALIFIED PLAN.

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COUNTRY	**SWEDEN**
VESTED RIGHTS	IMMEDIATE VESTING REQUIRED IF PLAN IS TO BE TAX-DEDUCTIBLE AND ALSO UNDER COLLECTIVE AGREEMENTS. THE VESTED BENEFIT IS EQUAL TO THE PAID UP RESERVE.
INCREASES PRE RETIREMENT	YES (EXCEPT FOR STATE EMPLOYEES). IN DB PLANS, INCREASES ARE IN LINE WITH INFLATION. IN DC PLANS, BENEFITS INCREASE IN LINE WITH INVESTMENT RETURNS.
TRANSFER VALUES	THERE IS NO LEGAL RIGHT TO A TRANSFER BUT THIS IS POSSIBLE. ASSETS ARE NOT TRANSFERRED BUT NEW PLAN GIVES CREDIT FOR PAST SERVICE.
CROSS BORDER TRANSFERS	NOT POSSIBLE

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COUNTRY	**SWITZERLAND**
VESTED RIGHTS	IMMEDIATE FULL VESTING. VESTED RIGHTS ARE FULLY FUNDED.
INCREASES PRE RETIREMENT	NO
TRANSFER VALUES	THERE IS A LEGAL RIGHT TO TRANSFER. FOR A DB PLAN, THE TRANSFER VALUE IS CALCULATED AS THE PRESENT VALUE OF THE ACCRUED BENEFIT (ON PRESCRIBED DISCOUNT RATE) BUT SUBJECT TO A MINIMUM OF EMPLOYEE CONTRIBUTIONS PLUS INTEREST AT 4% PA FROM AGE 20. A SERVICE CREDIT IS GRANTED IN THE RECEIVING PLAN. FOR DC PLANS, THE FULL ACCUMULATED RESERVE IS TRANSFERRED AND IS CREDITED TO INDIVIDUAL'S ACCOUNT IN RECEIVING PLAN.
CROSS BORDER TRANSFERS	THERE IS NO RESTRICTION ON TRANSFERS OVERSEAS AND THE CALCULATED AMOUNT IS THE SAME AS FOR TRANSFERS WITHIN SWITZERLAND. THE AMOUNT TRANSFERRED IS SUBJECT TO TAX (DEPENDS ON TAX TREATY)

