



VBL. Your occupational pension specialists.

VBL

Versorgungsanstalt des
Bundes und der Länder
Karlsruhe

Editorial

Ladies and Gentlemen,

How to provide for ourselves for our retirement is an issue that affects every one of us! In the light of the economic and demographic developments in Germany, this provision will have to come from several different sources. That is why an occupational pension is more important today than ever before.

VBL has been providing supplementary pensions for public sector employees for more than 75 years. But we do not rest on our laurels. On the contrary, we are constantly developing to ensure that we continue to offer our customers the very best possible service in an ever-changing environment. As in many other sectors, many people in the public sector rely on a supplementary pension alongside the state pension and their occupational pension negotiated in the collective labour agreements. The parties to the collective labour agreements have therefore created another way of bolstering supplementary pension provision: voluntary insurance. VBL offers two voluntary insurance products:

VBLextra and **VBLdynamik**. So we have exactly the right solution for everyone.

These days, education and information are particularly important. It is important for us to have a dialogue with our customers in order to learn about their needs. Only this enables us to provide expert advice and the very best service. We value all our customers equally – whether they are employers, insured employees or pensioners.

We do not use an expensive network of advisers and subsidiaries to contact our customers. We keep in touch using the latest media and targeted communication. So our administration costs are amongst the lowest of any occupational pension provider.

VBL is one of the biggest institutional capital investors in Germany. And we benefit from that in our investments. We achieve good returns with high security. For many years the interest we have earned on our capital investments has been above

the average earned by the ten biggest pension funds, according to the calculation method used by the Bundesanstalt für Finanzdienstleistungsaufsicht.

We all need to provide for our old age. As an expert partner, VBL helps its customers to do just that. And we will continue to do so in the future. Make the most of the advantages and experience we offer.

Yours truly



Wolf R. Thiel
President and Chairman
of the Executive Board

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Portrait

VBL. Your occupational pension specialists. Contemporary services for the public sector.

The Versorgungsanstalt des Bundes und der Länder (VBL) has been providing public-sector occupational pensions for more than 75 years. It is the largest provider of supplementary pensions in Germany. Occupational pensions are based on the collective labour agreements negotiated between employers and the unions.

VBL. Providing expertise and reliability for more than 75 years.

Currently some 5,400 participating employers and about 4.1 million insured employees use VBL's services. We manage more than € 12.5 billion of employee and employer contributions. Therefore we are one of the biggest institutional capital investors in Germany.

More than 1.1 million pensioners receive a supplementary pension from VBL alongside their state pension. We pay out about € 4.2 billion in supplementary pensions every year.

VBL is the first port of call for the public sector when it comes to occupational pensions. We advise and inform employees, pensioners and employers alike.

As a public agency, we do not charge broker commission or sales fees. Our customers benefit from below-average administration costs.



VBL. A history of commitment.

Serving our customers for more than 75 years.

VBL was established in Berlin in 1929 during the Weimar Republic under the name of Zusatzversorgungsanstalt des Reichs und der Länder (Supplementary Pension Agency of the Reich and the Länder, ZRL). In the early 1950s we changed our name to Versorgungsanstalt des Bundes und der Länder (Pension Institution of the Federal Republic and the Länder, VBL) and moved to Karlsruhe. Following German reunification, the supplementary pension was rolled out to the new Länder in 1997. From 1967 to 2001 public-sector supplementary pensions were provided in an integrated pension scheme: the idea was for the state pension and supplementary pension together to amount to roughly the same as the civil service pension. In the 2001 retirement provision plan (Altersvorsorgeplan), the parties to the collective labour agreements fundamentally reformed the provisions regulating the field of the supplementary pensions. The previous integrated pension system was replaced by a new, modern occupational pension system based on the points model.

In the 'old' Länder, insured employees and participating employers still finance **VBLklassik** with premiums on a pay-as-you-go basis: as is the case with state pension insurance, premiums paid by the employers and employees to the scheme are used to fund payments to pensioners of the respective year. When the insured employees will have reached retirement age themselves, their pensions will be funded by the premiums paid by the insured employees at this future point of time. With the reform of the supplementary pension in 2001, the parties to the collective labour agreements and the VBL agreed to also operate **VBLklassik** as a capital-funded scheme in the long term. The new Länder started to operate the compulsory **VBLklassik** with capital funding back in 2004.

VBL's supplementary voluntary retirement pension delivers better financial security for later in life.

With the new supplementary pension arrangements, employers and unions also created the basis for an additional voluntary occupational pension from VBL. With VBL's voluntary pension insurance, insured employees can plan for a better standard of living in retirement by making voluntary contributions. The **VBLextra** and **VBLdynamik** voluntary occupational pension schemes are capital-funded.

Portrait

VBL's services.



