



WORKSAVE PENSION SCHEME

EMPLOYER BROCHURE

Welcome to your WorkSave Pension Scheme:
A pension that offers value and support to you and your employees

 **MAPFRE** | MSV Life

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This document gives a summary of the MAPFRE MSV Life WorkSave Pension Scheme. It does not include all the definitions, terms and conditions. Further information on the MAPFRE MSV WorkSave Pension Scheme can be found in the Scheme Document.

WORKSAVE PENSION SCHEME

Who We Are

MAPFRE MSV Life p.l.c. is the leading provider of life insurance protection, long-term savings and retirement solutions in Malta. With total assets of over €1.9bn, we are also one of the largest companies in Malta. Our strength in the market derives not only from our strong financial credentials but also from the very responsible manner in which we manage and conduct our business. The very nature of our business requires the highest possible standards of professional and ethical conduct.

We were formed in 1994 and we are jointly owned by MAPFRE Middlesea p.l.c. and Bank of Valletta p.l.c.

MAPFRE Group is a global insurance company operating on all five continents and the leading insurance provider in the Spanish market, the third largest insurer in Latin America and one of the 10 largest European insurance groups in terms of premium volume. MAPFRE has 5,500 offices around the world with more than 34,000 employees, 68,000 intermediaries and over 29 million clients. For more information: www.mapfre.com.

Our Retirement Solutions

We offer a choice of defined contribution retirement solutions to both individuals and employers. All our solutions are flexible and can be individually tailored to meet the needs of both individuals and employers. Occupational pension schemes are long-term commitments. When you decide to arrange an occupational pension scheme for your employees you should ensure you select a provider that has the financial, operational and technical capacity to deliver long-term quality service and support.

If you do not have an occupational pension scheme for your employees we can help you set up a new scheme to meet your requirements and those of your employees, and we will be there to support you throughout the journey as your partner for life.



Our Network – we operate through the largest life insurance distribution network in Malta and Gozo, a network that comprises various tied insurance intermediaries, all Bank of Valletta branches, all insurance brokers and our direct offices. Our network is knowledgeable, professional and trustworthy, and we ensure that what is delivered is nothing short of excellent, no matter which channel you decide to use.



Long-term standing and availability – we've been here for over 25 years and are here to stay. Our commitment to you spans the lifetime of our clients.



Financial stability – As at December 2020, we reported total assets of over €1.9bn, and a strong Solvency Ratio of 188.7%. We are also backed up by financially robust shareholders.



Expertise – It is a privilege and responsibility to be entrusted with managing one's financial future. Our team of qualified specialists is there to ensure that our customers achieve their goals with maximum value. We understand retirement and strive to help our clients work towards it whatever the personal circumstances.



Support and Compliance – We work with you and for you. We have a dedicated and knowledgeable team committed to help you understand the product and provide you with any technical and regulatory support required.



Customer Focused – Our Intermediaries and relationship managers assist employers by developing customised employee benefit solutions and help employers and employees navigate the ins and outs of pension products and relevant legislation.

We have dedicated customer service representatives who are always available to assist members with questions about your WorkSave Pension Scheme, and also with the broad range of services and products offered by the MAPFRE Group.



Added Value - We can also offer a broad range of educational workshops and tools designed to meet the unique needs of each employer. We conduct group presentations and are available for one-to-one counselling sessions to assist employees reach their goals.

**THE NUMBER OF PEOPLE
AGED 65 OR ABOVE RELATIVE
TO THOSE AGED 15 TO 64 IS
EXPECTED TO DOUBLE
BY 2060**

Europe is ageing, adding to the huge challenge for its governments of making sure that people have adequate savings for their retirement. The fact that Europeans are living longer is putting increasing pressure on pensions systems at a time when public finances are already under strain. The number of people aged 65 or above relative to those aged 15 to 64 is expected to double by 2060. According to UN Statistics, by 2050, Malta is expected to be the country with the ninth highest life expectancy in the world. Many European states are therefore encouraging their citizens to take personal responsibility and contribute more and for longer periods if they are to have an adequate income in retirement.

Multi-pillar pension systems are widely seen as the most effective way to ensure the sustainability and adequacy of retirement provision. As major providers of a wide variety of occupational and personal pensions, insurance companies are a key part of any multi-pillar system. As an effectively regulated and well performing industry, the insurance industry has much to contribute to tackling Europe's pension challenge.

MALTA PAVES WAY FOR VOLUNTARY OCCUPATIONAL PENSIONS (VOPS)

In 2017, Malta introduced a number of tax benefits to encourage employers to set up voluntary occupational pension schemes for employees. This important step paved the way for the introduction of voluntary occupational pension schemes in Malta.