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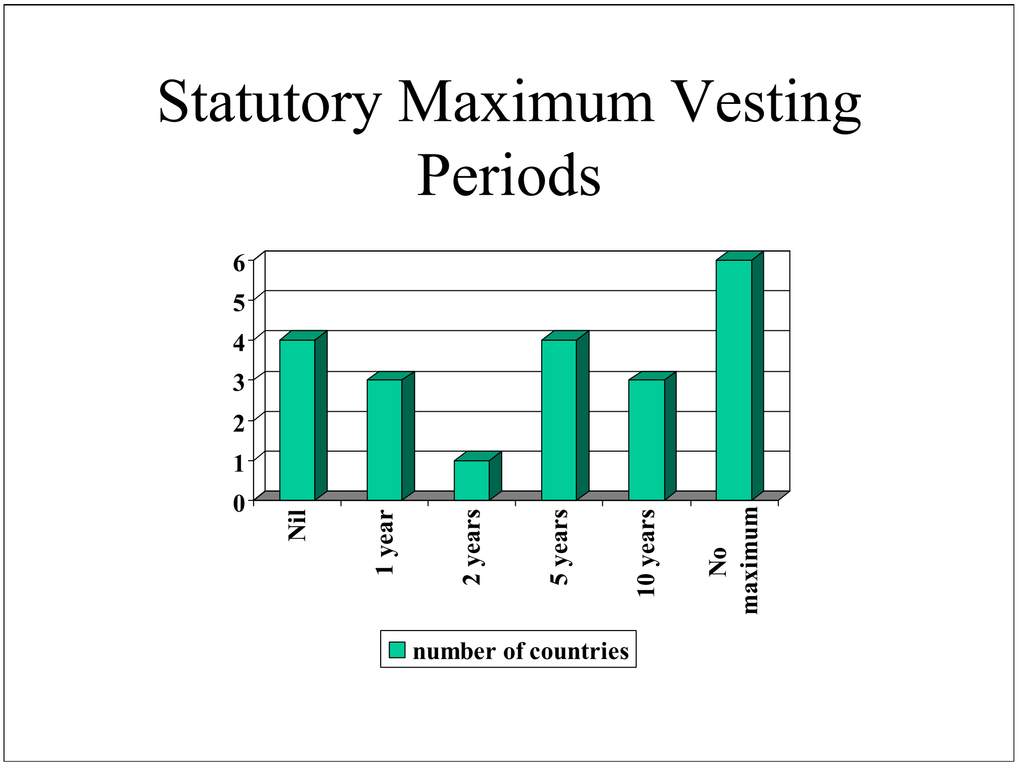
COUNTRY	**UK**
VESTED RIGHTS	VESTED BENEFITS MUST BE PROVIDED AFTER 2 YEARS' PLAN MEMBERSHIP (INCLUDING MEMBERSHIP OF A PLAN FROM WHICH RIGHTS HAVE BEEN TRANSFERRED). THE BENEFIT IN A DB PLAN IS THE PROPORTION OF THE FULL PENSION AT RETIREMENT AGE.
INCREASES PRE RETIREMENT	YES - CPI TO A MAXIMUM OF 5% PA
TRANSFER VALUES	THERE IS A LEGAL RIGHT TO TRANSFER IF THE EMPLOYEE IS MORE THAN 12 MONTHS FROM RETIREMENT AGE. THE TRANSFER FROM A DB PLAN IS THE ACTUARIAL VALUE OF VESTED BENEFITS CALCULATED BY THE ACTUARY IN ACCORDANCE WITH PROFESSIONAL GUIDANCE (CURRENTLY SUBJECT TO A MINIMUM OF THE MFR VALUE). IN THE RECEIVING PLAN, A SERVICE CREDIT MAY BE GRANTED OR THE TRANSFER PAYMENT MAY BE APPLIED ON A DC BASIS.
CROSS BORDER TRANSFERS	YES - SUBJECT TO CERTAIN CRITERIA

Appendix 2



Notes:

1. Spain shown as immediate vesting (qualified plans)

2. UK, Ireland and Netherlands take account of service in previous plan if rights have been transferred.

3. Cyprus has 5 year vesting for defined benefit plans but up to 10 year vesting for defined contribution plans.

4. Slovenia requires a total of 10 years' service in all plans.

5. Germany has 10 years' plan membership (or 3 years' membership with 12 years' service) and must have attained age 35.

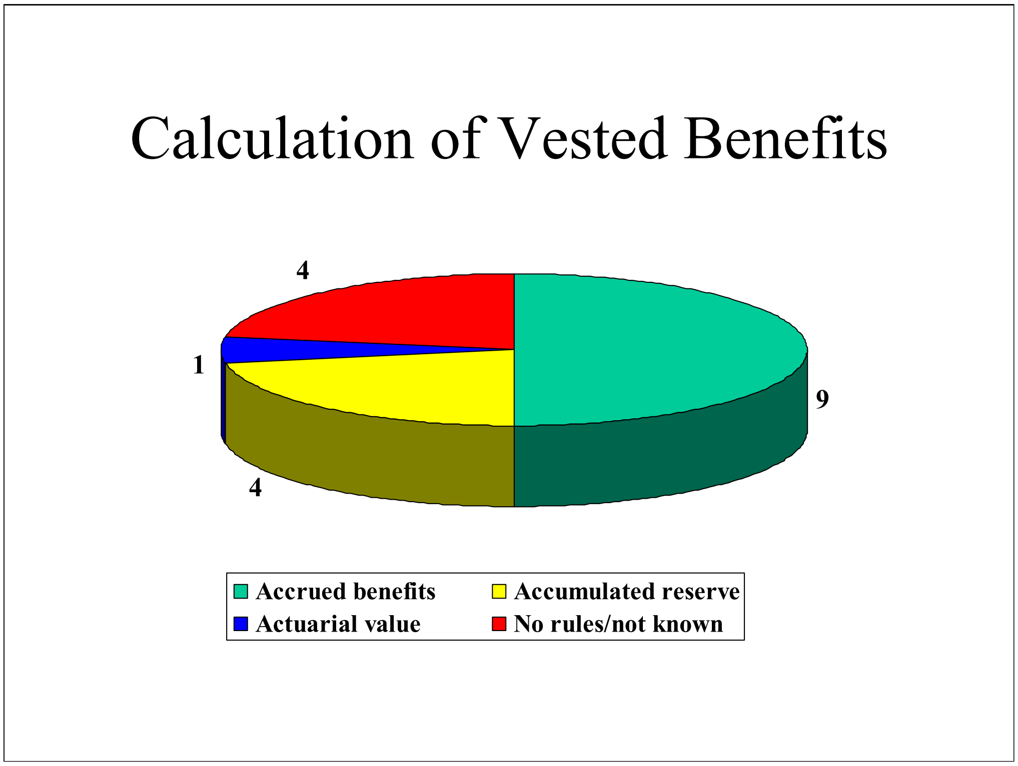
6. Austria has different requirements for insurance contracts, pensionskasse and direct commitment.

