

# Génération Pension Universal Life: the retirement plan



A happy retirement starts now





# Génération Pension Universal Life

Génération Pension Universal Life is a life insurance policy developed in partnership with the insurance company Bâloise Vie Luxembourg S.A. It fulfils all the conditions stipulated by law so that the premiums are tax deductible, while also offering you the opportunity to build up savings with a guaranteed return, or to invest your money in a SICAV\* (Société d'Investissement à Capital Variable – open-ended investment company), or a combination of the two.

\* Article 111 bis of the income tax act (LIR).

# Introduction

## Pay less in taxes today and build your pension for tomorrow.

Every one of us is aware of the statutory pension problem looming on the horizon.

In our industrialised countries, life expectancy is increasing, young people are entering the job market later and later, and the birth rate is falling. These factors are creating a growing gap between the number of those in work paying into the system, and the retired, who must live on their pension for longer and longer.

In order to foresee the problems associated with a statutory pension, which is set to be significantly lower than your final salary, legislators have created fiscal incentives, which means that you stand to gain on both counts:

- › you establish an individual supplementary pension;
- › you can start deducting the amounts paid into the supplementary pension from your tax right away, according to the conditions stipulated by law.

## What are the important legal conditions to be aware of?

Your policy must last **for a minimum of 10 years**. In reality, however, the policy term will be determined by your age when you first take out the policy.

Payment at maturity can occur at 60 years of age at the earliest and 75 years at the latest.

The maximum age limit for taking out a policy is therefore 65 years.

### Examples

- › An individual aged 35 will receive the policy benefit at 60 years old at the earliest, therefore **the policy term is 25 years minimum**.
- › An individual aged 45 will receive the policy benefit at 60 years old at the earliest, therefore **the policy term is 15 years minimum**.
- › An individual aged 55 will receive the policy benefit at 65 years old at the earliest, therefore **the policy term is 10 years minimum**.
- › An individual aged 60 will receive the policy benefit at 70 years old at the earliest, therefore **the policy term is 10 years minimum**.
- › An individual aged 64 (the age limit for new policies) will receive the policy benefit at 75 years old, therefore **the policy term is 10 years**.

## Building up your nest egg

Legislators have stipulated the maximum amount of €3,200 that may be deducted from your Luxembourg tax base. Married couples who pay tax jointly in Luxembourg can double the deduction threshold\*.

## Death or repayment before policy maturity

In the event of death of the insured party prior to the expiry date, the accumulated savings will be paid to the designated beneficiary or beneficiaries.

### Repayment before maturity:

- › in the event of serious illness or disability: no loss of fiscal benefits;
- › for any other reason except serious illness or disability: the total early repayment amount is taxed at the full rate.

