

## SUPPLEMENTARY PENSION SAVINGS

### Basic information:

- The product is intended for all, regardless of their nationality or citizenship. However, foreign nationals must pay their health insurance in the CR.
- The product allows for long-term savings with state support with the goal to contribute to financial well-being at the retirement age.
- The product comprises of your monthly contributions and state contributions that are linked to your monthly contributions; it is also possible to obtain contributions from your employer (it depends on whether your employer provides savings contributions as a benefit).
- The funds placed in the product are invested in various participation funds in compliance with your selected savings strategy.
- Funds can be taken out at any time after two years of SPS payments.

### Main advantages of supplementary pension savings

- Full-fledged regular and one-off investments without entry fees.
- Option to take your money out after two years of SPS payments.
- State contributions up to 4 080 CZK, valid from 1. 7. 2024 per year.

Participant's contribution (CZK/month)	300	500	700	900	1 000	1 200	1 400	1 700
State contribution valid from 1. 7. 2024 (CZK/month)	0	100	140	180	200	240	280	340

Participant's contribution (CZK/month)	300	400	500	600	700	800	900	1 000
State contribution (CZK/month)	90	110	130	150	170	190	210	230

- Tax savings up to 7 200 CZK per year.
- Possibility to retire five years before you reach your full retirement age = "pre-retirement pension."
- Possibility to take advantage of a tax relief provided on your employer's contribution.
- Option to change your contribution amount and investment strategy at any time during the term of the contract. It can also be done in the application "My pension account;"
- Savings are not subject to inheritance proceedings in the case of a designated beneficiary.

### Advantages of supplementary pension savings

- Long-term regular savings managed by trustworthy KB Penzijní společnost with 30 years of successful track record.
- The state provides direct contributions in relation to your contributions and exempts them from income tax.
- Employers can contribute to their employees' pension savings. These contributions are not taxed.
- If you use a KB credit card (Lady Card and A Card), you will receive a special 1% bonus on every payment made with your credit card. The bonus amount will be credited to your pension savings account with KB PS.
- Relax program: discounted stays and services in spa and recreational facilities.

### My pension strategy

**Description:** Strategy tailored to you

#### It works like this:

An investment questionnaire must be filled out as part of supplementary pension savings. Based on your information in the questionnaire, we will find out whether you prefer higher yields and accept higher risks or whether you prefer safe investments. We will learn about your knowledge of financial markets and especially about your investment goal. All this and much more plays a role in investments and in approach to investments. Based on the filled-out questionnaire, we will offer you a tailored strategy.

A savings strategy means investing your money into different participation funds. KB Penzijní společnost currently offers four participation funds:

- KB Equity Participation Fund
- KB Bond Participation Fund
- KB Mandatory Conservative Participation Fund
- KB Money Market Participation Fund

The individual funds differ in terms of their investment focus, risks and potential yields.

If you are not satisfied with our recommendation, you can always choose where you want to invest. You can change your investment diversification at any time during the savings period **FREE OF CHARGE**.

## SUPPLEMENTARY SERVICES – FREE OF CHARGE

### 1. Conservative approach

We will gradually move your funds from riskier funds to conservative funds 10 years before you retire in order to protect your savings against unexpected fluctuations on financial markets.

### 2. Funds rebalancing

Movements on financial markets may result in a change in your investment diversification. This service regularly rebalances the value of your assets in the funds to the diversification agreed in the contract.

### 3. Gradual investing

This service reduces the risk of bad timing of your deposits.

## What is a PRE-RETIREMENT PENSION?

- A pre-retirement pension is a legal option for participants in supplementary pension savings (SPS) to retire before they become eligible for their old-age pension.
- To collect a pre-retirement pension, you must meet the condition of 60 months of SPS payments (it also includes the years of SPS payments upon transfer from the Transformed Fund). Applies to contracts concluded until 30 .6. 2023.
- To collect a pre-retirement pension, you must meet the condition of 120 months of SPS payments (it also includes the years of SPS payments upon transfer from the Transformed Fund). Applies to contracts concluded from 1. 1. 2024.
- You can receive regular allowances from your savings at the pension company before you retire - for up to five years before you reach your full retirement age (the age of women is determined just like in the case of men of the same date of birth).
- A pre-retirement pension is a good option in case of unemployment or inability to work (e.g. for medical reasons).