7. Italy has vesting requirements which relate to State pension age.

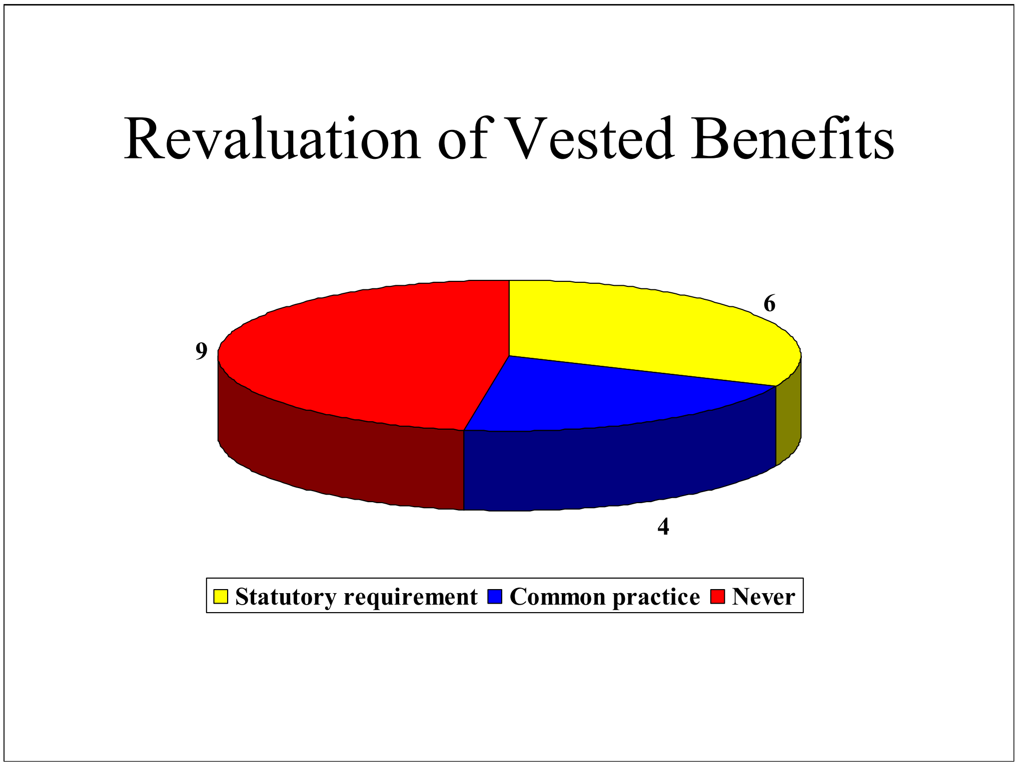
8. France is shown as having no statutory vesting requirements as tax law does not permit this for defined benefit schemes.

9. Of the 6 countries which have no statutory maximum vesting period, some plans in 3 countries (Finland, Greece and Portugal) provide for vesting periods. Only in France (Note 8), Italy (Note 7) and Latvia would maximum vesting periods never apply.

