

Severance pay entitlement (“Abfertigungsanwartschaft”)

The severance pay entitlement is the claim against fair-finance as per the reference date. Clients are entitled to the highest amount, i.e. either the account balance, the capital guarantee or interest rate guarantee.

Severance pay contributions (“Abfertigungsbeiträge”)

fair-finance cannot verify the accuracy of contributions. For questions regarding contributions please contact the social insurance agency responsible for you.

- a.) Employees: The employer transfers a regular payment of 1.53% of the monthly pay and any special payments to the responsible health insurance provider which forwards the money to fair-finance. These payments commence two months after employment has started or after an employee has transferred into the severance pay system “Abfertigung NEU”.
- b.) Self-employed persons with compulsory insurance according to GSVG: The contribution amounts to 1.53% of the contribution basis for the statutory health insurance (but only up to the maximum contribution basis, the “Höchstbeitragsgrundlage”).
- c.) Freelance self-employed persons as well as farmers and foresters: Persons in those professions can opt to contribute 1.53% of the relevant legal contribution basis (§ 64 section 3 BMSVG). They have to make this decision within a year after first starting work in one of these professions.
- d.) Lawyers: Persons in this profession can opt to contribute 1.53% of the maximum contribution basis according to GSVG regardless of their actual level of income. They have to do so within a year after first starting work in this profession.

Applicable to b through d: After restarting commercial activities (“Gewerbeausübung”) or operational activities (“betriebliche Tätigkeit”), the full capital return can be transferred to a new severance pay fund (“Vorsorgekasse”) or the balance can be transferred to the Vorsorgekasse of a new employer. But this is only possible when the entitlement to self-employed severance pay has not received any contributions for at least three years since a commercial activity has been rendered dormant or operational activities have been ended. Disposal is only possible after the three-year-period has ended.

Correction based on changes in data (“Richtigstellung aufgrund von Datenänderungen”)

Corrections of transferred severance pay contributions from the association of social insurance providers, the “Hauptverband der österreichischen Sozialversicherungsträger”.

Transfer of old entitlements from an employer (“Übertragung Altanwartschaft vom DG”)

In case of a consensual individual agreement with the employer on switching to “Abfertigung NEU” your balance was transferred from your employer to fair-finance and is listed in the account statement.

Transfer of entitlements from another Vorsorgekasse (“Übertrag Anwartschaft von anderer BVK”)

In case an employer is switching to fair-finance or a transfer of severance pay entitlements from another Vorsorgekasse has been requested we receive the transfer amount and then list it in the account statement.

Administration costs (“Verwaltungskosten”)

fair-finance provides the customers with low costs 1.7 % administrative costs on regular payments for the first five years, then 1.5 % from the fifth to the tenth year of service (starting 2017) and 1.0 % from the 11th year of service since 1.1.2016. No administrative costs are charged for the transfer of old entitlements, the transfer of severance pay entitlements between Vorsorgekassen or the payout.

Fee charged by the social insurance provider (“Gebühr der Sozialversicherungsträger”)

The social insurance provider keeps 0.3% of contributions for collection of contributions.

Investment result (“Veranlagungsergebnis”)

The severance pay contributions of all prospective beneficiaries (“Anwartschaftsberechtigte”) are invested by fair-finance. The returns of these investments are equally split among all prospective beneficiaries. Performance statements can deviate from the allocated investment result as the investment result is allocated according volume- and time-weighted. Further, performance is measured for all providers according to the standardised measuring method of the Oesterreichische Kontrollbank AG. Until further notice fair-finance is forgoing compensation for third-party expenses (e.g. cash expenses such as: transaction fees and bank charges, audit expenses, prosecution costs) accrued as part of the investment of the severance pay assets.

Profit share (“Gewinnbeteiligung”)

As part of the annual profit sharing, fair-finance is granting a pro-rata cost credit (“Kostengutschrift”) amounting to 10% of the result from ordinary business activities reduced by the financial result. With the consolidation of the annual financial statements, the profit share is granted to those prospective beneficiaries with an active entitlement as per 1 January of the following year. In line with the business development, fair-finance is allocating the profit share for the first time for the year 2015. In 2016 an amount of EUR 52.000 was paid to the beneficiaries.

Capital guarantee and interest rate guarantee (“Kapital- und Zinsgarantie”)

The capital guarantee is the legal minimum claim against fair-finance. This comprises the accrued severance pay contributions (gross amount), possible transfers of old severance pay entitlements and possible transfers of severance pay entitlements from other Vorsorgekassen according to § 24 section 1 BMSVG. Additionally, fair-finance is granting each prospective beneficiary an interest rate guarantee on transferred old severance pay entitlements, on severance pay entitlements transferred from another Vorsorgekasse and on contributions made reduced by the remuneration for the responsible social insurance provider and reduced by the recurring administration costs (net amount). The interest rate guarantee level is set annually by the fair-finance supervisory board for the following calendar year. It is published on the website www.fair-finance.at. For 2017 the interest rate guarantee was set at 0,75%. In case of a disposal in the sense of a payout before retirement or transfer into another Vorsorgekasse the interest rate guarantee is valid until 31 December of the previous year. In case of a disposal in the sense of a payout upon retirement, death or transfer for annuitisation (“Verrentung”) the interest rate guarantee is valid until disposal.

Merging of accounts (“Kontozusammenlegung”)

The severance pay can be transferred to the Vorsorgekasse of the new employer if no contributions to the severance pay entitlement have been made for at least three years after termination of the employment. For self-employed persons this regulation applies analogously.

NOTE: Vorsorgekassen are required to send out account information in German.