The tax benefits are aimed at encouraging both employers and employees to contribute into an approved and qualifying voluntary occupational pension scheme. Employers are only eligible for tax benefits if they establish a qualifying scheme in terms of the law and one that is approved by the Commissioner of Inland Revenue.

Multi-pillar systems involve complementing state retirement income (generally referred to as “first pillar”) with two other, funded pension pillars:

- A second pillar, or “occupational pensions”, consisting of funded pension arrangements (schemes) linked to a work contract or an occupational activity. These are generally set up by employers at either company or sector level into which voluntary contributions are normally made by both the employer and the employee.
- Third pillar, or “personal pensions”, consisting of voluntary retirement savings. These are products that individuals can access on a voluntary basis. Life insurers are by far the largest providers of these in Europe.

As major providers of occupational and personal pensions, insurers are an integral part of any multi-pillar system. What marks insurers out is their ability to provide protection for very different life risks. These include provision for dependents if a saver or beneficiary dies prematurely (mortality risk), and protection against outliving assets (longevity risk). Risks can be covered in both the savings (accumulation) phase and — through annuities or programmed withdrawals — the benefit (payout) phase.

A photograph of three business professionals in an office setting. Two men and one woman are gathered around a tablet computer. The woman on the right is holding the tablet and looking at the screen. The man in the center is pointing at the screen with his right hand. The man on the left is also looking at the screen. They are all smiling and appear to be in a collaborative meeting. The background is a bright window with a sun flare effect.

**ACCORDING TO UN STATISTICS,
BY 2050, MALTA IS EXPECTED
TO BE THE COUNTRY WITH
THE NINTH HIGHEST LIFE
EXPECTANCY IN THE WORLD**

**TAX CREDIT OF 25% OF
CONTRIBUTIONS UP TO €750
PER EMPLOYEE EACH YEAR**



There are a number of tax benefits available to you and your employees, which make the MAPFRE MSV Life WorkSave Pension Scheme an attractive tax efficient proposition.

The current tax benefits are:

To the Employer:

- Tax credit of 25% of every contribution that you pay on behalf of an employee, subject to a maximum tax credit of €750 per employee per annum. Any unused tax credits may be carried forward to future years.
- Contributions that you pay on behalf of an employee are tax deductible up to €2,000 per annum.

Assuming that you pay a contribution of €3,000 per employee per annum and that you pay corporate tax at 35%, you will benefit from €750 in tax credits and €700 in tax deductibility. This means that, based on an annual contribution of €3,000 per employee per annum you will receive a total tax benefit of €1,450, and that your net outlay will be €1,550 per employee, or 52% of the €3,000 contribution paid.

To the Employee:

- Tax credit of 25% of every contribution that the employee pays into a workplace pension, subject to a maximum tax credit of €750 per employee each year in addition to tax credits that the employee receives under any personal pension plans that the employee might have.
- No Capital Gains Tax on investment income whilst retirement savings accumulate.
- At retirement, up to 30% of the retirement savings can be taken as a tax free lump sum.
- No tax is paid if the retirement savings are received by beneficiaries as a death benefit.
- Employer contributions are not subject to Fringe Benefit Tax.

The above tax credits are based on our understanding of our current law and tax practice. Future changes in law and taxation could affect both your and your employees' tax position in relation to voluntary occupational pension schemes. In order to ascertain your exact tax status, you should seek specific and professional tax advice.

WORKSAVE PENSION SCHEME AT A GLANCE

The MAPFRE MSV WorkSave Pension Scheme is a registered Qualifying Scheme in terms of S.L. 123.175 and a linked long-term contract of insurance in terms of the Insurance Business Act, Cap 403.

