

This abstract summarises the report on findings „Die reine Beitragszusage gemäß dem Betriebsrentenstärkungsgesetz“ (“Defined contribution plans as envisaged by the Corporate Pensions Act”) which was approved by the Board of the IVS, the German Institute of Pension Actuaries, on 16.11.2017. The complete publication (in German language) is available [here](#).

Results of the joint working group of the German Institute of Pension Actuaries and the German Association for Occupational Pensions on the newly introduced defined contribution plans

In July 2017 German legislation introduced a new type of pension promise referred to as the pure defined contribution promise. This collective defined contribution promise can only be created by a union agreement and both parties to such agreement must participate in the management and implementation of the plans that must be run by a pension entity (IORP).

From an employer’s perspective there is no liability apart from paying the contributions fixed in the union agreement. The IORP itself may not provide any guarantees and must disburse the benefits in annuity form. As for demographic experience after retirement, returns on plan assets can also be collectively spread over several years for a population as a whole. In addition, the employer may agree to pay additional contributions to a buffer to smooth asset returns over several years.

The report provides an overview on the general rules and regulations governing the new regime and provides examples how such plans can be designed and managed.

The Institute of Pension Actuaries (IVS - Institut der Versicherungsmathematischen Sachverständigen für Altersversorgung e. V.) is a branch of the German Association of Actuaries (Deutsche Aktuarvereinigung e. V., DAV) focussing on occupational pensions. The IVS has 840 members, which are all members of the DAV as well. Since its foundation in 1980, the IVS has been pursuing the overall aim of fulfilling the various professional needs of its members and has been striving for an increasing public recognition of the profession.

Reports on findings are summaries of the results of work carried out by committees or working groups of the DAV respectively the IVS,

- where their application can be freely decided upon within the framework of the code of conduct,*
- that reflect the current opinion of the committee/working group concerning a specialist actuarial question and*
- that inform discussion of the current opinion among actuaries or also among the broader public.*

As the current opinion of a single committee, they do not, for the time being, represent any recognised position within the DAV and do not comprise any actuarial standards of practice. In this respect they are clearly distinguishable from any standards of practice.