

Additional Terms and Conditions 'FitVoorLater – Fiscal investment'

February 2021



Additional Terms and Conditions of 'FitVoorLater – Fiscal investment'

These Additional Terms and Conditions supplement the FitVermogen Agreement and Terms and Conditions. Where the Additional Terms and Conditions of 'FitVoorLater – Fiscal investment' are in conflict with the FitVermogen Agreement and Terms and Conditions, the Additional Terms and Conditions of 'FitVoorLater – Fiscal investment' prevail.

Article 1. Definitions

Net annuity

An annuity is a supplement to your income. Annuity is understood to mean an entitlement to periodic payments. These are evenly distributed over time in instalments that do not differ from one another in amount. An annuity is periodic if at least two payments are made. An annuity is uniform if, for example, payments are made monthly, quarterly, half-yearly or annually.

A net annuity is understood to mean a net annuity as referred to in the Act. The net annuity is not a net pension plan within the meaning of the Act. The deposit for the net annuity is not tax deductible by law as expenses relating to income support. However, the value of the entitlement is exempt from capital yield tax.

Investment account

'FitVoorLater – Fiscaal Beleggen' is an annuity investment entitlement to net annuities within the meaning of the Act. In the following, this is referred to in each case as investment account.

Authorised provider

An institution – life insurer, bank, investment firm or manager of an investment institution – which may offer net annuities in accordance with the Act.

Latest conversion date

The latest conversion date is 31 December, five years after the year in which you are entitled to a state pension

Investment yield tax

The income tax on taxable income from savings and investments. This tax is also referred to as 'Box 3 tax.'

Act

The Income Tax Act 2001 (Wet inkomstenbelasting 2001) or legislation taking its place.

Article 2. Specific characteristics

- 2.1 The investment account is registered in the name of one person. That person is the holder of the investment entitlement to net annuities. The investment account can only be opened by a natural person who will not reach the statutory retirement age within two months or who has already reached the statutory retirement age, and is resident in the Netherlands at the time of opening the investment account.

- 2.2 Within the investment account you invest in order to convert the accumulated value into a distributing net annuity in due course. This is the build-up phase. According to tax law, you may only convert the investment account into a distributing net annuity that meets the requirements of the Act. The phase that commences after conversion into a distributing net annuity is referred to as the distribution phase. The investment account only concerns investment during the build-up phase. With FitVermogen no product is available for the distribution phase.
- 2.3 The investment account is blocked until the latest conversion date. This means that up until then you can only make deposits on the investment account and cannot withdraw its value. After the latest conversion date you can only convert the accumulated value into a net annuity from an authorised provider.
- 2.4 By virtue of the conditions stipulated by the Act for a net annuity, the investment account may not – either in whole or in part – be commuted, transferred or relinquished, or formally or actually become the object of security.

Article 3. Deposit

- 3.1 Deposits are made from the bank account as referred to in the FitVermogen Agreement and Terms and Conditions.
- 3.2 Notwithstanding the provisions in 3.1, deposits can also be made by another authorised provider. In that case the authorised provider only transfers the value of an entitlement to a net annuity directly to the investment account.
- 3.3 Notwithstanding the provisions in 3.1, deposits can also be made from your employer's bank account.
- 3.4 Any other deposit on the investment account is deemed to have been unduly made. These deposits will be refunded to the bank account of origin.
- 3.5 FitVermogen assumes that every deposit on the investment account remains within the fiscal constraints of the Act and that (entitlement to) net annuity is thus exempt from investment yield tax. It is your own responsibility to ensure that your deposit does not lead to an entitlement to net annuities that is excessive from a taxation point of view.
- 3.6 Should the investment account not or no longer meet the requirements of the Act at any time, for example because you have made deposits that are excessive from a taxation point of view, the net annuity no longer applies. You then have the following choices:
 - a. FitVermogen transfers the value of the investment account to the bank account as referred to in the FitVermogen Agreement and Terms and Conditions.
 - b. FitVermogen transfers the value of the investment account to a new or existing 'FitVoorLater- Vrij Beleggen' account in the name of the holder.
- 3.7 If you do not make the choice referred to in 3.6 within one month of FitVermogen offering you that choice, after the end of this period FitVermogen will transfer the value of the investment account to the bank account as referred to in the FitVermogen Agreement and Terms and Conditions.

Article 4. Conversion

- 4.1 You must convert the accumulated value of the investment account into a net annuity from an authorised provider no later than on the latest conversion date.
- 4.2 The investment account entitles you to stipulate that an authorised provider distributes a net annuity to you in instalments with effect from the year in which you reach the statutory retirement age. This net annuity distributes lifelong if the authorised provider is a life insurer or for a minimum of twenty years if the authorised provider is a bank or a manager of an investment institution.
- 4.3 Notwithstanding the provisions in 4.2, you are at all times entitled to convert the net annuity within the constraints of the Act into another form of net annuity.

