FINNISH CENTRE FOR PENSIONS

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SPECIFIC PRINCIPLES FOR EC ACT ON THE TRANSFER OF PENSION RIGHTS

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SPECIFIC PRINCIPLES UNDER EC ACT ON THE TRANSFER OF PENSION RIGHTS

1 SCOPE OF APPLICATION

These principles apply to the transfer of pension rights between the Finnish earnings-related pension scheme and the pension scheme of the European Communities under Annex VIII of the Staff Regulations of Officials of the European Communities (EEC, Euratom; ECSC) No 723/2004. The transfer of pension rights has been stipulated in the Act on the transfer of pension rights between the Finnish earnings-related pension scheme and the pension scheme of the European Communities (165/1999) (hereinafter Act 165/1999).

These principles are applied when an official, an employee or a self-employed person transfers to the employment of the European Communities and the capital value, including interest, of the pension rights he or she has accrued are transferred to the pension scheme of the European Communities. The principles are also applied when the capital value transferred to the European Communities is returned after the official or employee leaves the employment in the European Communities.

2 INSURANCE TECHNICAL QUANTITIES

The insurance technical quantities found in these specific principles comply with the general actuarial principles under the Employees Pensions Act for pension insurance companies, confirmed by the Ministry of Social Affairs and Health on 28 November 2007. The following values for the special invariables are used:

Technical rate of interest

- disability pensions	$(b1)_{TK}$	= 0.030
- old-age and survivors' pensions	$(b1)_{18}$	= 0.027
	$(b1)_{62}$	= 0.035
- Interest under Article 6 of Act 165/1999	$(b1)_{S}$	= 0.035

Mortality

- old-age pension for men	(b2)	=	-1
- old-age pension for women	(b2)	=	-8
- survivors' pension			
- male deceased or beneficiary	(b2)	=	-1
- female deceased or beneficiary	(b2)	=	-8

Disability

- lump-sum payment of future pension	(b3)	=	0.72
	(b4)	=	0.72
	(b5)	=	0.72
	(b6)	=	1
	(b7)	=	1
	(b8)	=	1

When calculating the capital values of the future disability pension, the value for quantity *e* in the formula on general actuarial principles (15) in section 2.3 is 9 months.

When calculating the capital values of future survivors' pensions, quantities $\overline{Z}_x(18,N)$ and $\overline{Z}_x(18,M)$ of the general actuarial principles' formula (9) in section 1.4.4 and formula (23) in section 2.4.1 are used.

When calculating the capital value of old-age pensions and survivors' pensions, the technical interests $(b1)_{18}$ and $(b1)_{62}$ according to formulas (7) and (10) are used.

3 CALCULATION OF AGE

In these principles, in a case of a transfer of pension rights according to Section 4 of Act 165/1999, x refers to the age of the insured in full years on the date of calculation of the transferrable amount. In a case of a returning of pension rights, as referred to in Section 12 of Act 165/1999, x refers to the age of the insured in full years and months on the date on which the European Communities returns the returnable amount to the State Treasury in Finland.

4 DATES RELATING TO THE CALCULATION

For the calculation of the transfer and a possible return of pension rights, the *transfer date*, the *return date* and the *date of calculation of the transferable amount* are defined.

s The *transfer date* is the date on which the Finnish Centre for Pensions pays the transferable amount to the account stated by the relevant EC institution.

p The *return date* is the date on which the relevant EC institution pays the returnable amount to the account of the State Treasury.

s_{las} The *date of calculation of the transferable amount* has been defined in Section 2 of Act 165/1999. It is the day for which the calculated transfer of the pension rights to the pension scheme of the Communities is carried out.

5 EARNED PENSION RIGHTS

The target of the transfer for a person entitled to a transfer of pension rights is the pension rights accrued and adjusted with the wage coefficient by the date of calculation of the transferable amount according to Section 1 subsection 2 and Section 4 subsections 2-3 of Act 165/1999.

The pension rights accrued under basic pension security correspond to the pension rights at the age of 63. However, for the public sector, the pension rights are coordinated and converted to correspond to the pension rights at the age of 63 in accordance with what is laid down in the provisions on entry into force in the Act Amending the State Employees Pensions Act (679/2004) and in the provisions on entry into force in the Act Amending the Local Government Employees Pensions Act (713/2004). The exit age of the orphan's pension is 18 years. The value of the pension rights of supplementary pension provision is converted to correspond to the pension rights at the age of 63. The exit age of the orphan's pension is 18 years.