Over the years, VBL's tasks have changed. Many of our pension experts work in our advice and information service. So we are increasingly entering into a dialogue with insured employees and participating employers.

Apart from paying the pensions of more than 1.1 million satisfied retirees, VBL's services also include:

- Expert advice and information
- Individual pension information
- Annual account statements (Versicherungsnachweise)
- Conferences and seminars for employers
- Customer care for participating employers and insured employees

A list of VBL's services can be found on our website at **www.vbl.de**.

- Online application form V2, employers only (Online-Anmeldung V2)
- Booking of conferences and seminars, employers only (Veranstaltungsbuchung)
- Online Calculator (Online-Rechner)
- Call-back Service (Rückruf-Service)
- Download Area (Download-Bereich)
- Ordering Service (Bestell-Service)
- E-newsletter (E-Mail-Newsletter)
- Press Archive (Pressearchiv)
- Articles and Presentations (Fachartikel und Vorträge)



VBLklassik



VBLklassik. More security. A sound basis – for a secure future.

VBLklassik, which was established by the collective bargaining agreements, is compulsory for all employees of the Federal Government and Länder (except Hamburg and Saarland) and a large number of municipal and church employers. It is designed specifically for the public sector. Insured employees collect pension points every year. Their occupational pension therefore increases in line with their years of service and their income levels.

Besides the retirement pension, **VBLklassik** also provides incapacity coverage as well as insurance coverage for the insured employee's surviving dependants.

The **VBLklassik** points model also contains social components that are not available from a private retirement pension scheme. For example, as a parent you can continue to collect pension points while you take parental leave. And if you become incapacitated, the pension points for the time you are not working are credited to your account right up until your 60th birthday.

As a compulsorily insured employee you can also collect bonus points from the distribution of profits. Furthermore, your pension payments are indexed (enhanced) every year.

The VBL provides insured employees with advice on every aspect of retirement provision. For example, we provide annual account statements (Versicherungsnachweise) showing the total number of pension points you have collected and your occupational retirement pension resulting from those points.

Parents can even continue to collect pension points while they are on parental leave.

Pension indexation increases VBL occupational pension payments.

Personal advice



VBLklassik.

Security and reliability – thanks to the points model.

In the 2001 reforms the parties to the collective labour agreements and the VBL introduced the points model for **VBLklassik**. The employees who are insured in this scheme are entitled to the pension they would receive if 4 % of their pensionable income were to be paid into a capital-funded system. We say “were to be”, because this occupational pension scheme is still largely financed by pay-as-you-go premiums. Premiums paid by the employers and employees are used to fund payments to that year’s pensioners.

The amount of the occupational pension you receive under this scheme depends on the number of pension points you have collected. You collect pension points annually in line with your age and pensionable income. The VBL calculates your pension points using age factors based on interest rates of 3.25 % during the savings phase and 5.25 % during the pension phase. The younger you are, the higher the age factor, because the interest will accrue over a longer period.

When you are eligible for pension, all your pension points are added up and multiplied by a base factor of € 4. This is how the monthly pension is calculated. Your surviving dependants will also receive pension benefits. The qualifying period for all benefits is 60 months.

Personal circumstances such as a pension rights adjustment on divorce (Versorgungsausgleich) or early retirement may reduce your pension benefits.



VBLklassik.

Our professionalism. Your benefits.

The benefits of the **VBLklassik** occupational pension are:

- Comprehensive range of benefits (retirement pension, full or partial incapacity pension, surviving dependants' pensions)
- Social components during parental leave and in case of incapacity
- Generous benefits
- Annual pension indexation (enhancement)
- Low administration charges (1.5 % of our revenue from premiums and contributions)
- Full occupational pension administration service

Our service for you.

If you have any questions or wishes concerning retirement provision, simply give us a call. You can contact us:

Mondays to Fridays from 8:00 to 16:30
Thursdays from 8:00 to 18:00

Or use our call-back service on our website.

Customer Hotline

0049 (0) 180 5 677710

(Calls on the Deutsche Telekom network are charged at 14 cents/minute. Mobile charges may vary.)

www.vbl.de



VBLextra



VBLextra

VBLextra. A better future. Satisfaction later in life.

VBLextra enables you to collect more pension points towards your retirement by taking out voluntary insurance. It enhances the coverage provided by **VBLklassik**, so you can safeguard your standard of living even better with VBL. **VBLextra** is based on the **VBLklassik** points model, so your points will grow from year to year.

VBL's voluntary occupational pension guarantees additional financial security.

The contributions you pay will earn at least 2.75 % interest. The actual interest rate is likely to be higher, so the expected occupational pension should also increase.

VBLextra can cover all your pension needs. Besides providing a secure, affordable additional retirement pension, **VBLextra** also offers an occupational pension in case of full or partial incapacity, plus a surviving dependants' pension.