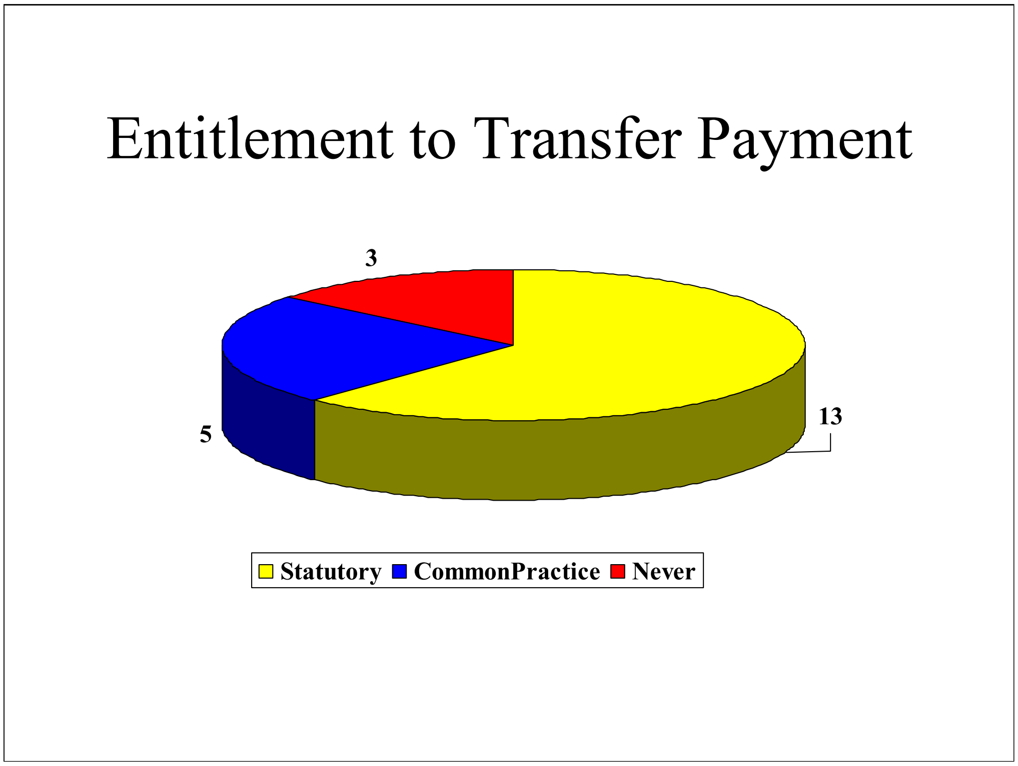
Appendix 3


Calculation of Vested Benefits
4
1
9
4
Accrued benefits
Accumulated reserve
Actuarial value
No rules/not known

