

ARLA STRONGER PEOPLE



**OCCUPATIONAL INSURANCE
OF DISABILITY**

– exclusively for our employees –





ARLA OCCUPATIONAL INSURANCE OF DISABILITY – OUR NEW COMPANY BENEFIT

Dear employees,

we are pleased to present our new occupational pension scheme in this information brochure.

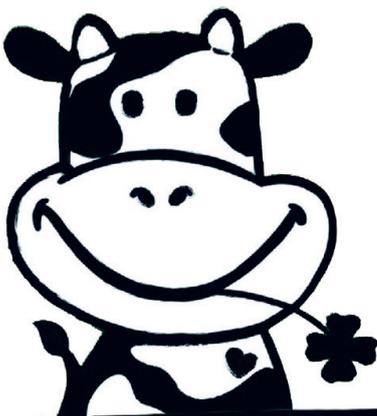
The situation of the statutory pension systems makes additional coverage in case of occupational disability indispensable. According to statistics, on average one in four employees in Germany retires early - at least for a certain period of time - due to illness. This amounts to a total of approximately 360,000 cases per year. The cause is rarely an accident. Rather, nervous and emotional disorders or diseases of the musculoskeletal system are often the triggers. On the free market, there are currently mostly only expensive solutions, often with only an insufficient scope of benefits. It is not uncommon for a policy to fail because of pre-existing conditions or unaffordability.

In order to get a better grip on this uncovered risk we have worked hard to find solutions for our employees. As a result we were able to negotiate special conditions for our company.

Optimal advice and support in all matters relating to this insurance around this coverage was taken care of. This task is performed by the consulting company BVUK. GmbH.

Please inform yourself about your possibilities and take your personal protection into your own hands,

Take precautions, we will support you!



The facts:

- In 2001, the statutory occupational disability pension was abolished and replaced by the much worse reduced earning capacity pension, to which one is only entitled under significantly more stringent conditions. For example, the profession learned or currently practised no longer plays a role for most employees. In principle, the legislator regards any other work activity as reasonable.
- Employees, regardless of their age, should not have any illusions about their statutory entitlements. The average pension of reduced earning capacity is only a fraction of the last net income.
- The risk of an occupational disability is high. In average one in four citizens is affected before reaching retirement.

How long can you still work a day?



less than 3 hours:

entitlement to full reduced earning capacity pension approx. 35 % of your last gross income



3 to 6 hours:

entitlement to half reduced earning capacity pension approx. 18 % of your last gross income



6 hours and more:

no entitlement to a reduced earning capacity pension

Statutory pension entitlements in figures:

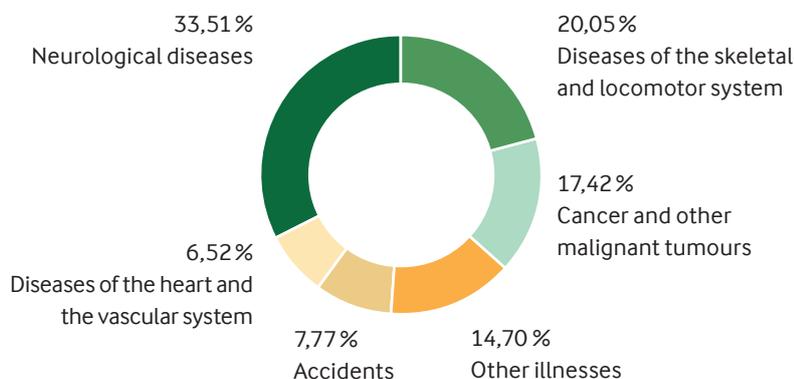
gross income	full reduced-earning-capacity pension	half reduced-earning-capacity pension
3.500,00 €	1.116,00 €	558,00 €
3.750,00 €	1.182,00 €	591,00 €
4.000,00 €	1.243,00 €	622,00 €
4.250,00 €	1.303,00 €	652,00 €
4.500,00 €	1.362,00 €	681,00 €

The pensions calculated relate to a 40-year-old today. However, the relevant KV and PV portions are deducted before taxes. The pensions for reduced earning capacity are calculated using the current credited periods.

3 important questions you should definitely ask yourself:

- What do I need to provide for myself and my family in an emergency?
- How high is my statutory entitlement?
- Do I already have a private occupational disability provision? If so, how much?

The most frequent reasons for disability:



Source: Morgen & Morgen, Status 04/2022



ARLA OCCUPATIONAL INSURANCE OF DISABILITY

Your advantages at a glance:

Protection of income in the event of occupational disability up to € 2.450,00 per month

- admission to the care without a health check as a matter of principle
- single occupational group, no premium surcharges for smokers, motorcyclists, hobbies, physically active employees etc.
- at the end of the contract, you as the insured person can receive a capital benefit from the surpluses then available
- the insurance conditions are classified as „very good“ according to the evaluation criteria of Stiftung Warentest
- excellent contribution structure due to collective conditions, which are not possible for individuals in this way
- no age restrictions when concluding the contract

This is how you are supported:

- **Employer's contribution of 15 % per month** on the amount you have invested ¹
- **High state subsidy of up to approx. 50 %** through tax and social security savings in the contribution phase

How much does it cost to cover € 2.000,00 ² occupational disability pension?

Age	Net expense monthly approx. ³	Capital payment out of the surpluses approx. ^{2/4} (not guaranteed)
20	45,00 €	20.599,00 €
30	54,00 €	17.646,00 €
40	67,00 €	14.449,00 €
50	85,00 €	10.362,00 €

The calculations are based on an employee (Stkl. I/IV) with a monthly gross income of € 4.000,00 and using all possible benefits from the employer and legislator in the case of standard retirement age. Footnotes see page 5.