Important: With **VBLextra**, insured employees may be eligible for state benefits such as the so-called "Riester" benefits or salary foregone (Entgeltumwandlung).



Enjoy life. Today and tomorrow. Start planning for a secure future now.

The freedom to make decisions is a good basis for a happy life. And **VBLextra** gives you that flexibility at any time. You can develop your own personal pension plan – exactly the way you want it. VBL supports its customers every step of the way.

VBLextra not only offers you a secure and affordable retirement pension, it also offers incapacity coverage and coverage for your surviving dependants.

You can choose whether to take your **VBLextra** purely as a retirement pension scheme or as a retirement pension scheme combined with incapacity coverage and/or coverage of surviving dependants' pension.

You can make this decision at any time during the term of your insurance. And if you decide not to cover these additional risks, VBL will reward you with extra pension points.

Calculate your pension points quickly and easily.

Find out what your projected pension will be based on your own criteria using the **VBLextra** pension calculator on our website at www.vbl.de.



VBLextra

VBLextra. Our services. Your benefit.

Some of the benefits of **VBLextra**:

- Lifelong retirement pension
- Optional incapacity pension and surviving dependants' pension
- Flexible contributions (monthly payments or lump-sum payments; amount of contributions can be changed at no extra cost)
- Bonus points awarded if a profit distribution is granted
- No qualifying period (vested entitlements after the very first premium)
- Up to 30 % lump sum capital payment on retirement
- Tax (and social security fee) benefits in case of salary foregone as well as "Riester" benefits available
- Switch between "Riester" benefits and salary foregone at no extra cost
- Continue paying contributions after changing jobs at no extra cost
- No sales commission. Low administration charges.

With the points model, **VBLextra** is designed specifically for the public sector.





VBLdynamik



VBLdynamik. More opportunities. A retirement to look forward to.

The investment fund based **VBLdynamik** pension insurance is available exclusively to employees insured with **VBLklassik**. **VBLdynamik** offers greater opportunities, as it follows an intelligent investment strategy based on age. So you can safeguard your standard of living better with **VBLdynamik**.

Younger people's contributions are initially invested predominantly in high-yield, profitable equity funds. As their age increases, more of the contributions are shifted to lower-risk fixed-income funds. This enables us to achieve the highest possible return with a high level of security.

VBLdynamik combines many advantages: guaranteed minimum benefits, an intelligent investment strategy and low administration charges. For example, VBL does not pay sales commission. Another advantage: state benefits such as the "Riester" pension and salary foregone.

So **VBLdynamik** achieves a high return, creating an excellent basis for a secure future.



VBLdynamik. Special investments for more security.

When it comes to investing your money in investment funds, we operate within a smart investment strategy based on age. As you get older, your investment contributions are progressively shifted from equity funds into lower-risk fixed-income funds. So **VBLdynamik** achieves maximum returns with the greatest possible security.

The funds are invested in the exclusive **VBLdynamik** Chance A equity fund and the **VBLdynamik** Chance R fixed-income fund according to a specially developed life cycle model. Developed in close cooperation with well-known actuaries and independent advisors, **VBLdynamik** is specifically geared towards the interests of public sector employees.

Your money is invested exclusively in the two special funds with no commission charges. So you can benefit simultaneously from the opportunities in the equity markets and the stability of the bond markets.

Once you are eligible for pension, any profit distribution shares are used as a lump-sum payment for a bonus pension which is paid to you along with your ongoing pension payments. Increasing the pension benefits you have accrued up to that point.

Customer Hotline 0049 (0) 180 5 677710

(Calls on the Deutsche Telekom network are charged at 14 cents/minute. Mobile charges may vary.)

www.vbl.de

Our service for you.

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Thursdays from 8:00 to 18:00

Or use our call-back service on our website.

VBLdynamik. Your benefits at a glance.



The **VBLdynamik** investment fund based pension insurance is specially designed to meet the needs of public sector employees. This has a positive impact on the benefits you can expect. Because any profits earned can be used completely to benefit everyone insured with **VBLdynamik**.

Other advantages at a glance:

- Attractive, secure retirement pension for life
- Up to 30 % lump sum capital payment on retirement
- Opportunities for high returns combined with high security
- Intelligent age-based investment strategy
- Guaranteed minimum benefits
- Flexible contributions
- State benefits available ("Riester" pension or salary foregone (Entgeltumwandlung))



State support

State support. VBLextra and VBLdynamik.

Most insured employees are eligible for state support for **VBLextra** and **VBLdynamik**. This will bring down the cost in favour of a secure, profitable old-age provision.

Besides the basic benefits and child benefits, the “Riester” benefits enable you to save tax by means of tax-deductible special expenses. So the “Riester” pension is not only worthwhile for families and single parents but also for single people. All you need to do is apply.