6 AMOUNT TRANSFERABLE TO THE EUROPEAN COMMUNITIES

The amount transferable to the European Communities is calculated using the following formula:

(1) $$P_s = \left(1 + (b1)_S \times (s - s_{las})\right) \times \left(P_s(\text{perus}) + P_s(\text{lisä})\right),$$

where $P_s(\text{perus})$ and $P_s(\text{lisä})$ are defined in formulas (2) and (4) and $s\text{-}s_{las}$ is the time in years from the date of calculation of the transferable amount to the transfer date.

Basic provision

The capital value corresponding to the transferable pension rights is defined by the formula for the lump-sum payment of the future pension:

(2) $$P_s(\text{perus}) = E_{s_{las}}(\text{perus}) \times \overline{A}_x^U(\text{perus}),$$

in which $E_{s_{las}}(\text{perus})$ is the accrued pension rights based on the *basic provision* as defined in section 5 and $\overline{A}_x^U(\text{perus})$ is the arithmetic average of the coefficients of the capital values calculated for men and women according to formula (3).

(3) $$\overline{A}_x(\text{perus}) = \overline{A}_x^{\text{Int}}(E) + \overline{A}_x(S) + b \times \overline{A}_x^{\text{Int}}(P_1),$$

in which the capital values $\overline{A}_x^{\text{Int}}(E)$, $\overline{A}_x^{\text{Int}}(P_1)$ and $\overline{A}_x(S)$ of a unit pension are defined in section 8 and

$$b = \begin{cases} 0.40 \text{ , when the deceased is a man} \\ 0.25 \text{ , when the deceased is a woman.} \end{cases}$$

In the attachment, the coefficients of the capital value $\overline{A}_x^U(\text{perus})$ are calculated by age with a five-decimal accuracy.

Supplementary provision

The capital value corresponding to the transferable pension rights is defined by the formula for the lump-sum payment of the future pension:

(4) $$P_s(\text{lisä}) = E_{s_{las}}(\text{lisä}_{vetk}) \times \overline{A}_x^U(\text{lisä}_{vetk}) + E_{s_{las}}(\text{lisä}_{pe}) \times \overline{A}_x^U(P_1)$$

in which $E_{s_{las}}(\text{lisä}_{vetk})$ is the old-age and disability pension rights accrued according to the supplementary pension provision defined in section 5, $E_{s_{las}}(\text{lisä}_{pe})$ is the survivors' pension rights accrued according to the supplementary pension provision defined in section 5 that the surviving spouse as the sole beneficiary would be entitled to, $\overline{A}_x^U(\text{lisä}_{vetk})$ is the arithmetic average of coefficients of the capital values calculated for men and women according to formula (5), and $\overline{A}_x^U(P_1)$ is the arithmetic average of coefficients of the capital values calculated for a female and a male deceased according to formula (10) .

(5) $$\overline{A}_x(\text{lisä}_{vetk}) = \overline{A}_x^{Int}(E) + \overline{A}_x(S).$$

The capital values $\overline{A}_x^{Int}(E)$ and $\overline{A}_x(S)$ of a unit pension are defined in section 8.

In the attachment, the coeffiecients of the capital values $\overline{A}_x^U(\text{lisä}_{vetk})$ and $\overline{A}_x^U(P_1)$ are calculated by age with a five-decimal accuracy.

7 CONVERTING THE RETURNABLE AMOUNT PAID BY THE EUROPEAN COMMUNITIES TO PENSION RIGHTS

A person is entitled to have his or her pension rights returned to the Finnish earnings-related pension scheme if his or her service in the European Communities ceases without him or her acquiring a right to a future pension on the basis of the said service.

The sum to be returned is equivalent to the capital value of the pension rights acquired under the entire pension scheme of the European Communities. The

returnable amount is always converted to basic provision pension rights (technical vested rights), even when the transferable amount has originally included a supplementary provision.