### Main advantages of a pre-retirement pension

- Payments where the employer's contribution is not taxed.
- It helps to bridge the time period before you become eligible for your old-age pension and to avoid a significant pension reduction in the case you retire early.
- Your health insurance is paid by the state.
- Early retirement is excluded in terms of pension insurance.
- It does not affect the assessment base for calculating your state pension.
- You can work and receive unemployment benefits or sickness benefits while collecting your pre-retirement pension.
- Prior to applying for your old-age pension, you can have your old-age pension calculated and include or exclude your income from employment received while collecting your pre-retirement pension and decide for a better option.
- Prior to applying for your pre-retirement pension, you can make an extraordinary deposit to your account.
- In the case that the total amount in your SPS account is less than the required amount, you can make a one-off deposit prior to applying for your pre-retirement pension in order to be able to collect your pre-retirement pension for the time requested.
- In the case that you are eligible for your pre-retirement pension, the pension company will inform your health insurance company and the Czech Social Security Administration about the start and termination of your pre-retirement pension.

## Transfer of the contract from SUPPLEMENTARY PENSION INSURANCE (Transformed Fund) to SUPPLEMENTARY PENSION SAVINGS

### Why to transfer your supplementary pension insurance (SPI) contract to supplementary pension savings (SPS)?

- Potentially better valorization of funds in SPS than in SPI.
- The service of gradual investment of funds when transferred to SPS.
- One of the best investment products on the market – no entry fee.
- Possibility to draw on a pre-retirement pension.
- In the case of a one-off settlement (form of benefit payment), the employer's contribution will not be taxed (applies to contracts concluded from 1 January 2024).

### What is “SPS”?

- The SPS product has been on the market since 2013, replacing the supplementary pension insurance product.
- Your invested funds are valorized by investing in participation funds.
- Return on investment is not guaranteed, but there is a bigger potential of a better return on investment in the long run (depending on the selected strategy) that exceeds inflation.
- Given the long-term nature of the product and the cautious way of investing, it is possible to achieve a better valorization than in the case of SPI.

COMPARISON OF BASIC PENSION SAVINGS PARAMETERS	
Supplementary pension insurance (“SPI”) – Transformed Fund	Supplementary pension savings (“SPS”)
State contribution up to 4 080 CZK/year	
Tax savings – tax deduction up to 48 000 CZK/year	
Possible employer contribution	
Possibility to draw on funds in the form of a one-off settlement or lifetime pension	
In the case of the participant's death, his or her designated beneficiaries or heirs will receive the money	
ONLY IN SPI	NEW! ONLY IN SPS
Guaranteed return on investment (conservative investments – low valorization)	Full-fledged investments <b>Potential higher yields</b>
Inheritance pension	Gradual investing of deposited funds (elimination of bad timing of investments)
Service pension	My pension strategy Tailored strategy option
	Possibility to collect pre-retirement pension five years before reaching full retirement age (it is better than early retirement because it does not permanently reduce old-age pension)
	Possibility to save, while collecting a pension for a designated period (once the participant becomes eligible for a pension)

### If you decide to transfer your SPI to SPS, you need to:

- Sign a new SPS contract and to request a transfer of your money from SPI.
- Based on your filled-out questionnaire, we will recommend a suitable savings strategy in line with your investment profile.
- Termination period is one month (starting on the first day of the following month).
- The entire transfer is free of charge and can be done only with the same provider (i.e. it is not possible to directly transfer your SPI to another company's SPS. It is necessary to transfer first your SPI to SPS with the same provider).

February	March	April
KBPS's transformed fund	One-month termination period	KBPS's SPS
Request received in 2/2024		New contract starting in 4/2024
		The participant's funds transferred by 30 April 2024

- We will automatically transfer all your funds and years of SPS payments to your new contract.
- You can make the transfer at any time from your **mobile phone in the KB mobilní banka application**, at any KB branch, at Modrá Pyramida or with your financial advisor.
- **To set up a meeting at a KB branch, call 955 525 999.**

### It is good to know:

#### Your contributions to SPS

- Your minimum monthly contribution is 100 CZK
  - **Your minimum contribution to receive a state contribution is 500 CZK** (valid from 1. 7. 2024).
  - **You will receive the maximum state contribution if you contribute at least 1 700 CZK** (valid from 1. 7. 2024).
- Your contribution must always be paid by the end of the calendar month.
- You can change your contribution amount at any time.
- You can make one-off deposits.
- You can pay your contributions by deductions from your salary (with your employer's consent) in order not to worry about paying on time.
- You cannot send your contributions to several pension companies.