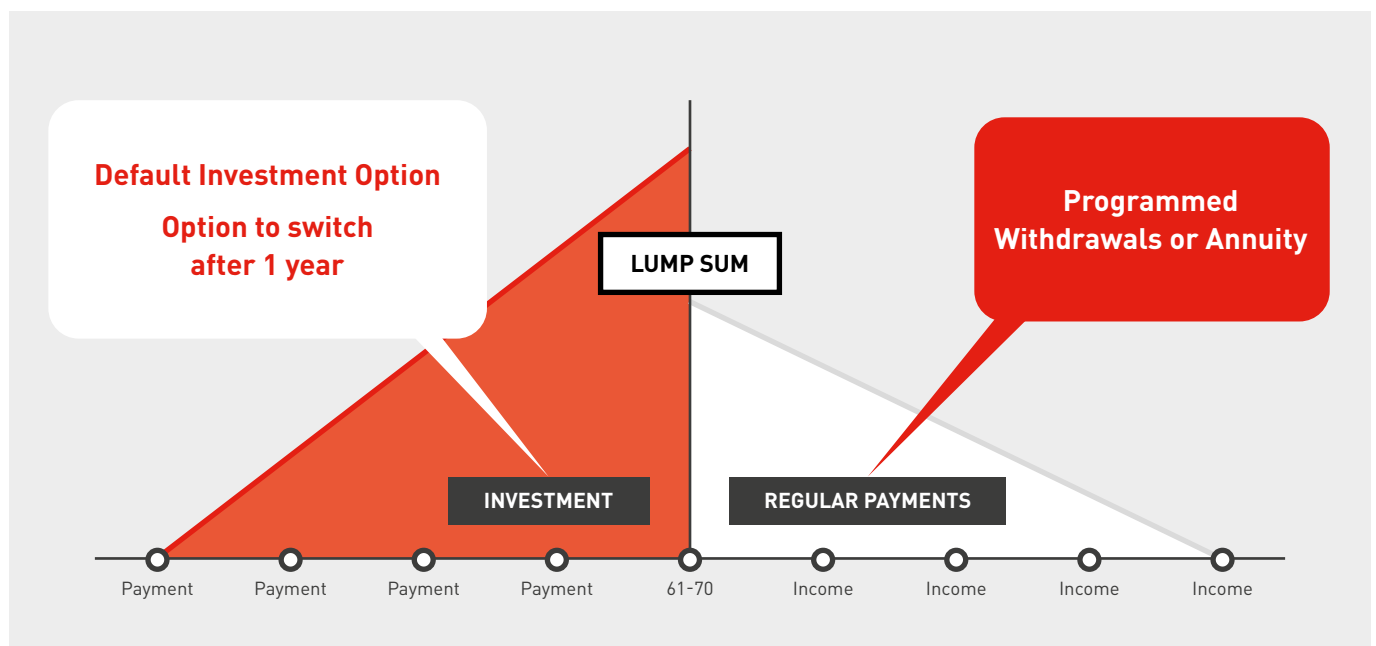
The Scheme is approved by the Commissioner of Inland Revenue as a Qualifying Scheme in accordance with the Law. The main aim of the MAPFRE MSV WorkSave Pension Scheme is to offer you a way of saving for the retirement of your employees in a tax efficient manner.

<ul style="list-style-type: none"> The Scheme provides solutions for both the savings phase prior to retirement and the benefits phase during the retirement of your employees. 	<ul style="list-style-type: none"> Eligibility: all registered employers, groups of employers, self-occupied persons or associations representing employers.
<ul style="list-style-type: none"> We offer a wide choice of default and non-default investment options. 	<ul style="list-style-type: none"> In the first year, all contributions are invested in a Default Investment Option that is selected by you.
<ul style="list-style-type: none"> Totally voluntary and can include all or specific employees. 	<ul style="list-style-type: none"> Low and transparent charging structure.
<ul style="list-style-type: none"> Contributions can be the same for all employees or may vary according to position, length of service or specific conditions which you may define. 	<ul style="list-style-type: none"> The employer or the employee can make additional contributions at any time after the commencement of the Scheme.
<ul style="list-style-type: none"> Minimum Employee age at entry: 18 years 	<ul style="list-style-type: none"> Contributions can be stopped or paused at any time.
<ul style="list-style-type: none"> Minimum number of employees: 5. 	<ul style="list-style-type: none"> Minimum age to access retirement benefits: 61 years.
<ul style="list-style-type: none"> Minimum Scheme Term: 5 years renewable annually thereafter. 	<ul style="list-style-type: none"> Maximum age to access retirement benefits: the date on which the employee attains the age of 70.
<ul style="list-style-type: none"> Maximum Employee age at entry: Statutory retirement age less 5 years. 	<ul style="list-style-type: none"> All monthly contributions must be processed through the payroll.
<ul style="list-style-type: none"> Contributions can be made by the employer on behalf of an employee, by an employee or by both the employer and the employee. 	<ul style="list-style-type: none"> The balance has to be used by the employee to provide a retirement pension for life. A retirement pension may be subject to tax.
<ul style="list-style-type: none"> Upon taking the retirement benefits, employees are entitled to receive a tax-free cash lump sum of up to 30% of the accumulated retirement savings under current legislation. 	<ul style="list-style-type: none"> The employee is the legal owner of the accumulated retirement savings, which can be transferred by the employee to another qualifying scheme when moving from one employment to another.
<ul style="list-style-type: none"> Contributions are set for each employee when the Scheme is established but you can reduce or increase contributions at every renewal of the Scheme, subject to any minimum amounts which we may require. 	<ul style="list-style-type: none"> Employees can opt out of the Default Investment Option by switching their investment or redirecting their contributions into other non-default investment options after 12 months from joining the Scheme.
<ul style="list-style-type: none"> We invest 100% of all contributions paid into the Scheme on behalf of employees in the investment option(s) selected by you or your employees. 	<ul style="list-style-type: none"> In the event of the early death of the employee, we will pay 101% of the available retirement savings, tax free, to the legal beneficiaries of the employee.