Some examples that have led to the recognition of an occupational disability pension:

Occupation	Age at entry	Illnesses
Accountant	29	Brainstem migraine, fainting spells
Dispatcher	40	Herniated disc
Toolmaker	41	Depressions
Plastic moulder	43	Chronic pain syndrome in muscle necrosis of right lower leg
Bilanzbuchhalterin	45	Renal insufficiency with dialysis requirement
Production Worker	45	Cruciate ligament rupture
Commercial Employee	50	Breast cancer
Engine Fitter	60	Intestinal and liver cancer

The occupational disability insurance in detail:

Calculation of the actual net expense for a guaranteed occupational disability pension of € 2.000,00² monthly using the following example:

- age: 40 years
- gross income: € 4.000,00 monthly
- net income (tax class I/IV): approx. € 2.489,00 monthly
- employer contribution of 15 %
- protection until the statutory retirement age

guaranteed tariff contribution monthly	154,10 €
- employer contribution 15 %	20,10 €
= gross effort	134,00 €
- tax savings	40,25 €
- social security savings	27,03 €
actual net effort approx³	66,72 €

This results in a guaranteed pension of monthly²	2.000,00 €
capital payment at the age of 67 out of surpluses of approx. ^{2/4}	14.449,00 €

¹ Provided that the salary is below the contribution assessment ceiling of the statutory pension insurance (to a total of max. 4% of the BBG-GRV).

² The benefits are subject to downstream taxation and are generally subject to health and long-term care insurance. Whether and how much tax or social security contributions are due depends on the amount of all inflows and the social security status.

³ The net expense is calculated after taking into account all additional payments by the employer and the state subsidy for occupational pension plans through tax and social security contributions in the contribution phase in accordance with Section 3 No. 63 EStG and Section 1 Article 1 S. 1 No. 9 SVEV.

⁴ The benefits shown from the surpluses cannot be guaranteed and assume that no occupational disability has occurred. Earned Surpluses are added to the contract annually. In the event of a claim, surpluses increase the occupational disability pension. Surpluses not already used for the benefit increase can be paid out as a one-off capital benefit at the end of the contract.

Please note that this presentation reflects the current legal status. Legal changes in the future cannot be taken into account. Please refer to the relevant insurance conditions for additional information. We assume no obligation to update the statements contained in this presentation. For ease of readability, the terms are used in one gender form, but generally include the other genders.



FAQ'S TO THE OCCUPATIONAL INSURANCE OF DISABILITY

When am I considered to be incapacitated for work?

A person is considered to be fully incapacitated if, due to health restrictions it is no longer possible to work more than 3 hours a day on the German labor market.

When am I generally considered as disabled to work?

Occupational disability within the meaning of the insurance conditions exists if the insured person is expected to be at least 50 % for at least 6 months unable to exercise the occupation last exercised before the entry of occupational disability. This is not to be equated in every case with pure incapacity for work through sick leave.

In many cases, the condition is not permanent. For example, a tick bite with Lyme disease can lead to a year's absence from work. In this case, there may already be a claim for benefits.

The insurer waives abstract referability. Irrespective of training and studies, the last activity performed before the onset of occupational disability always counts.

Who needs an Occupational Insurance of Disability?

Any employee who is dependent on his or her monthly salary. If, due to health restrictions, the job can no longer be performed and additional financial worries arise, this endangers the accustomed standard of living.

What distinguishes the Occupational Disability Insurance at Arla?

Arla has negotiated exclusive special conditions for all employees. Due to the size of the company, Arla can offer coverage at a very favorable premium for all employees.

Why are the conditions for Arla Occupational Disability Insurance better?

Arla does not apply additional surcharges for groups of people whose risk is higher. In principle, everyone has the opportunity to participate in the pension plan under the same conditions. The only factors that determine the premium are the age of entry and the desired level of cover. In addition, there is generally no health check.

Can employees with pre-illnesses participate in the occupational insurance?

In most cases, pre-existing conditions do not play a role. There are simplified access criteria that were negotiated specifically for Arla. Of course, the employee must not already be incapacitated or disabled for work in order to be eligible for coverage.

Why should I take out Occupational Disability Insurance now?

Illness cannot be planned. No one knows how the state of health will develop. In addition, the premium for Occupational Disability Insurance is based on the age of entry. This means that the younger the employee, the lower the monthly premium. This remains the same over the entire term.

Does the Occupational Disability Insurance remain in place if the employer is changed?

The contract can be continued with the next employer under the same conditions. Alternatively, private continuation is also possible.

What happens if I do not become incapacitated for work?

Each year in which no occupational disability occurs, risk gains and surpluses arise. These are credited to the contract and reported annually in a status report. The actuarial reserve available at the end of the contract can be distributed as a one-lump-sum payment. In this way, the employee receives a portion of his contributions back.

Can contribution payments be modified or suspended?

You yourself determine the contribution. You can flexibly adapt the care to your life situation.

Will the Occupational Disability Insurance count towards statutory sickness benefits or reduced earning capacity pension?

In principle, there is no crediting. The benefits of the occupational disability insurance are paid out in addition in these cases.

If you already have an existing occupational disability insurance policy, consumer protectors and experts recommend checking a contract for the following criteria:

- term up to 67 years
- adequate amount of the occupational disability pension
- no exclusions due to the health check
- a „TOP“ set of conditions (no abstract referability / shortened prognosis period etc.)

My appointment:

on

at

Please do not forget:

- Payroll
- existing private insurance of disability



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