#### State contribution

A state contribution (SC) is an amount of money by which the state regularly contributes to each SPS participant in the 3rd pillar, provided that the participant meets the following requirements:

- He or she permanently resides in the Czech Republic or lives in an EU Member State, provided that he or she participates in pension insurance or already collects pension or participates in public health insurance in the Czech Republic;
- He or she pays the minimum contribution of 500 CZK (valid from 1. 7. 2024) by the end of the given month.

#### NOTE:

- SCs cannot be requested retroactively (for additionally paid months);
- **SCs are credited based on your contribution amount agreed in the contract.**
- You can change your contribution amount at any time ->
  - a) In the case that your contribution is lower than the agreed contribution, the SC offsetting your actual payment will be requested;
  - b) In the case that your contribution is higher than the agreed contribution, the agreed SC will be requested.
- SCs apply to your contributions only (not to your employer's contributions).

#### STATE CONTRIBUTIONS LINK TO YOUR CONTRIBUTIONS

Participant's contribution	State contribution valid till 30. 6. 2024	State contribution valid from 1. 7. 2024
CZK 300	CZK 90	CZK 0
CZK 500	CZK 130	CZK 100
CZK 700	CZK 170	CZK 140
CZK 900	CZK 210	CZK 180
CZK 1 000	CZK 230	CZK 200
CZK 1 700 and more	CZK 230	CZK 340

#### Tax advantages

The state provides tax allowances to motivate its citizens to participate in private pension savings and to pay higher contributions. If you pay more than 1 700 CZK every month, you can deduct the amount that exceeds 1 700 CZK from your personal income tax base. However, the maximum tax deduction is 48 000 CZK. You can save 7 200 CZK a year in taxes (a 15 % tax on 48 000 CZK).

## CLAIMING THE TAX BASE DEDUCTION

In the case that you are eligible for tax allowances, we will automatically send you a confirmation of your paid contributions after the end of the calendar year. It will show the amount by which you can reduce your tax base. You will give this confirmation to your employer or will attach it to your income tax return, provided that you prepare it yourself.

## TAX OPTIMIZATION

### How to save 7 200 CZK a year in taxes?

- Option 1: regular monthly contributions of 5 700 CZK from the beginning of the year, i.e. from January to December, i.e. 12 contributions, a total of 68 400 CZK (12 x 4 000 CZK in excess of 1 700 CZK)
- Option 2: contributions less than 5 700 CZK a month or the contract starting during the year. It can be optimized in terms of taxes by making an extraordinary deposit (exceeding 1 700 CZK) at any time during the year, which, however, must be credited to KBPS's account by 31 December. For tax purposes, the extraordinary deposit must be reported on the form Supplement or Notification or by e-mail sent to [kpbs@kpbs.cz](mailto:kbps@kpbs.cz).

## CONTRIBUTION PAYMENTS AND ALLOWANCE PAYMENTS

### Contribution payments to supplementary pension savings

	Participant	Employer
Account number	300300232/0800	300300232/0800
Variable symbol	contract number	contract number
Constant symbol	3558	3552
Specific symbol	—	Employer's IN

For cash contribution payments, use **CS= 379** (the deposit is free of charge if made at the teller desk of Komerční banka, a.s. and Česká spořitelna, a.s.).

### For SPS payment transfers from abroad

#### Bank's name, address and country:

Česká spořitelna, a.s., Olbrachtova 1929/62, 140 00 Prague 4, Czech Republic

#### Account name, country:

PENS. FUND COMB, CZECH REPUBLIC

**BIC:** GIBACZPXXXX

**IBAN:** CZ25 0800 0000 0003 0030 0232

In the case that it is not possible to enter the variable, constant and specific symbols in the payment order, provide the following information in the part **Payment Description**:

E.g. VS/CS/SS – contract number/3552/IN

#### Variable symbol:

SPS contract number

#### Constant symbol:

Insured person's contribution 3558

Employer's contribution 3552

#### Specific symbol:

Organization's IN for the employer's contribution only

### Payments from participation funds

Conditions for payments from participation funds and the type of allowances are as follows:

1. Old-age pension for a designated period, a "pre-retirement pension" is a special form of this pension;
2. Disability pension for a designated period;
3. One-off settlement;
4. Surrender;
5. One-off premium for lifetime pension;
6. One-off premium for pension for a precisely stipulated period with a precisely stipulated pension amount;
7. Combination of paid allowances.

