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ASSURANCES-VIE

lalux-Staff Protect

lalux-Staff Protect

Other services

We can accompany your business from A-Z in the design and implementation of your pension scheme, which usually involves the following steps:

- ✓ preliminary study
- ✓ analyses of general market trend
- ✓ drafting of scheme rules
- ✓ registering plan with the IGSS⁽¹⁾
- ✓ presenting plan to staff
- ✓ submitting all documents requested by IGSS⁽¹⁾ and tax administration
- ✓ daily management
- ✓ specific international accounting calculations IFRS/USGAAP and PSV⁽²⁾ calculations if required

Consequently the administration with the employer is reduced to a strict minimum.

(1) The regulatory authority (Inspection Générale de la Sécurité Sociale)
(2) The german insolvency insurance Pensions-Sicherungs-Verein (PSV)

Which companies are concerned?

According to figures provided by the IGSS, over 2 000 occupational pension schemes are registered in Luxembourg, from large multinationals down to small businesses starting out with just one employee.

LA LUXEMBOURGEOISE-VIE

By choosing lalux-Staff Protect you are placing your trust in Luxembourg's number one life insurer whose reputation is already rock solid.

We guarantee:

Significant experience

- ✓ a portfolio of over 840 plans
- ✓ 30 years of experience in this type of products
- ✓ in-depth market knowledge

Competence

- ✓ 20 multilingual employees including 8 actuaries, the majority with over 10 years of experience in LALUX-VIE guarantee a perfect service

Flexibility

- ✓ customisation to the specific requirements of the client

Management

- ✓ local management maintaining ongoing close contact with clients and local authorities guarantee high stability in the relationship with our customers.

Do you have any questions?

Please do not hesitate to contact our *Département Commercial* «Assurances Groupe» under tel.: 4761-6817 or 4761-6576.

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lalux-Staff Protect

Reward loyalty and dedication
of your staff!

By choosing Group LA LUXEMBOURGEOISE, you trust in a company that has a market share of 25% of the Luxembourg insurance market, with a countrywide network of over 1300 agents. Founded in 1920, the Group LA LUXEMBOURGEOISE is completely independent and has only Luxembourg shareholders. Professionalism and dynamism have enabled the Group LA LUXEMBOURGEOISE to earn its reputation on the marketplace and provide it with a solid financial basis.

If you are looking to establish a complementary pension scheme for the benefit of your staff, LA LUXEMBOURGEOISE-VIE (LALUX-VIE), the life assurance subsidiary of the Group LA LUXEMBOURGEOISE, is able to help you take advantage of its experience and knowhow in this field. As one of the main players on the local market, it is involved in consultative committees with the regulatory authorities and participates actively in the industry associations.

To handle the issues facing international companies with regard to the transfer of staff from one country to another, LALUX-VIE has concluded a number of international cooperation agreements. It is therefore able to offer flexible solutions to multinational companies and to maintain the cover in case of transfer of staff from one country to another.

LALUX-VIE has a separate department dedicated to occupational pension schemes. Currently 20 employees, including 8 actuaries, manage a portfolio of over 840 plans for more than 500 employers.

Why introduce an occupational pension scheme?

An attractive remuneration package is today more important than ever. Even if the level of salary remains an important component, the interest in additional benefits gains in importance. More and more employees request additional benefits in their remuneration package (providing benefits in case of retirement, death and disability).

lalux-Staff Protect

The ideal protection for your employees

- ✓ upon retirement,
 - ✓ in case of death,
 - ✓ in case of disability,
- in a flexible and tax-efficient attractive arrangement.



In any of these situations, the employee will be entitled to social security benefits, but these benefits are limited and incomplete:

- ✓ The social security pensions are linked to salary and to contributions, but the part of the income of executive and management staff exceeding the contribution ceiling of social security is not taken into account for the calculation of the benefits.
- ✓ The social security survivor's and disability pensions are based on the average salary calculated from the beginning of the contribution period up to age 55. Expected career progression beyond the date of disability is not taken into consideration and valuable years of contributions are missing.

