Terms used in the Pension Plan

"Plan" – Pension Plan SEB-SBALANSĒTAIS (SEB-BALANCED), a fixed contribution pension plan without guaranteed defined investment return or biometric risk coverage: totality of systematized terms and conditions in accordance with which Contributions are made, invested, registered and Private Pension Reserves are paid. Pension Plan SEB-SBALANSĒTAIS (SEB-BALANCED) is the successor of the obligations of Pension Plan UNI-SABALANSĒTAIS/UNI-1 (UNI-BALANCED/UNI-1) (Licence No. 00404012).

"Participant" – A private individual who participates in the Plan on the basis of the individual or collective participating contract.

"Fund" – AS "SEB atklātais pensiju fonds" (SEB Open Pension Fund), uniform registration No. 40003485047, licence No. 06.04.04.107/250


"Contributions" – Contributions made in the Plan by a Participant himself and/or for the benefit of him.

"Private Pension Accumulation" – Contributions and income gained from management of the same, which is accumulated for the benefit of a Participant, supplementary pension capital.

"Company" – A legal entity, which makes Contributions for the benefit of its employees on the basis of a contract and in accordance with the Plan.

"Application" – A form approved by the Fund, upon signing of which a Participant, his heirs or an indicated person may perform activities with Private Pension Accumulation.

"Plan Assets" – Pension fund capital funds, securities and other properties, which are managed in accordance with the terms and conditions of the Plan.

"Fund Manager" – Investment management joint stock company "SEB Investment Management" (uniform registration No. 40003525797), which manages the Plan Assets in accordance with a contract regarding asset management. The Main difference of various plans shall be terms and conditions of investing the other capital securities, real estate and risk capital market.

"Commission" – A person indicated by the Participant in accordance with the procedure of the individual or collective participation contract, which is entitled to receive the Private pension savings in the event of the Participant’s death.

2. General information

2.1. The purpose of the Plan is to promote the protection of the Private Pension Accumulation and to increase the purchasing capacity of Contributions by income from investments, to ensure Private Pension Accumulation overcoming inflation in long-term and to increase Private Pension Accumulations of a Participant.

2.2. SEB-SBALANSĒTAIS (SEB-BALANCED) is a pension fund where the funds are contributed, accumulated and paid in euro (EUR). If payments are performed in other currencies, they will be converted in EUR in accordance with the currency exchange rate established by the holder of the Funds at the moment the payments are credited to the individual accounts of the Participants. The Plan provides placement of funds in high quality and security government, local government and commercial company debt securities and in term deposits of credit institutions, in order to ensure the stability of income from investments. In order to use advantageous market situations and to gain additional profit, 35 per cent of the Plan Assets may be invested in shares, other capital securities, real estate and risk capital market.

2.3. The Fund shall develop and administrate also other pension plans. Main difference of various plans shall be terms and conditions of investing the Participants’ Contributions and Plan Assets, that reflect various proportions of capital return and risk.

2.4. The Participants and the Companies may be entitled to receive tax relief established by the regulatory enactments of the Republic of Latvia, if they perform payments into the Fund in accordance with the Plan.

3. Plan management and execution

3.1. Participants, Companies, the Fund, the Fund Holder and the Fund Manager shall be involved in execution of the Plan.

3.2. The management agreement between the Fund and the officials appointed by it. The Chairman of the Board of the Fund shall be liable for the management and execution of the Plan. The Chairman of the Board shall ensure compliance with the terms and conditions included in the Plan, compliance of the execution of the Plan with the Law and requirements of the Commission, shall coordinate collaboration of the Fund with the Fund Holder and the Fund Manager, organise timely preparation of all documents and informative materials related to the Plan, represent the Fund in relations with its Participants and the third parties.

3.3. The Fund shall be entitled to assign its specific functions (for instance, attraction of clients, keeping of accounting, IT system maintenance, etc.) to the third parties by concluding respective co-operation agreements, by following necessary provisions on personal data protection. The Fund shall agree such co-operation agreements and procedures for control of assigned functions with the Commission.

3.4. Participant’s Private Pension Accumulation shall not be and cannot become a property of the Fund, the Fund Manager, the Fund Holder or the Company.

4. Procedure for joining and withdrawal of Participants

4.1. The following persons may become Participants:

1) Any private individual who has concluded an individual participating contract with the Fund, the terms and conditions of which have been agreed by the Participants and the Fund.

2) Company’s employees who fulfil objective criteria set by their employer, on the basis of a collective participating contract between the Company and the Fund. Employer shall approve such objective criteria in legally binding form, according to the internal procedure of the Company.

