

PRI Technical basis with effect as from January 1, 2022

for calculations of employer PRI liabilities.

They are issued by Pensionsregistreringsinstitutet PRI, ideell förening (Pensions Registration Institute PRI – non-profit association) and shall be applied when calculating employer pension liabilities according the ITP Plan, section 2, ITP2, when book reserved and secured by insolvency insurance in PRI Pensionsgaranti.

The three parts of pension liabilities are

- the present value of earned old age pension
- kvarstående särskilda värdesäkringsmedel (special indexation reserve)
- konsolideringsreserv (consolidation reserve)

1. Present value of earned old age pension

The earned old age pension is calculated and reported at each opportunity by the Life and pension Insurance Company Alecta. The present value of the earned old age pension is calculated by using

- a discount rate
- assumptions on mortality
- assumptions on future operational costs

a The discount rate

The discount rate is 3 % before deduction for future operational costs. The 3 % rate corresponds to an interest intensity at 0,029559.

b Assumptions on mortality

Mortality assumptions are expressed by a mortality intensity $\mu(x)$ which is

For males $\mu(x) = 0,000851 + 0,000000257 * e^{0,1435 * x}$

For females $\mu(x) = 0,000858 + 0,000000207 * e^{0,1439 * x}$

c Assumptions on future operational costs

The assumptions on future operational costs are expressed by a reduction of interest intensity with 0,0015, whereby the interest intensity used for calculating present value is 0,028059, corresponding to a discount rate of 2,85 %.

2. Special Indexation reserve (Kvarstående särskilda värdesäkringsmedel)

The interest rate to be applied on the special indexation reserve shall equal the interest rate for one-year treasury bills at the last trading day of the previous year, increased by 0,4 % and recalculated for two interest payments per year. If there are no one-year treasury bills issued, an estimated interest rate shall be calculated using interest rates for treasury bills with different terms. The interest rate shall be adjusted with the difference in interest rate between a one-year financial instrument and the financial instrument with the same term as the available treasury bill.

The special indexation reserve is reduced with the capital yield tax ('avkastningsskatt') rate in effect as of January 1. The tax rate is 15 % of average government bond rates the previous year.

Upon redemption of PRI liabilities by payment of single premiums to Alecta, the special indexation reserve shall be reduced proportionally to the reduction of the present value resulting from the redemption.

An amount corresponding to the above mentioned reduction of special indexation reserve will be charged by Alecta and added to a corresponding fund in Alecta.

This procedure will also apply also when the present value for other reasons will be zero, for example when the last remaining PRI liabilities will be extinguished due to death of beneficiaries or business transfer.

In addition, increase or decrease of the special indexation reserve can also be implemented accordingly to collective agreements between Svenskt Näringsliv and PTK (Confederation of Swedish Enterprise and PTK – the council for negotiation and cooperation)

3. Consolidation reserve (Konsolideringsreserv)

The consolidation reserve is 2 % of the present value of earned old age pension.