The returnable amount is converted into technical vested rights as follows:

(6) $$\mathrm{E_p} = \frac{\mathrm{P_p}}{\overline{\mathrm{A}}_{\mathrm{x}}^{\mathrm{U}}(\mathrm{perus})},$$

in which the capital value $\overline{\mathrm{A}}_{\mathrm{x}}^{\mathrm{U}}(\mathrm{perus})$ of a unit pension has been defined in section 6, and $\mathrm{P_p}$ is the returnable amount transferred from the European Communities on the return date defined in section 4.

8 CAPITAL VALUES OF UNIT PENSIONS

When calculating the capital value of unit old-age pensions, a linear combined formula using the technical rates of interest $(\mathrm{b1})_{18}$ and $(\mathrm{b1})_{62}$ is as follows:

(7) $$\overline{\mathrm{A}}_{\mathrm{x}}^{\mathrm{Int}}(\mathrm{E}) = \begin{cases} \frac{1}{44} \times \left[(x-18) \times \overline{\mathrm{A}}_{\mathrm{x}}(\mathrm{E})((b1)_{62}) + (62-x) \times \overline{\mathrm{A}}_{\mathrm{x}}(\mathrm{E})((b1)_{18}) \right] & , \text{when } x < 62 \\ \overline{\mathrm{A}}_{\mathrm{x}}(\mathrm{E})((b1)_{62}) & , \text{when } x \geq 62 \end{cases},$$

in which the capital-value $\overline{\mathrm{A}}_{\mathrm{x}}(\mathrm{E})$ of a unit pension is defined as described below.

The capital value of a unit old-age pension is

(8) $$\overline{\mathrm{A}}_{\mathrm{x}}(\mathrm{E}) = \begin{cases} \frac{\overline{N}_{63}}{D_x} & , \text{when } x < 63 \\ \overline{a}_x & , \text{when } x \geq 63 \end{cases}$$

The capital value of a unit disability pension is

(9) $$\bar{A}_x(S) = \begin{cases} {}^{(e)}\bar{A}_{x:63} & , \text{when } x < 63 \\ 0 & , \text{when } x \geq 63 \end{cases}.$$

Apart from the special constants, the capital values of a unit pension are defined in formula 15 of the general basis of calculation of the Employees Pensions Act.

When calculating the capital value of survivors' pensions, a linear combined formula using the technical rates of interest $(b1)_{18}$ and $(b1)_{62}$ is as follows:

(10) $$\bar{A}_x^{\text{Int}}(P_1) = \begin{cases} \frac{1}{44} \times \left[(x-18) \times \bar{A}_x(P_1)((b1)_{62}) + (62-x) \times \bar{A}_x(P_1)((b1)_{18}) \right] & , \text{when } x < 62 \\ \bar{A}_x(P_1)((b1)_{62}) & , \text{when } x \geq 62 \end{cases},$$

in which the capital value $\bar{A}_x(P_1)$ of a unit pension is defined as described below.

The capital value corresponding to the survivors' unit pension is

(11) $$\bar{A}_x(P_1) = \frac{1}{D_x} \int_x^{\infty} D_t \mu_t F(t) dt ,$$

in which, when the deceased is male,

$$F(t) = i \times 0.99 \times n_t(M) \times \bar{a}_{y_t(M)+(b2)} + Z_t(18, M)$$

and when the deceased is female,

$$F(t) = i \times 0.99 \times n_t(N) \times \bar{a}_{y_t(N)+(b2)} + Z_t(18, N),$$

in which i = 1 when it is an insurance for basic or registered supplementary provision, in which the beneficiaries are both the surviving spouse and the children

= 0 when it is an insurance for registered supplementary provision, in which the beneficiaries are the children only.

Mortality μ, marital status *n*, the age-difference between the married spouses *y* and the capital value of the orphan's unit pension $\overline{Z}$ have been defined in sections 1.2 and 1.4 of the general principles of calculation of the Employees Pensions Act.

9 THE FINANCING PORTION AND CONTRIBUTION OF A COMPETENT PENSION INSTITUTION

A competent pension institution, as defined in Section 2 of Act 165/1999 and in which the transferable pension right has accrued, will pay to the Finnish Centre for Pensions the capital value of the pension rights, increased by interest $(b1)_S$ from the date of calculation of the transferable amount s_{las} , specified in section 4, to the transfer date *s*.