The benefits from the occupational pension scheme will reduce the loss of income, which could be significant, depending on the age and the career of the employee. The additional benefit together with the social security benefits, will allow the employee to maintain the standard of living for him/herself and their family.

Benefit levels provided by the occupational pension scheme are determined as a result of:

- ✓ the structure of the plan,
- ✓ the budget available,
- ✓ industry practices and procedures,
- ✓ the state benefits.

lalux-Staff Protect

Our product lalux-Staff Protect (LSP) allows us to respond to the requirements and needs of the employer. The product offers a complete range of insurance benefits with a transparent and clear cost structure. High flexibility allows easy adaption to satisfy your requirements.

Insured benefits

The range of benefits that may be covered are

- ✓ retirement pension or lump sum
- ✓ death lump sum or survivor's pensions (partner or orphan)
- ✓ disability pension
- ✓ death/disability accident lump sum

For the retirement defined benefit plans can be put in place where the targeted benefit is fixed from the start, or defined contribution plans may be chosen, where the premium is known from the start; finally intermediate plans known as *Rentenbaustein* or Cash balance may also be implemented.

For the defined contribution retirement scheme, we can offer

- ✓ either the traditional insurance product with a guaranteed return, supplemented by a possible profit-sharing plan, a product that carries no investment risk whatsoever, or
- ✓ our Unit-Linked (ULK) product where affiliated members determine their own investment strategy from a range of attractive funds selected by the insurer together with the employer.

Each year employees may redefine their strategy and thus adapt it to their personal situation.



Flexibility

- ✓ Employee categories
The employer can extend some or all the benefits of an occupational pension scheme to certain staff categories only, or fix different level of benefits for specific categories.

- ✓ Budget
We can assess suitable options for the plan design together with the employer as a function of its available budget and other specific requirements.

The advantages for the employee

- ✓ additional protection in case of death or disability
- ✓ attractive supplementary benefit upon reaching retirement
- ✓ attractive alternative to salary increases
- ✓ no social security contributions on premiums
- ✓ attractive tax regime for benefits
- ✓ possibility of tax-deductible personal contributions

The advantages for the employer

- ✓ tool for staff retention
- ✓ additional steering during salary discussions
- ✓ loyalty and incentive tool
- ✓ attractive tax regime for contributions
- ✓ powerful recruitment argument
- ✓ no social security contributions on premiums
- ✓ expenses fully tax deductible

Hereafter we compare a salary increase to the implementation of an occupational pension scheme. In both cases the cost for the employer are identical (rounded numbers)

Salary increase	Occupational pension scheme
Increase of salary	Premium pension scheme
€ 100	€ 94
Social Security contributions	Flat-rate tax 20 % (+ IGSS fee 0,9 %)
€ 13	€ 19
Cost employer	Cost employer
€ 113	€ 113
Net benefit to employee (using an assumed tax rate of 30% and after deduction of Social Security contributions)	Net benefit to employee
€ 62	€ 94

Taxation

The following tax regulation applies to company pension plans that comply with the law of 8th of June 1999 on Occupational Pensions:

The premiums paid for the retirement, death and disability cover by the employer are subject to a flat rate tax of 20%, payable by the employer and a remunerative fee of 0,9%, used to finance the operating costs of the supervisory authority (IGSS). The tax and fee are to be paid by the employer.

The premiums and the related tax are tax-deductible as working expense. Deduction is limited in the respect of the retirement premium, which must not exceed 20% of the salary.

Any benefits paid out in the form of an annuity or a lump sum are not subject to income tax in Luxembourg. Nevertheless the benefits from employer's contributions are subject to the dependency contribution.

Summary of existing tax deductions relating to insurance premiums

LIR 111: life insurance	672€/year/family member	private policy
LIR 111bis: private pension	1 500 - 3 200€/year /taxpayer The maximum deductible varies with the taxpayer's age	private policy
LIR 110: personal contribution to an occupational pension scheme	1 200€/year	Contracted together with an occupational pension scheme