Article 5. Death

- 5.1 This agreement terminates when you die. The value of the investment account is then transferred to:
 - a. your spouse or registered partner, provided that the investment account accrues to this spouse or partner during the distribution of the (marital) community property.
 - b. one or more natural persons to whom the balance is wholly or partially assigned in accordance with the law of inheritance.
- 5.2 If the value of the investment account is transferred to a natural person, the value of the entitlement must be used for the purchase, from an authorised provider, of a net survivor's annuity that complies with the Act.
- 5.3 If the value of the investment account is wholly or partially assigned to a non-natural person in accordance with the law of inheritance, then the entire value is distributed on one amount.

Article 6. Emigration

- 6.1 After emigration it is no longer possible to make deposits on the investment account.
- 6.2 If you emigrate, you must report this to FitVermogen. From then on, the investment account is blocked for further investment.
- 6.3 Notwithstanding 2.4, the complete withdrawal of the value of the investment account is permitted after emigration. You then have the following choices:
 - a. FitVermogen transfers the value of the investment account to the bank account as referred to in the FitVermogen Agreement and Terms and Conditions.
 - b. FitVermogen transfers the value of the investment account to a new or existing 'FitVoorLater- Vrij Beleggen' account in your name.

This choice does not apply if Article 17 of the FitVermogen Agreement and Terms and Conditions applies.

Article 7. Continuation with another authorised provider

- 7.1 The value of the investment account may be continued at all times as net annuity with another authorised provider.
- 7.2 At your request FitVermogen will transfer the accumulated value of the net annuity directly to the authorised provider that assumes responsibility for the administration of the net annuity.

Article 8. Final provisions

- 8.1 FitVermogen is not liable for any tax consequences that result from actions by you, your employer or third parties with respect to the investment account.
- 8.2 Insofar as FitVermogen may be held liable for any taxation, FitVermogen will withhold an amount and refrain from payment thereof. This amount is the maximum amount for which FitVermogen can be held liable. Payment of this withheld amount will take place after it has been conclusively determined that FitVermogen will not be held liable. If FitVermogen is held liable, FitVermogen will set off the amount of the liability against the withheld amount. The amount still remaining after this set-off will be paid to the legal beneficiary.
- 8.3 With these 'FitVoorLater – Fiscal Investment' Additional Terms and Conditions you enter into an agreement with FitVermogen. The funds that you can buy through your investment account are managed by NN Investment Partners B.V., hereinafter referred to as the manager. To the extent that obligations towards the tax authorities with respect to your investment account and/or tax rights and/or obligations towards you for the manager ensue from this agreement or tax law obligations, the manager can also enforce the corresponding obligations against you. This third-party clause has been reported to the manager and the manager has accepted it.
- 8.4 Investment within the investment account is only possible in the designated funds.

Explanation of Tax and Legal Aspects

'FitVoorLater – Fiscal Investment'

Do you have a 'FitVoorLater – Fiscal Investment' account or are you considering opening one? In that case it is important that you are aware of the relevant tax and legal rules. In this document you can read more about the most important rules. FitVoorLater does not offer investment advice. If you have a question about your personal situation, please contact your financial advisor.

'FitVoorLater – Fiscal Investment' is a net annuity. In this document you can read more about the most important tax and legal rules covering a net annuity.

Net annuity

An annuity is a supplement to your income. An annuity has two phases: the build-up phase and the distribution phase. During the build-up phase you accumulate capital by making one or more deposits on your 'FitVoorLater – Fiscal Investment' investment account. We will subsequently refer to this as the investment account. In the distribution phase, the payment of this accumulated capital will be spread over several years. FitVermogen does not offer any product for the distribution phase. For the distribution phase you will need to transfer the accumulated capital to another administrator in due course.

The build-up phase of the net annuity

With the investment account, you accrue an entitlement to a net annuity. You make a one-off or periodic deposit into the investment account. The amount deposited is not deductible from income tax. That is the difference between a net annuity and an 'ordinary' annuity. FitVermogen does not offer any income tax-deductible annuity products.

The value of a net annuity is exempt from investment yield tax. That is the tax on taxable income from savings and investments. This tax is also referred to as the 'Box 3 tax'. You do not need to declare the value of the investment account on your annual income tax return, but your investment account is only exempt if you meet certain conditions. FitVermogen assumes that you meet these conditions, but cannot verify this. That is your responsibility.

Tax conditions

There are two important conditions imposed by legislation on a tax-free investment account, the net annuity. First of all, there is an income requirement. Secondly, the deposit that you can make on the investment account is subject to an upper limit.

Income requirement

Your relevant annual income in the preceding year may not exceed the income threshold of the year in which you would like to make a payment into the net annuity. You can only accumulate capital with a net annuity if your income exceeds this threshold.

<u>Year</u>	<u>Income Threshold</u>	<u>Year</u>	<u>Income Threshold</u>
2021	€ 112,189	2017	€ 103,317
2020	€ 110,111	2016	€ 101,519
2019	€ 107,593	2015	€ 100,000
2018	€ 105,075		

In order to make a deposit into a net annuity in 2021, your relevant income in 2020 must have exceeded € 112.189.

The Income Tax Act of 2001 explains which sources of income are used to determine whether your income is adequate.