Another state benefit you can obtain is salary foregone (Entgeltumwandlung). This is based on an agreement between you and your employer to convert part of your gross income into retirement pension contributions. With salary foregone (Entgeltumwandlung), you can save tax and social security fees, and invest the money into your retirement provision.

Salary foregone (Entgeltumwandlung) is also beneficial for employers: the reduced social security payments also reduce ancillary wage costs.

Tip: If your collective bargaining agreement does not provide for salary foregone („Entgeltumwandlung), you as an insured employee should make use of the “Riester” benefits.

These benefits are very popular with many insured employees.

Salary foregone (Entgeltumwandlung) can add to the insured employee's retirement provisions and reduces ancillary wage costs for both the insured employee and the participating employer.





Investment by VBL. Professional and safe.

VBL manages investment assets of more than € 11 billion, and is therefore one of the biggest institutional capital investors in Germany. This amount is increasing from year to year, because we are shifting our financing in the new Länder to the capital funding principle and because more and more insured employees are taking out VBL's additional voluntary pension.

We invest the assets with a view to achieving maximum security and the highest possible returns. The emphasis is on a broad mix and spread of capital investments. VBL complies with the regulations of the Investment Regulation (Anlageverordnung) of the German Insurance Supervision Act (Versicherungsaufsichtsgesetz) and the regulating authority, the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin).

We regularly commission asset liability studies from independent financial experts who examine and assess our long-term expenditure and revenue situation. This enables us to develop and implement the best possible strategy for our investments. These studies also ensure that the opportunities and risks involved in our capital investments are managed professionally.

We also use a modern risk management system which enables us to promptly adapt our investments to changing market situations and obtain high returns.

So insured employees, pensioners and participating employers alike will continue to benefit from maximum security and from the earning potential of VBL's asset management in the future.





VBL. An overview. Facts and figures.

Version: December 2007

Establishment and head office

1929 Established as the Zusatzversorgungsanstalt des Reichs und der Länder (ZRL) in Berlin

1951 Renamed the Versorgungsanstalt des Bundes und der Länder (VBL)

1952 New head office in Karlsruhe

Supervision

VBL is supervised by the Federal Finance Ministry (Bundesministerium der Finanzen) and the Federal Financial Supervisory Authority (BaFin).

Boards

Executive Board with 17 members, of which 3 full time board members;

Supervisory Board with 38 members

Employees

Approximately 870

Participating employers

The Federal Government and all Länder (except Hamburg and Saarland), about 1,700 municipal employers, 90 social insurance providers and about 3,600 other employers. VBL is therefore Germany's biggest supplementary pension provider for public sector employees.

Insured

Approximately 1.8 million compulsorily insured employees and approx. 2.3 million insured employees who are exempt from premiums.

Beneficiaries

Approximately 1.1 million pensioners

Services

Retirement, incapacity and surviving dependants' pension schemes for public sector employees who are compulsorily insured under collective labour agreements and voluntary insurance products for supplementary capital-funded retirement pension schemes.

Pension payments

Approximately € 4.2 billion per annum

Member of

aba – Arbeitsgemeinschaft für betriebliche Altersversorgung e. V.

EWÖD – Europäischer Verband der Versorgungseinrichtungen des öffentlichen Dienstes

Our service for you.

Our service for employers.

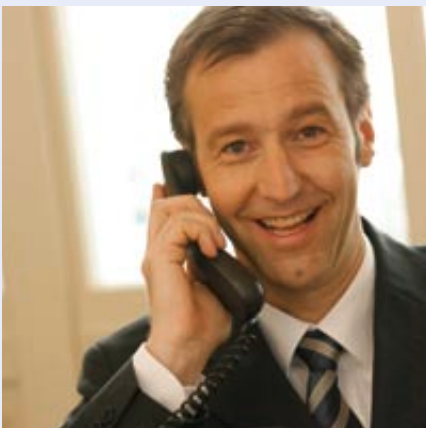
Participating employers can contact us on:

Mondays to Fridays	from 8:00 to 16:30
Thursdays	from 8:00 to 18:00
Tel.	0049 (0) 180 5 677780 (Calls on the Deutsche Telekom network are charged at 14 cents/minute. Mobile charges may vary.)
Fax	0049 (0) 721 155-1360
E-Mail	arbeitgeberservice@vbl.de

Our service for insured employees.

Insured employees can contact us on:

Mondays to Fridays	from 8:00 to 16:30
Thursdays	from 8:00 to 18:00
Tel.	0049 (0) 180 5 677710 (Calls on the Deutsche Telekom network are charged at 14 cents/minute. Mobile charges may vary.)
Fax	0049 (0) 721 155-1355
E-Mail	kundenservice@vbl.de



Simply give us a call.
Our team will be
pleased to help you.