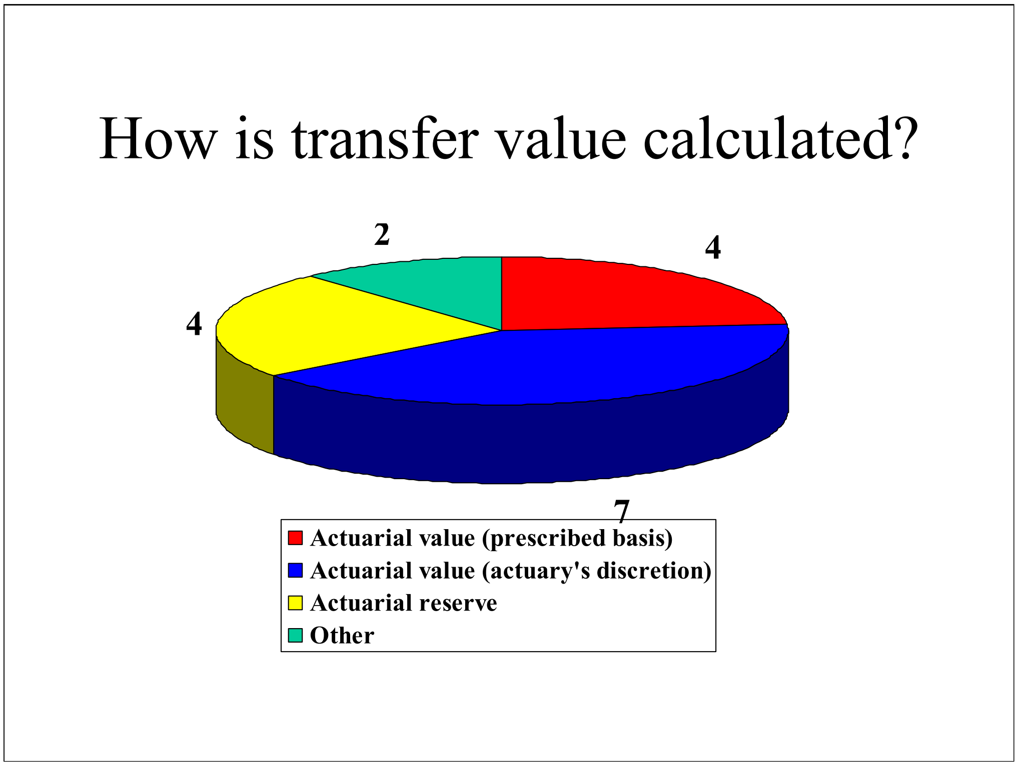
Appendix 4


Revaluation of Vested Benefits
6
9
4
Statutory requirement
Common practice
Never

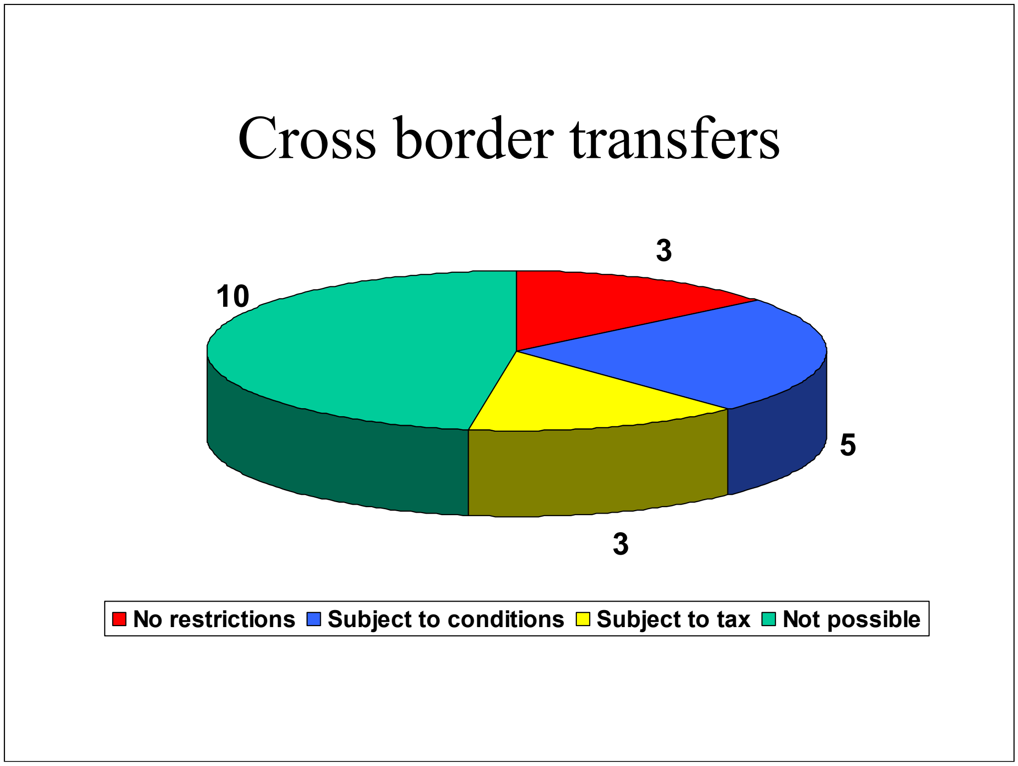
Appendix 5


Entitlement to Transfer Payment
3
5
13
Statutory
CommonPractice
Never

Appendix 6


How is transfer value calculated?
2
4
4
7
Actuarial value (prescribed basis)
Actuarial value (actuary's discretion)
Actuarial reserve
Other

Appendix 7



Notes

1. The conditions which apply in the 5 cases shown vary from country to country and usually relate to the status of the receiving scheme. In some countries, the conditions are usually met but in others they inhibit transfers.
2. The tax liability generally depends on the terms of the bilateral tax treaty.
3. Some of the cases shown as not possible may in theory be possible but do not happen in practice because of penal tax charges or restrictive conditions.