The Finnish Centre for Pensions sets the transfer date *s* and issues a decision for the competent pension institution of the transferable amount after the transfer applicant has made the decision to transfer his or her pension rights accrued in Finland to the European Communities. The pension institution is entitled to request a maximum time of one month to arrange the payment.

The pension institution must pay its share of the transferable amount no later than two banking days (due date) prior to the transfer date *s*.

For a late payment, an interest in accordance with the interest rate according to the annual interest for late payments, as stated in Section 4, subsection 1 of the Interest Act, is calculated for the delay period.

If the competent pension institution is an institution that handles private-sector earnings-related pensions, its portion of costs is divided amongst the private-sector pension institutions in a manner regulated in the basis for division of costs confirmed by the Ministry of Social Affairs and Health. The attachment presents the capital value coefficients relating to the division of costs of private-sector pension costs, calculated by age and with a five-decimal accuracy.

10 IMPLEMENTING PROVISION

These specific criteria shall be applied on the transfer and return of pension rights when the application for such a transfer or return is submitted on 1 April 2012 or thereafter.

TRANSFER AND RETURN OF PENSION RIGHTS TO/FROM THE EUROPEAN COMMUNITIES BASIC PROVISION

TRANSFER AND RETURN OF PENSION RIGHTS TO/FROM THE EUROPEAN COMMUNITIES SUPPLEMENTARY PROVISION

Coefficients of capital values of the basic provision when the pension rights are transferred to the European Communities or returned to Finland $\overline{A}_x^U(\text{perus})$

Age	Coefficients
18	5.69965
19	5.81562
20	5.93477
21	6.05720
22	6.18299
23	6.31222
24	6.44496
25	6.58128
26	6.72124
27	6.86492
28	7.01238
29	7.16370
30	7.31895
31	7.47822
32	7.64157
33	7.80909
34	7.98084
35	8.15690
36	8.33732
37	8.52216
38	8.71144
39	8.90521
40	9.10348
41	9.30626
42	9.51354
43	9.72534
44	9.94162
45	10.16242
46	10.38773
47	10.61765
48	10.85227
49	11.09181
50	11.33660
51	11.58717
52	11.84425
53	12.10894
54	12.38271
55	12.66766
56	12.96655
57	13.28316
58	13.62241
59	13.99087
60	14.39706
61	14.85216
62	15.37069
63	15.99144
64	15.62831
65	15.25946
66	14.88513
67	14.50566
68	14.12140

Coefficients of capital values corresponding to the old-age and disability pension rights $\overline{A}_x^U(\text{lisä}_{\text{vetk}})$

Age	Coefficients
18	5.27356
19	5.38150
20	5.49241
21	5.60639
22	5.72355
23	5.84397
24	5.96778
25	6.09507
26	6.22595
27	6.36052
28	6.49888
29	6.64113
30	6.78737
31	6.93768
32	7.09215
33	7.25087
34	7.41390
35	7.58131
36	7.75314
37	7.92945
38	8.11027
39	8.29562
40	8.48552
41	8.67997
42	8.87897
43	9.08252
44	9.29062
45	9.50329
46	9.72057
47	9.94254
48	10.16936
49	10.40125
50	10.63860
51	10.88197
52	11.13214
53	11.39027
54	11.65790
55	11.93718
56	12.23098
57	12.54313
58	12.87868
59	13.24427
60	13.64856
61	14.10282
62	14.62170
63	15.24093
64	14.87790
65	14.51086
66	14.14017
67	13.76621
68	13.38939

Coefficients of capital values corresponding to pension rights of the survivors' pension according to the age of the deceased, when the beneficiaries are $\overline{A}_x^U(P_1)$