4.2. If an employee of a company has terminated their legal labour relations with the Company after the commencement of participation in the Plan or if the Company terminates the transfer of Payments on their behalf, such employee shall retain the status of the Participant and may, according to their choice:

1) conclude an individual participation contract with the Fund and, based on the provisions of the individual participation contract, continue participation in the Plan with or without performing new Payments;

2) continue participation in the Plan within the framework of the collective participation contract of another Company, if they conform to the criteria of such Company.

4.3. A Participant may terminate his participation in the Plan:

4.3.1. By transferring all Private Pension Savings to another pension plan registered in Latvia. In these cases, the Fund performs the required transfer within five working days following receipt of the Participant’s Application and all the required documentation by the Fund.

4.3.2. By transferring all Private Pension Savings to a pension plan registered abroad (or another equivalent financial instrument), if its terms and conditions do not contradict the regulatory enactments of the Republic of Latvia on private pension funds and provide that:

1) Private Pension Savings will not be disbursed to the Participant before they reach the age of 55;

2) In the event of the Participant’s death, his Private pension savings may receive the persons indicated by the participant or his heirs, unless the Participant has indicated another person in the application submitted to the Fund.

Transfer of the Private Pension Savings to a pension plan registered abroad shall be implemented in accordance with the procedure established by the Board of the Fund.
4.4. In case, if the Company wishes to transfer Private Pension Accumulations of its employees to another pension fund, the Fund shall make the Company’s requested transfer within six months from receipt of a written application from the Company’s administration, which has been agreed with the Commission. The Company’s application must state those Participants who wish to continue their participation and leave their Private Pension Accumulations in the Plan, by concluding an individual participating contract.

4.5. Participation in the Plan shall be terminated upon full payment of Private Pension Accumulation of the Participant and a reference in the Application about termination of the participation.

5. Procedure of contributions

5.1. The Participants and the Companies shall perform Payments into the Plan in accordance with the provisions of the individual or collective participation contracts. The amount of Payments and payment terms are selected by the Participant of the Company, but these do not affect the rights of the respective Participants to their Private pension savings and the income received from its further management.

5.2. If the payments for the benefit of the Participant that arise on the basis of the individual participation contract of the Participant are paid by another person, then such person, the participant and the Fund shall conclude an agreement on the performance of payments into the pension plan.

5.3. The Company shall provide information to the Fund, according to a template given by the Fund, about division of each Contribution by the Company among the Participants for the benefit of whom such a Contribution is made.

5.4. The Fund shall register Contributions in individual accounts of the Participants not later than on the next business day from receipt thereof.

6. Individual accounts of the Participants

6.1. The Fund shall make an individual account for each Participant. Number of an individual account, which shall be equivalent to the Participant’s identity number shall be kept respective to the fact that the Contributions are made on the basis of an individual and/or collective participating contract.

6.2. All Contributions and income as a result of a management, and expenses related to supervision of the Fund operation, administration, holding and management of the Plan Assets shall be registered in the account. The recording of transactions in the individual account of the Participant shall be performed in a monetary equivalent.

6.3. Written information about the status of own individual account regarding changes in it about each reporting period is available to every Participant in AS “SEB banka” internet bank “Ibanka.” At the Participant’s written request, this information may be provided by the Fund to him also in another mutually agreed upon way, at least once a year, no later than in a month’s time after annual report of the Fund’s annual report in the Shareholders’ Meeting or in other terms agreed upon with the Participant.

6.4. The Participant or the Company shall provide information required for opening and servicing of Accounts according to a template given by the Fund. The Participant or the Company shall inform the Fund about any changes in such details within one month.

6.5. The Private Pension Accumulation is calculated in accordance with the Conditions of the Commission regarding the procedure for the calculation of additional pension funds in the private pension fund.

6.6. The value of the Private Pension Accumulation in the Participant’s individual account is determined by the Fund as a multiplication of the shares of the Participant’s Plan with the share value of the Plan.

6.7. The share value of the Plan is determined each working day by 11.00am, by dividing the net assets value of the Plan calculated for the previous working day with the number of shares of the Plan at the end of the previous working day. The initial value of one share is EUR 1.42 (one Euro, forty two cents).

6.8. The value of the funds that have been accrued in the Participant’s individual account is calculated each working day by 3.00pm, by multiplying the number of shares accrued in the Participant’s individual account at the end of the previous day with the share value of the Plan calculated for the previous working day.

7. Provisions about retirement age

7.1. A Participant may receive his Private Pension Accumulation upon reaching the retirement age. In accordance with the plan, retirement age shall be 55 years.

7.2. In case, if the Participant, upon reaching the retirement age, has not requested full payment of his Private Pension Accumulation or transfer of the same to another pension plan or pension fund and termination of his participation in the Plan, he may continue his participation in the Plan until a desired term and receive the Private Pension Accumulation in accordance with the procedure provided for in Section 8.

