



# Investment terms and conditions for Skandia Livscyklus (Life Cycle)

Investment terms and conditions valid from 1 May 2018

No. 05-18

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## 1. About Skandia Livscyklus

Skandia Livscyklus is a product with market-determined interest in which the pension saver can invest pension savings in an investment profile composed by Skandia.

These investment terms and conditions apply in addition to the pension saver's insurance terms and conditions in force at any given time<sup>1</sup>.

### 1.1. Provided by

Skandia Livscyklus is provided by Skandia Link Livsforsikring A/S, CVR number 20952237 – hereinafter called Skandia.

## 2. Investing with Skandia Livscyklus

With Skandia Livscyklus, Skandia creates a portfolio of equity, bonds, alternative investments, financial instruments etc. in four investment profiles. Active, externally managed equity and bond mandates are selected and supplemented with passive mandates.

The portfolio of investment profiles is adjusted continuously to match Skandia's expectations concerning the financial markets and the individual risk levels of the investment profiles.

The pension saver can choose from four different investment profiles, with different risk levels. The profiles are defined, each with a separate risk level, and are characterised by the risk level continuously reducing as the pension saver nears the agreed retirement age.

The pension saver's risk is reduced from the dates defined in the individual investment profiles. The reduction occurs subsequently annually in the month when the pension saver has his/her birthday.

The four investment profiles and the dates when the reduction begins and ends are described at skandia.dk.

Skandia provides investment guidance that the pension saver can use to identify the investment profile that matches the willingness to take risks and the time during which savings may be made.

Skandia owns the securities and financial instruments where the investments are made. The pension saver therefore has no ownership over them, but owns the right to the return, which is added to the pension savings in Skandia.

The investment cannot be made with retrospective effect.

### 2.1. Skandia's liability applies

Skandia's liability for investing pension savings applies when Skandia has received and accepted all the necessary information for establishing the contractual relationship.

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<sup>1</sup> In the insurance terms and conditions, pension saver is called the insured.

A contribution prior to this date should not be considered enrolment in the pension scheme. A request to transfer from another pension company as well as transfers from another pension company received prior to this date can be effectuated no earlier than when the contractual relationship is approved and Skandia has issued a pension overview to the pension saver.

Similarly, in the event of changes during the contractual relationship, Skandia's liability applies for investment of the pension savings no earlier than when all the necessary information for the change has been received and approved.

Skandia is not liable for investing the pension savings in the event of non-approved contractual relationships or changes.

### 2.2. Skandia's customer portal

The pension saver can see the investment profile where the savings and new contributions are placed and can follow the development in the savings via a personal login on skandia.dk.

### 2.3. Mandate and trading

When Skandia Livscyklus is chosen, the pension saver gives Skandia the mandate to carry out the necessary investment transactions in the selected investment profile. The pension saver is not entitled to buy or sell portions of an investment profile.

### 2.4. Strategic and tactical management

With Skandia Livscyklus, Skandia determines both the strategy underlying the investments and the tactical management of the investments. Tactical management concerns how investments are continuously administered. In other words, Skandia adjusts the allocation between e.g. equity and obligations or the degree of currency hedging when Skandia decides this is expedient in relation to the development in the financial markets.

The investment profiles' strategic asset allocation and currency hedging are described at skandia.dk.

The part of the savings that is not invested in equity is invested in bonds, alternative investments, cash etc.

### 2.5. Return

The return reflects how the market rates on investments in the investment profile have developed. The pension saver bears the investment risk, and the return could be either positive or negative.

#### 2.5.1. Tax on pension yield

Skandia ensures that tax is paid on any pension yield (PAL) in accordance with the applicable law and rules or new duties/taxes that replace/supplement them. This is achieved by Skandia automatically selling the pension savings in the selected investment profile.

Yield that is not taxed as pension yield, is reported to SKAT (the Danish tax authorities), and the yield is then taxed in accordance with applicable tax rules.

## 2.6. Costs

The pension saver pays the costs in connection with investing pension savings in Skandia Livscyklus. The costs are calculated at least once a year in accordance with the pension industry's recommendation on annual costs in kroner/annual costs in % (ÅOK/ÅOP) and are explained to the pension saver in connection with the annual pension overview.