Future pension adequacy depends not only on how much people save and for how long. Investing in a diversified range of assets can be as important as saving enough and has a very important role in delivering adequate retirement income. It is vital that pension savers have the option to invest in a well-diversified mix of the major asset classes. We offer a wide range of default and non-default investment options that invest in a broad range of asset classes, for you and your employees to choose to invest in. All our investment options consist of investment funds or investment strategies provided by some of the leading global asset management companies including Fidelity International, BlackRock and Invesco and local asset managers Bank of Valletta p.l.c. and APS Bank p.l.c. All the investment options that we provide are externally managed by specialist asset managers. This means that we are not responsible for the performance of these funds and their continued availability.

At the commencement of the Scheme, we will invest all the Contributions received in the Default Investment Option which you will select. You can only select one (1) Default Investment Option at a time.

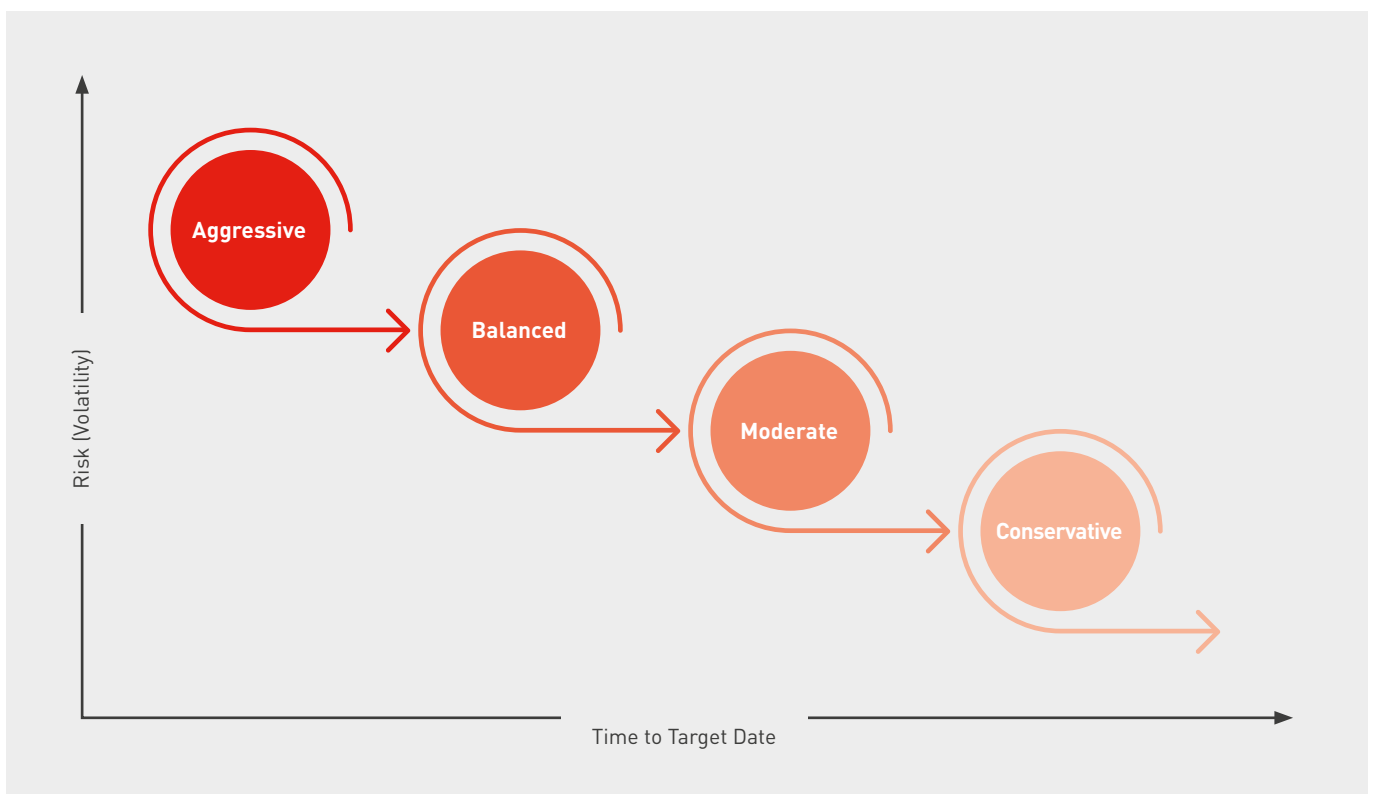
If permitted by the Scheme terms and conditions that we agree with you, your employees can opt out of the Default Investment Option by switching or redirecting their investments into other non-default funds of their choice after twelve (12) months from joining the Scheme.