### 1. OLD-AGE PENSION FOR A DESIGNATED PERIOD (AT LEAST THREE YEARS)

- Eligibility conditions: the age of 60 and at least 60 months of SPS payments (applies to contracts concluded until 31. 12. 2023);
- Eligibility conditions: the age of 60 and at least 120 months of SPS payments (applies to contracts concluded from 1. 1. 2024);
- It is paid by the pension company;
- Payment frequency: monthly or quarterly;
- Option to request an extraordinary first payment; however, only up to 30 % of the account balance (in the case of payment from a 100% account).

## 2. DISABILITY PENSION FOR A DESIGNATED PERIOD (AT LEAST THREE YEARS)

- Eligibility conditions: granted disability pension for third-degree disability and at least 60 months of SPS payments (applies to contract concluded until 31. 12. 2023);
- Eligibility conditions: granted disability pension for third-degree disability and at least 120 months of SPS payments (applies to contract concluded from 1. 1. 2024);
- It is paid by the pension company;
- Payment frequency: monthly or quarterly;
- The payment request must include a copy of “Decision of the Czech Social Security Administration” and a proof of the current pension collection (a copy of the latest bank statement or post money order);
- Option to request an extraordinary first payment; however, only up to 30 % of the account balance;
- Disability pension cannot be paid from supplementary pension savings in the form of one-off settlement.

## 3. ONE-OFF SETTLEMENT

### a) One-off settlement paid to the participant

- Eligibility conditions: the age of 60 and at least 60 months of SPS payments (applies to contract concluded until 31. 12. 2023);
- Eligibility conditions: the age of 60 and at least 120 months of SPS payments (applies to contract concluded from 1. 1. 2024);
- It is paid by the pension company.

### b) One-off settlement paid to a designated beneficiary or heir

- Eligibility conditions:
  - In the case that the participant dies after he or she became eligible for a pension or one-off settlement (60 months of SPS payments and the age of 60) that has not yet been paid and the participant designated a beneficiary, the one-off settlement will be paid to the designated beneficiary (applies to contract concluded until 31. 12. 2023);
  - In the case that the participant dies after he or she became eligible for a pension or one-off settlement (120 months of SPS payments and the age of 60) that has not yet been paid and the participant designated a beneficiary, the one-off settlement will be paid to the designated beneficiary (applies to contract concluded from 1. 1. 2024);
  - In the case that the participant dies after he or she became eligible for a pension or one-off settlement that has not yet been paid and the participant did not designate a beneficiary, the one-off settlement will become the subject of inheritance proceedings;
  - In the case that the participant dies and has already been paid an old-age pension or disability pension for a designated period, the designated beneficiary will be paid the remainder of the one-off settlement.
- It is paid by the pension company to the designated beneficiary or heir, including state contributions.

## 4. SURRENDER

### a) Surrender paid to the participant (in the case of an early termination of the contract)

- Eligibility conditions:
  - At least 24 months of SPS payments and an early termination of the contract by notice or agreement;
- Surrender payment does not include state contributions – they are sent back to the Ministry of Finance;
- Termination period is one month (it starts on the first day of the month following the delivery of termination notice to KBPS);
- Surrender payment is not taxed (including up to five years of contract duration);
- It is paid by the pension company.

### b) Surrender paid to a designated beneficiary or heir (after the deceased participant)

- Eligibility conditions:
  - The participant’s death before his or her eligibility for an old-age pension, disability pension, one-off settlement or one-off premium payment to the insurance company;
  - Payment eligibility starts immediately even after one month of SPS payments.
- No termination period (it is paid in the month following the delivery of the request to KBPS);
- Surrender payment does not include state contributions – they are sent back to the Ministry of Finance;
- It is paid by the pension company.

## 5. ONE-OFF PREMIUM FOR LIFETIME PENSION

- Eligibility conditions: the age of 60 and at least 60 months of SPS payments (applies to contract concluded until 31. 12. 2023);
- Eligibility conditions: the age of 60 and at least 120 months of SPS payments (applies to contract concluded from 1. 1. 2024);
- It is paid by the selected life insurance company.

## 6. ONE-OFF PREMIUM FOR PENSION FOR A PRECISELY STIPULATED PERIOD WITH A PRECISELY STIPULATED PENSION AMOUNT (AT LEAST THREE YEARS)

- Eligibility conditions: the age of 60 and at least 60 months of SPS payments (applies to contract concluded until 31. 12. 2023);
- Eligibility conditions: the age of 60 and at least 120 months of SPS payments (applies to contract concluded from 1. 1. 2024);
- It is paid by the selected life insurance company.