## 2.7. Rebalancing

Due to the market development, the allocation between equity and the other investments will not consistently correspond with the allocation stipulated by the investment profile. Skandia therefore continuously adjusts the allocation between investments so that it corresponds with what is stipulated in the investment profile.

## 2.8. Change of investment profile or product

The pension saver can change investment profiles on an ongoing basis or change to another Skandia investment product.

Trading occurs within 10 working days. However, special conditions apply for the trading days when changing to Skandia Safe<sup>2</sup>.

## 3. Investing contributions

Skandia deducts the costs of administration etc., insurance payments and labour market contributions (AMB) from the contributions and invests the remainder of the contribution.

Skandia reserves the right to set a minimum value for the contributions.

The contributions can be continuous in relation to the pension agreement or a one-off such as with a deposit or transfer from another pension company, and all relevant information for placing the contribution is received and validated.

The contribution, with any costs deducted, is invested in the selected investment profiles.

Skandia undertakes to effect purchases in accordance with the selected investment profile no later than five trading days after a new contribution is received.

### 3.1. Insufficient contributions

If the costs for labour market contributions, costs and insurance etc. cannot be deducted from the contributions,

payment for these costs is generally deducted from the pension savings. In other words, Skandia will effectuate sales from the pension savings to cover the insufficient contribution.

### 3.2. Scheme without contributions

If the contributions cease, the pension scheme will be amended to a premium-free policy. The change will have no impact on the selected investment profile.

If the contributions cease, the pension savings will be continuously written down by an amount corresponding to the amount required to cover the costs incurred and any insurance. In other words, Skandia will effectuate sales from the savings to cover the relevant costs.

### 3.3. In the event of waiver of premium

In the event of waiver of premium, the selected investment profile will continue unchanged. The pension saver can change to another investment product or profile.

### 3.4. Trading limits are not observed

If a transaction cannot be conducted within the deadline and Skandia is not to blame, Skandia is not liable for any loss to the pension saver.

In all other circumstances, the pension saver is treated as if the transaction had been conducted within the deadline. Interest is not charged.

## 4. Payment

The general terms and conditions for disbursement are described in the relevant insurance terms and conditions.

### 4.1. In the event of the agreed retirement age

In the event of the agreed pension payment, the disbursement is determined based on the market value of the pension savings as well as the valid basis for disbursements.

If the payment is to be made as a lump sum, all the savings are sold. If the payment comprises continuous disbursements, continuous sales are effectuated from the pension savings corresponding with the continuous disbursements calculated.

Skandia generally trades in invested assets corresponding to the agreed disbursement once a month. In the event of continuous disbursements, the size of the disbursements is recalculated annually on 1 January based on the pension savings' market value on 30 November as well as the basis for disbursements that Skandia has reported to the Danish FSA (Finanstilsynet).

### 4.2. Prior to the agreed retirement age

If the pension savings are repurchased or transferred to another pension institution prior to the agreed retirement age, the market value is calculated based on the investment assets included in the investment profile where the savings are placed.

<sup>2</sup> Cf. Investment terms and conditions for Skandia Safe.

Any costs and expenses are deducted from the market value of the pension savings at the time when the invested assets are sold.

Generally, transactions are made once a month. Skandia conducts transfers in accordance with the deadlines agreed in the applicable inter-trade transfer agreements.

The pension saver can change investment products or profiles from the time when the pension saver requested a transfer until the transfer has taken place.

### **4.3. In the event of death**

Unless another option is chosen, in the event of death, the beneficiary or beneficiaries will receive the market value of the pension savings with any costs deducted.

In the event of death, the product is changed to Skandia Match<sup>3</sup>, and the funds are subsequently placed in the Match profile with the lowest risk. This occurs in connection with the first upcoming trading transaction after Skandia has received notification of the death.

## **5. Amendments**

Skandia may amend the investment terms and conditions for Skandia Livscyklus, including amending Skandia Livscyklus so that contributions may no longer be made. In the event of amendments that are unfavourable for the pension saver, the investment terms and conditions are amended with one month's written notice.

If necessary due to new or amended legislation or following instructions from the Danish FSA, Skandia can, however, amend the investment terms and conditions with immediate notice.

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<sup>3</sup> Cf. Investment terms and conditions for Skandia Match.