7.3. Payment or transfer of the Private Pension Accumulation prior to reaching retirement age is permissible in case if:

7.3.1. The Participant is granted the first level disability status for life;

7.3.2. Private Pension Accumulation is transferred in cases indicated in Section 4 of the Plan;

7.3.3. Legislation of the Republic of Latvia anticipates faster receipt of private pensions in connection with the profession of the Member, if:

1) participation in the pension plan is started by March 31, 2016, accumulation of the private pension is paid if the Member is employed in the profession at the moment of submission of the private pension capital disbursement application and the total length of service of the Member in the particular profession is at least 12 months, or where the Member has been employed during the last 3 years (counting from the date of applying for the private pension capital disbursement), and length of service in the particular profession is at least 12 months,

2) participation in the pension plan is started as of April 1, 2016 or later, and the total length of service in the particular profession is at least 10 years, accumulation of the private pension is paid adhering to criteria laid down in the Regulations of the Cabinet of Ministers of the Republic of Latvia, No. 47 “Provisions concerning special professions where the retirement age of workers specified in the private pension funds pension plans can be less than 55 years.”

8. Procedure for payment of Private Pension Accumulation

8.1. When the Participant has acquired the right to deal with his Private Pension Accumulation, he may, in addition to the cases indicated in Section 4 of the Plan and on the basis of his Application:

1) to receive the Private Pension Accumulation in parts or periodically, in accordance with the Fund’s methodology for the repaid amount and the calculation of personal income tax,

2) to receive full Private Pension Accumulation as one amount in a single payment.

8.2. By selecting receipt of the Private Pension Accumulation in parts, the Participant shall indicate amount and regularity of payments in his Application to the Fund. Remaining Private Pension Accumulation shall be invested according to the Plan investment terms and conditions until fully paid. Participant’s Participation in the Plan shall be terminated upon the last payment.

8.3. In the event of the Participant’s death the Private pension savings shall be paid-out to the Indicated persons or the heirs of the Participant in accordance with the procedure provided for by the Civil Law, unless the Participant has indicated another person in the application submitted to the Fund. The disbursement is executed by a single payment, except for the cases when an agreement with the Fund exists regarding another type of disbursement procedure, by making a transfer to the account of the heirs of the Participant or to the account of the Indicated Persons at the bank or postal payment system, in accordance with the procedure provided for by Section 8.4. of the Plan. The age at which the Participant deceased does not affect the rights of the heirs of the participant or the Indicated Persons to the Private pension savings.

8.4. The Fund shall transfer the Private pension savings to the indicated account within five business days after the receipt of the Application of the Participant, his Indicated Persons or heirs and all required documents by the fund.

8.4.1. If the Participant is entitled to the earlier receipt of the private pension due to the profession of the Participant, the reference from the employer indicating the name, surname, personal ID number, work experience in the particular profession at the company and full name of the position, including the name of the profession as indicated in the regulatory enactments of the Republic of Latvia must be submitted. Participants who already receive a service pension shall submit copy of the service pension certificate, demonstrating the original thereof.

8.4.2. A document that confirms the right of the respective person to the Private Pension Savings and a copy of a personal ID document must be enclosed with the Application of each heir.

8.4.3. A document certifying the death of the Participant or a copy thereof, as well as a copy of a personal identity document, shall be enclosed with the application of the Indicated Person of the Participant.

9. Investment provisions

9.1. Investment of Plan Assets shall be made in accordance with the Plan investment policy. The Fund operation guidelines shall be investment transparency, application of the best practice and precautionary principles, as well as placement of the Plan Assets only in quality financial instruments by observing the investment restrictions determined by the Law. Plan investment provisions may be modified by receiving a permit of the Commission to make relevant amendments to the Plan.
9.2. By investing the Plan Assets, the Fund shall deal as a careful and accurate owner only in the interests of the Participants, and shall observe the precautionary principles that ensure risk reduction, investment security, quality and liquidity, in accordance with the obligations of payment of the Participants' Private Pension Accumulation.

9.3. In addition to the investment provisions and restrictions determined by the Law, there are the following asset investment limits in the Plan (in proportion to total Plan Assets):

- Total fixed income and money market financial instruments: Up to 100%
- Total shares and other capital securities: Up to 25%
- Total real estate and risk capital market: Up to 10%

9.4. Investments in the objects stated in Clause 9.3 may also be made by investment to the Fund where the fund investment policy allows relevant investment.

9.5. Plan Assets may be used in security repo or reverse repo transactions the total amount of resultant obligations of which does not exceed 50 per cent of the Plan Assets.

9.6. The principal financial risks of investing plan assets are interest rate, currency exchange fluctuation and price fluctuation risks:

1) interest rate fluctuation risk – as the market interest rates change, the value of the Plan assets can change, which will affect the work results of the Plan. The values of debt securities may change depending on the changes in interest rates: if the interest rates increase, the prices of these securities decrease and vice versa;

2) currency exchange rate fluctuation risk – the assets of the plan can be invested in securities nominated in foreign currencies. As the exchange rates of foreign currencies against the euro fluctuate, the value of the Plan assets may increase or decrease respectively;

3) price fluctuation risk – the price of the securities, as well as income from these securities are subject to fluctuations that directly affect the value of the Plan assets belonging to the investor.