## 7. COMBINATION OF PAID ALLOWANCES (PAID BY THE PENSION COMPANY)

- a) Combination of an old-age pension for a designated period and a one-off settlement;
- b) Combination of a disability pension for a designated period and a one-off settlement;
- c) Combination of an old-age pension for a designated period and an old-age pension for a designated period (gradual and concurrent collection of funds in the form of pensions).

## Tax aspects of allowances paid in the 3<sup>rd</sup> pillar

### Taxation of SPS allowances

Payment to the participant	Participant's contribution	State contribution	Employer's contribution	Yield
Old-age pension for a designated period	0%	0%	0%	15%*
Disability pension for a designated period	0%	0%	0%	0%
One-off settlement (OOS) paid to the participant	0%	0%	15% / 0%**	15%
Surrender paid to the participant	0%	refund	15%	15%
<b>Payment after the death of the participant not yet eligible for OOS</b>				
Surrender paid to a designated beneficiary	0%	refund	15% / 0%**	15%
Surrender paid to an heir	0%	refund	0%	0%
<b>Payment after the death of the participant already eligible for OOS</b>				
OOS paid to a designated beneficiary	0%	0%	15% / 0%**	15%
OOS paid to an heir	0%	0%	0%	0%
<b>Payment after the death of the participant receiving a pension</b>				
Remainder paid to a designated beneficiary in the form of OOS	0%	0%	15%	15%
Remainder paid to an heir in the form of OOS	0%	0%	0%	0%

\* the pension is not taxed for 10 years and over; \*\* applies to contract concluded from 1. 1. 2024

### Payment of funds in the case of the SPS participant's death

#### 1. DEATH DURING THE SAVINGS PERIOD

##### a) The SPS contract includes a designated beneficiary:

In the case that the SPS participant dies before he or she became eligible for a pension (60 months of SPS payments and the age of 60), the designated beneficiary will receive the surrender (without state contributions), (applies to contract concluded until 31. 12. 2023).

In the case that the SPS participant dies before he or she became eligible for a pension (120 months of SPS payments and the age of 60), the designated beneficiary will receive the surrender (without state contributions), (applies to contract concluded from 1. 1. 2024).

In the case that the SPS participant dies after he or she became eligible for a pension (60 months of SPS payments and the age of 60), the designated beneficiary will receive a one-off settlement (including state contributions), (applies to contract concluded until 31. 12. 2023).

In the case that the SPS participant dies after he or she became eligible for a pension (120 months of SPS payments and the age of 60), the designated beneficiary will receive a one-off settlement (including state contributions), (applies to contract concluded from 1. 1. 2024).

##### b) The SPS contract does not include a designated beneficiary:

In the case that the SPS contract does not include any designated beneficiary, the funds will become the subject of inheritance proceedings.

In the case that the SPS participant dies before he or she became eligible for an allowance (the age of 60 and 60 months of SPS payments), only the surrender (without state contributions) will become a part of inheritance proceedings (applies to contract concluded until 31. 12. 2023).

In the case that the SPS participant dies before he or she became eligible for an allowance (the age of 60 and 120 months of SPS payments), only the surrender (without state contributions) will become a part of inheritance proceedings (applies to contract concluded from 1. 1. 2024).

In the case that the SPS participant dies after he or she became eligible for an allowance (the age of 60 and 60 months of SPS payments), a one-off settlement (including state contributions) will become a part of inheritance proceedings (applies to contract concluded until 31. 12. 2023).

In the case that the SPS participant dies after he or she became eligible for an allowance (the age of 60 and 60 months of SPS payments), a one-off settlement (including state contributions) will become a part of inheritance proceedings (applies to contract concluded from 1. 1. 2024).

#### 2. DEATH DURING THE PAYMENT PERIOD

In the case that the participant opted for a pension for a designated period, the remaining funds will be paid to the designated beneficiary or heir (provided that the participant did not designate a beneficiary) in the form of one-off settlement, including state contributions (it is paid by the pension company).

**Note:** supplementary pension savings come with certain risks – the value of investment is not guaranteed and may fluctuate, depending on the market trend. For more information, see the key information of each participation fund and the pension calculation at kbps.cz.

More information on Supplementary Pension Savings please contact:

Sales Department  
KB Penzijní společnost, a.s.  
nám. Junkových 2772/1  
155 00 Prague

Tel.: +420 955 525 999

E-mail: kbps@kbps.cz

www.kbps.cz

**BUDOUCNOST  
JSTE VY**  **KB**  
Penzijní společnost