## When the policy matures

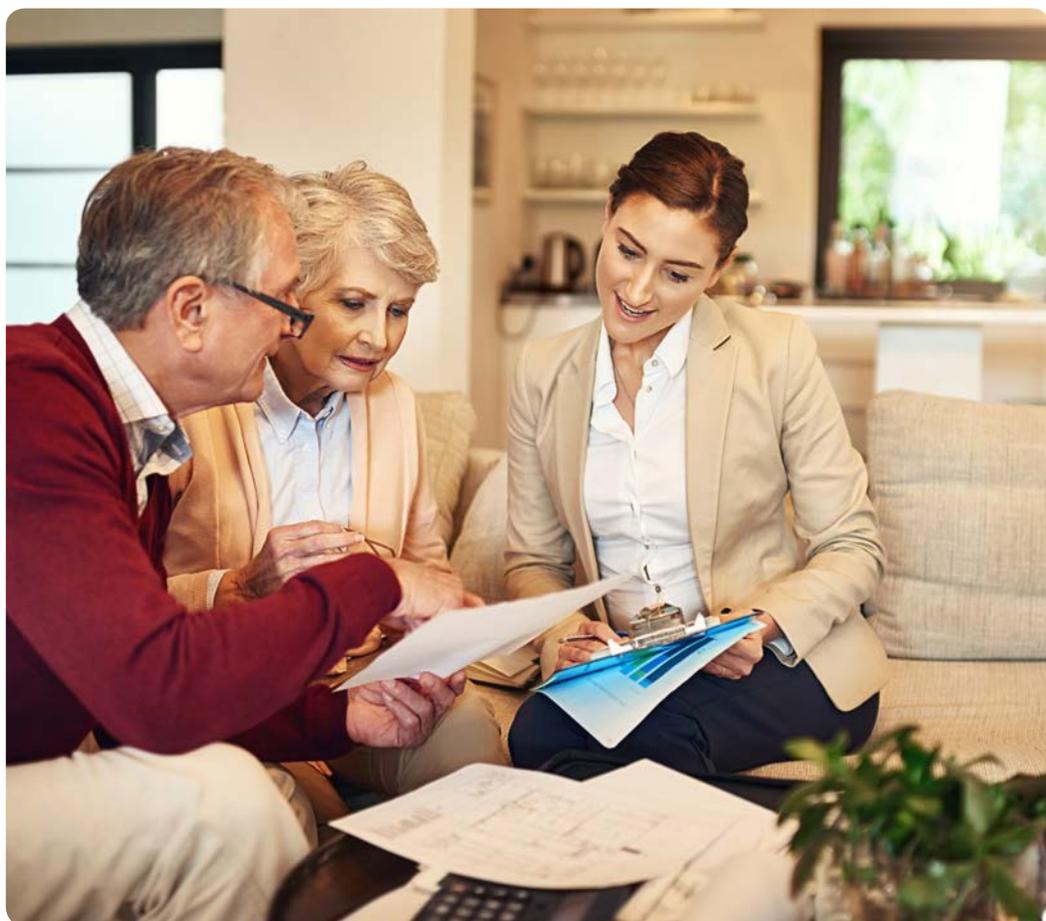
### At maturity, you will decide whether the benefit should be paid:

- › as a monthly, lifelong annuity;
- › as a lump sum;
- › in a combined manner.

\* The tax advantage depends on each person's individual situation.

In the current state of the tax legislation, the capital and/or annuity tax regimes for Luxembourg resident taxpayers at the time of payment of the benefit are as follows:

- › the lump sum is taxed at 50% of the overall tax rate in force;
- › annuities are tax exempt up to a limit of 50%, with the balance taxed at the standard rate.



## Génération Pension Universal Life : a plan tailored to your situation

Tax deductions are one thing, but investing your money is another thing altogether. To be able to offer you greater flexibility, you may structure your product using two types of investment vehicles:

### ➤ Sub-fund with guaranteed yield

If you prefer the security of a guaranteed rate of return, to which profit-sharing bonuses can potentially be added, this sub-fund is the right choice for you.

### ➤ Sub-fund with investment funds\*

If you would like to optimise the return on your investment on a long-term basis and if you can accept the risk of financial market fluctuations, this sub-fund is more suitable for you. You can define your own investment strategy by choosing from a selection of our EUR denominated capitalisation SICAVs, while ensuring compliance with all investment criteria stipulated by law.

You can also combine the two sub-funds described above in the same Génération Pension Universal Life contract.

Depending on your investor temperament, you choose the funds in which you want to invest, taking care to respect the limits set by the legislator. These are as follows:

| AGE OF POLICYHOLDER | MAXIMUM SHARE OF UNDERLYING ASSETS INVESTED IN EQUITIES |
|---------------------|---|
| < 45 years          | 60%   |
| 45 – 49 years       | 40%   |
| 50 – 54 years       | 30%   |
| > 54 years          | 20%   |

\* ING Luxembourg may not provide any guarantee in terms of capital or return.  
The documentation relating to investments funds is available in branch and at ing.lu.

### For example

You are 42 years of age and would like to diversify your investment as much as possible, as well as achieve an optimum long-term return. You can invest up to 60 percent of the €3,200 in one of the proposed equity funds and the remainder (or 40 percent) in one of the proposed bond funds.

## What will your capital be at maturity?

Regardless which composition of Génération Pension Universal Life's of sub-funds you will choose, our advisers are available to help you make your decisions. They can also use a calculation tool to estimate your capital amount at policy maturity.

Do not hesitate to ask them to perform a no-obligation calculation for you.

## Is it possible to suspend payment of the premiums for a year, or several years?

With Génération Pension Universal Life Universal Life, you may suspend payment of your regular premiums whenever you wish, and then make one-off payments. It will also later be possible to re-establish a payment plan.

The size of the premium that you pay can always be adapted to your circumstances, your needs, and your resources.

Additional payments from €100 upward may be made.

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