9.7. Derivative financial instruments will be used only for the management of risks of fluctuations of interest rates and currency rates.

9.8. The Fund, Asset Manager and Holding Bank do not guarantee savings or the increase of the value of additional pension capital. Pension plan's historical profitability is not a guarantee to the fact that the yield will also be ensured in the future.

9.9. Information about the Plan investment policy is available to the Participants free of charge in the premises of the Board of Directors of the Fund, as well as on the Fund web page.

10. Procedure for income distribution
10.1. If the income of the Fund exceeds the expenses of the Fund after having covered the losses of previous years, the remaining balance is transferred to the Participants’ accounts in proportion to the Private Pension Accumulation at the end of the reporting year.

10.2. If a Participant requests a payment or transfer of the Private Pension Accumulation, the respective amount is calculated for the end of the working day prior to the scheduled payment.

10.3. For those participants who discontinue their participation in the Plan based on a Company application for the transfer of the Private Pension Accumulation to a different pension fund, the calculation is performed for the working day prior to the day when the Private Pension Accumulation is transferred in accordance with Paragraph 4.4.

11. Procedure of covering the Plan expenses
11.1. Expenses of the Plan comprise of deductions to the Commission, as well as remuneration to the Fund, the Fund Holder and the Fund Manager.

11.2. Deductions for financing of the activities of the Commission shall be made from each Contribution to an amount determined in laws and regulations. No deduction shall be made to the Commission for any transfers between the Fund plans or from another fund.

11.3. The maximum allowable remuneration of the Fund, Asset manager and Fund holder is 1.4% in total of the Plan’s assets (per year), not including the additional remuneration for Asset manager specified in clause 11.6. Detailed Fund price list, including information on applicable discounts is available on Fund web page.

11.4. The Fund shall conclude contracts with the Fund Holder and the Fund Manager regarding holding and management of the Plan Assets.

11.5. Payments to the Fund, to the Asset manager and to the Asset holder are calculated and accrued each day. Payment to the Fund is deducted once a month, payment to the Asset manager – once quarterly (additional payment – once a year), payment to the Asset holder – once a year.

11.6. Additional remuneration may be envisaged to the Fund Manager in cases when profitability of investments exceeds the level determined in a contract on fund management. Amount of additional remuneration is 20% of the value of the income from investment of the Plan Assets that exceeds the level determined in a contract.

11.7. The payment for each day is calculated by multiplying the assets value of the Plan for the previous day with the amount of each payment, and then dividing the obtained value by 360. The total amount of payment for a specific period is obtained by summing up the amount of calculated payment for each day from the beginning of the period until, and inclusive of the day of calculation.

11.8. Total expenses of the Fund shall be determined according to the annual budget approved by the Fund shareholders’ meeting. In case, if the Fund income is less than expenses, difference between expenses and income shall be covered from the equity capital of the Fund.

12. Supervision of the execution of the Plan
12.1. Employer and employees who participate in the Plan, in a Company, which has concluded a collective participating contract, shall jointly establish a Committee with equal representation of the employer and employees. In case, if less than one hundred employees of the employer are participants of the Plan, establishing of a Committee is not compulsory. Committee shall be entitled to inform the Commission about any violations discovered by the same in the course of execution of the Plan.

12.2. Financial operation of the Fund shall be controlled and its annual report shall be audited by a sworn auditor or the commercial company of certified auditors.

12.3. Participants shall be entitled to familiarise themselves with all documents related to their participation in the Plan, in the premises of the Board of Directors of the Fund.

12.4. The Fund shall inform each Participant, at least on an annual basis, in writing, about the following:

1) Status of the Participant’s individual account;
2) The Participant’s Contributions received in the Fund;
3) Contributions received in the Fund for the benefit of the Participant;
4) The Private Pension Accumulation paid to the Participant or transferred at his request;
5) The sum total of deductions applicable to the Participant which includes the remuneration of the Fund, the Asset Manager and the Holder of the Funds, the deductions to the Commission, as well as other justified deductions;
6) Fund Holder and Fund Manager;
7) The Fund’s certified auditor (or the commercial company of certified auditors) and its (his/her) opinion about the Fund’s annual report by indicating whether the opinion has been qualified, unqualified or negative;
8) Options to become familiarised with the Fund’s annual report.

12.5. The Fund provides information to the Participant about the historical and topical results of the Plan by publishing the respective data once a month on Fund web page.

12.6. General operation of the Fund shall be supervised by the Commission, in accordance with the Law.