Default Investment Options

Our Default Investment Options consist of conservative and balanced investment strategies as well as Lifestyle Funds. Default Investment Options are offered with the majority of the workforce in mind as they help address the behavioral issues that prevent savers from saving well for retirement.

Lifestyle Funds are investment funds that invest in a diversified portfolio of assets with varying levels of risk generally for long-term investing. Lifestyle funds are often utilized by investors seeking a savings vehicle for a specified utilization date and, therefore, are often used to support retirement savings. Lifestyle funds are also sometimes referred to as Target Funds since their purpose is of serving as a vehicle for investing funds toward a specific goal. Lifestyle Funds combine conservative, moderate or aggressive risk allocations for savers at all different stages of their lives. As the retirement age (Target Date) nears, a Lifestyle Fund will roll down into a more conservative mix of assets. This will happen automatically under the guidance of the fund manager without the need of any intervention by the investors in the fund.



Non-default Investment Options

We offer a wide range of active and passive investment funds that invest in various asset classes such as equities, bonds and money market instruments as well as in different sectors. Different investment funds have different levels of risk. Employees can opt out of the Default Investment Option by switching or redirecting their investment into other non-default investment options after 12 months from joining the Scheme.

BENEFITS FOR YOU AND YOUR BUSINESS

- By contributing to the future retirement savings of your employees through a voluntary occupational pension scheme, you can enhance your reputation and become an “employer of choice.”
- You will increase employee satisfaction.
- You can recruit and retain quality employees.
- You can benefit from tax savings.

BENEFITS FOR YOUR EMPLOYEES

- Better quality of life in retirement.
- Your employees receive attractive tax credits on the contributions that they pay.
- Your employees are the owners of the accumulated retirement savings at all times and have full control over their savings.
- Employees’ retirement savings can move with the employee from one employment to another.
- Contributions are automatically paid or deducted through the payroll.
- Contributions can be invested in a wide choice of investment options.
- Employees do not pay income tax on investment gains made before they retire.
- Upon attaining retirement age, employees are entitled to receive a tax-free cash lump sum of up to 30% of the accumulated retirement savings.
- Employees benefit from compounding which helps retirement savings grow faster.
- Through the payment of regular contributions employees benefit from cost averaging.
- Transparency: all employees receive six-monthly Statements of Account of their retirement savings.



FIND OUT MORE:

IF YOU WOULD LIKE MORE INFORMATION ABOUT MAPFRE MSV WORKSAVE PENSION SCHEME PLEASE CONTACT US AT corporate@msvlife.com

IMPORTANT INFORMATION

1. All the investment options that we provide as permitted links to the MAPFRE MSV WorkSave Pension Scheme are externally managed by specialist asset managers. This means that we are not responsible for the performance of these funds and their continued availability.
2. All financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the initial investment cannot be guaranteed.
3. The value of the investment may fall as well as rise and investors may get back less than originally invested.
4. Past performance is not a reliable indicator of current or future results.
5. There are risks involved in relying on the performance of investments with a single asset class, rather than spreading investments over a variety of asset classes.
6. The return on each fund depends on the performance of the assets it invests in and the charges of the fund.
7. Different funds have different levels of risk. The higher the risk rating, the less stable the fund price is likely to be.
8. Some funds invest in overseas assets. This means that movements in exchange rates and the political and economic situation in other countries can adversely affect the value of these funds and the return on investment. The currency hedging that may be used to minimise the effect of currency fluctuations may not always be successful.
9. The information about taxation contained in this document is based on our understanding of our current law and tax practice. Future changes in law and taxation could affect the tax position of both the employer and the employee in relation to voluntary occupational pension schemes. In order to ascertain the exact tax status, specific and professional tax advice should be sought.

The MAPFRE MSV WorkSave Pension Scheme is underwritten by MAPFRE MSV Life p.l.c.,
 Company Registration No: C15722 authorised by the Malta Financial Services Authority to carry on
 long-term business under the Insurance Business Act Cap. 403
 of the Laws of Malta DOC D8011 06 01

Your Intermediary / Relationship Manager:



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