

Reykjavík, September 4th 2023

Name
Address
Place

Dear Fund Member

You have paid your first premium to Gildi Pension Fund. Below and in the following pages we will explain what that means.



We make sure you have money in old age after you have stopped working

We insure you and your family if you fall ill or are in an accident

With a private pension, we help you increase your salary, save money, and create a fund

We help you save money for an apartment and help you finance the purchase



Dear Fund Member

Gildi Pension Fund has received your first premium. The premium consists of the contribution of the wage earner - which is 4% of wages - and the contribution of the employer - which is, most often, 11.5%. All wage earners pay premium from 16 years of age, and pension rights are based on these payments.

Gildi Pension Fund ensures income after retirement and if you need to stop working due to illness or an accident. Your spouse and children are also taken care of if you pass away. Gildi will assist you in starting your private pension savings and help you invest your capital. Gildi Pension Fund also offers housing loans on favourable terms. We encourage you to keep track of your rights on the fund member website (sjodfelagavefur.gildi.is) and check regularly to make sure that premiums are being received on time.

Premiums are divided into four categories

- **Retirement** pension is a wage payment from a pension fund after retirement due to age, and the pension is life-long. Receipt of pension can start at 60 years of age, while the general pension age due to retirement is 67 years.
- **Disability pension** is paid to fund members that lose work capacity as a result of illness or accidents during their working life.
- **Spouse's pension** is paid to the spouse of a fund member that has passed away.
- **Child pension** is paid to the children of deceased fund members and children of disability pensioners.

Housing loans

Gildi offers housing loans on favourable terms to fund members. Borrowers can choose between different loan options, depending on what is suitable at the time.

Private pension

It is easy to start private pension savings at Gildi, and fund members can choose between three different investment options. With private pension savings, you put aside 2–4% of your wages every month and receive an additional 2% contribution (pay increase) from the employer. Disposition of private pension savings is flexible, as withdrawal does not reduce certain payments from the Social Insurance Administration and can therefore increase disposable income in old-age. Private pension savings can be used towards the purchase of a first residential property or for instalments on a real estate loan. Private pension savings are inheritable.

Specified personal savings

Most fund members can allocate up to 3.5% of their premium towards a specified personal savings that operates in a similar way as conventional private pension. It is necessary to evaluate the risks and benefits of the specified personal savings before applying. What to keep in mind includes:

- Rights within the conventional pension system are reduced, which means that life-long retirement pension, disability pension and spouse's pension will be lower than otherwise would be the case.
- Specified personal savings is generally more beneficial for senior fund members rather than younger.
- Pension funds, banks, and foreign trustees offer various investments options. Cost related to these options is varied, and fund members are encouraged to familiarise themselves with the different investment options with regards to cost.
- Some investment options are less suitable for members that want to use their savings towards the purchase of a first residential property.

Further information, e.g. on the policy and organisation of Gildi can be found on the website of Gildi - gildi.is