Age	surviving spouse and children	only children
18	1.15708	0.05062
19	1.17897	0.05176
20	1.20141	0.05292
21	1.22442	0.05410
22	1.24791	0.05526
23	1.27181	0.05639
24	1.29603	0.05746
25	1.32046	0.05843
26	1.34498	0.05926
27	1.36953	0.05993
28	1.39398	0.06038
29	1.41830	0.06061
30	1.44242	0.06055
31	1.46633	0.06022
32	1.48997	0.05956
33	1.51337	0.05860
34	1.53650	0.05731
35	1.55941	0.05574
36	1.58206	0.05386
37	1.60451	0.05174
38	1.62674	0.04938
39	1.64880	0.04684
40	1.67066	0.04413
41	1.69236	0.04133
42	1.71386	0.03844
43	1.73518	0.03555
44	1.75626	0.03265
45	1.77709	0.02981
46	1.79759	0.02704
47	1.81773	0.02439
48	1.83739	0.02185
49	1.85651	0.01948
50	1.87495	0.01724
51	1.89263	0.01519
52	1.90935	0.01329
53	1.92503	0.01158
54	1.93942	0.01000
55	1.95240	0.00861
56	1.96371	0.00735
57	1.97317	0.00626
58	1.98048	0.00527
59	1.98543	0.00443
60	1.98769	0.00367
61	1.98702	0.00304
62	1.98307	0.00247
63	1.98388	0.00202
64	1.98033	0.00159
65	1.97221	0.00127
66	1.95924	0.00096
67	1.94133	0.00074
68	1.91835	0.00051

TRANSFER AND RETURN OF PENSION RIGHTS TO/FROM THE EUROPEAN COMMUNITIES BASIC PROVISION
DISTRIBUTION OF PRIVATE-SECTOR PENSION COSTS

Coefficients of capital values corresponding to the pension rights of old-age pension

Age	Coefficients
18	4.64870
19	4.73676
20	4.82735
21	4.92061
22	5.01665
23	5.11563
24	5.21768
25	5.32296
26	5.43163
27	5.54387
28	5.65985
29	5.77979
30	5.90387
31	6.03233
32	6.16541
33	6.30334
34	6.44640
35	6.59486
36	6.74904
37	6.90926
38	7.07586
39	7.24922
40	7.42972
41	7.61780
42	7.81392
43	8.01856
44	8.23226
45	8.45558
46	8.68916
47	8.93365
48	9.18979
49	9.45836
50	9.74023
51	10.03634
52	10.34772
53	10.67550
54	11.02092
55	11.38535
56	11.77031
57	12.17749
58	12.60874
59	13.06615
60	13.55206
61	14.06908
62	14.62017
63	15.24093
64	14.87790
65	14.51086
66	14.14017
67	13.76621
68	13.38939

Coefficients of capital values corresponding to the pension rights of disability pension

Age	Coefficients
18	0.62486
19	0.64475
20	0.66506
21	0.68579
22	0.70689
23	0.72834
24	0.75010
25	0.77211
26	0.79432
27	0.81665
28	0.83902
29	0.86134
30	0.88349
31	0.90534
32	0.92675
33	0.94753
34	0.96750
35	0.98644
36	1.00410
37	1.02019
38	1.03441
39	1.04641
40	1.05580
41	1.06217
42	1.06505
43	1.06396
44	1.05837
45	1.04771
46	1.03141
47	1.00890
48	0.97957
49	0.94289
50	0.89837
51	0.84563
52	0.78443
53	0.71477
54	0.63698
55	0.55183
56	0.46066
57	0.36564
58	0.26994
59	0.17812
60	0.09650
61	0.03373
62	0.00153
63	0.00000
64	0.00000
65	0.00000
66	0.00000
67	0.00000
68	0.00000

Coefficients of capital values corresponding to the pension rights of survivors' pension

Age	Coefficients
18	0.42608
19	0.43412
20	0.44235
21	0.45081
22	0.45944
23	0.46825
24	0.47718
25	0.48621
26	0.49529
27	0.50441
28	0.51350
29	0.52258
30	0.53159
31	0.54054
32	0.54942
33	0.55822
34	0.56694
35	0.57560
36	0.58418
37	0.59270
38	0.60117
39	0.60958
40	0.61795
41	0.62629
42	0.63457
43	0.64281
44	0.65100
45	0.65913
46	0.66716
47	0.67510
48	0.68291
49	0.69056
50	0.69800
51	0.70521
52	0.71211
53	0.71867
54	0.72481
55	0.73048
56	0.73557
57	0.74003
58	0.74373
59	0.74660
60	0.74850
61	0.74934
62	0.74899
63	0.75050
64	0.75040
65	0.74860
66	0.74496
67	0.73945
68	0.73201