This so-called relevant income is the sum of the following:

1. If you are self-employed: the operating profit. This is the profit before addition to and withdrawal from the retirement reserve, and before the entrepreneur’s allowance.
2. If you are an employee: the taxable income you earn as an employee.
3. Taxable income from other activities: this includes the taxable income that you receive as a freelancer.
4. Taxable regular benefits and allowances. This is, for example, alimony or other taxable allowances, received regularly.

Not all income that is subject to income tax is included under relevant income. The (negative) income from an own home is not included. This does not apply to box 3 income either. It therefore concerns a limited concept of income. The relevant income is generally associated with work.

For a more detailed description of these income components, please refer to the website of the tax authorities or your advisor.

Maximum deposit

The deposit on the investment account is subject to an upper limit. The amount of the maximum deposit depends upon:

1. The amount you earned in the preceding calendar year in excess of the income threshold (see table page 6).
2. Your age at the end of the calendar year in which you make the deposit.

You can only make a deposit on the investment account if your relevant income in the previous calendar year exceeded the income threshold. Your income in the year in which you make the deposit is not important.

The maximum deposit permitted on the investment account is a percentage of the relevant income in the previous calendar year insofar as this exceeds the income threshold.

Year	Income Threshold	Year	Income Threshold
2021	€ 112,189	2017	€ 103,317
2020	€ 110,111	2016	€ 101,519
2019	€ 107,593	2015	€ 100,000
2018	€ 105,075		

These percentages are as follows:

Indien de belastingplichtige bij het eind van het kalenderjaar	Percentage 2015	Percentage 2016	Percentage 2017	Percentage 2018	Percentage 2019	Percentage 2020	Percentage 2021
15 to 19 years old	2.3	2.3	2.3	2.2	2.2	2.3	2.3
20 to 24 years old	2.7	2.7	2.7	2.6	2.6	2.7	2.7
25 to 29 years old	3.3	3.3	3.3	3.2	3.2	3.3	3.3
30 to 34 years old	3.9	3.9	3.9	3.7	3.8	3.9	3.9
35 to 39 years old	4.7	4.7	4.7	4.5	4.5	4.7	4.7
40 to 44 years old	5.7	5.7	5.7	5.4	5.5	5.7	5.7
45 to 49 years old	6.8	6.8	6.9	6.5	6.6	6.9	6.9
50 to 54 years old	8.3	8.3	8.3	7.9	7.9	8.3	8.3
55 to 59 years old	9.9	9.9	10.0	9.5	9.6	10.0	10.0
60 to 64 years old	11.9	11.9	12.0	11.4	11.4	12.0	12.0
65 years old or older	13.5	13.5	13.6	13.1	13.2	13.8	13.8

Example 1

Your taxable income in 2020 is € 130,000. You want to make a deposit for a net annuity in 2021. You are 54 years old on December 31st 2021. In 2021, the maximum amount you can deposit on your investment account is 8.3% of € 130,000/- € 112,189 = € 1,479.

Discount due to net pension

You can participate in a net pension plan via your employer. These are pension entitlements that you accrue insofar as your pensionable salary exceeds € 112,189. Participation in a net pension plan is voluntary. If you participated in a net pension plan in the previous calendar year, the deposit in that previous calendar year is deducted from the headroom for the net annuity in the current calendar year.

NB: A net pension plan often takes the form of a life insurance policy. In the event of your death, your partner would receive additional net survivor's pension on top of the regular survivor's pension. The premium that you set aside for additional net survivor's pension must be deducted from your deposit into a net annuity.

Example 2

Your taxable income in 2020 was € 150,000. You want to make a deposit into a net annuity in 2021. You will be 48 years old on December 31st 2021. In 2020, you made a deposit of € 1,500 into a net pension plan. If you had not participated in the net pension plan, the maximum amount you could have deposited into your investment account in 2021 is 6,9% van € 150,000/- € 112,189 = € 2,609. Because you made a deposit into a net pension plan in 2019, this deposit must be deducted from the tax allowance for the net annuity in 2021. The maximum amount you can deposit on your investment account is € 2,609/- € 1,500 = € 1,109.

Catch-up contributions

If you were able to participate in a net annuity in preceding calendar years, but did not (fully) utilise the available headroom, you can still do so in later years. This is only possible from 2015 forward. You can only catch up on your contributions until the eighth year after the headroom was created. The unutilised headroom then expires. The legislator has, however, curbed the use of catch-up contributions. The deposit for previous years is subject to three limits.

1. Your catch-up contribution may not be larger than the total deposit over the previous seven years. Because the net annuity was only introduced in 2015, the rule refers to the total amount you were able to deposit since the launch of the product. This portion of the legislature will fully come into effect in 2022, when the product has been available for longer than 7 years.
2. The deposit may not exceed € 3,782 (bedrag 2021). If on January 1st of the current calendar year you are entitled to a state pension within 10 years, the relevant amount is € 7,467 (bedrag 2021).
3. Finally, the catch-up contribution may not exceed 8.585% of the income base (relevant income of the previous calendar year - relevant income threshold).

<u>Year</u>	<u>Income Threshold</u>	<u>Year</u>	<u>Income Threshold</u>
2021	€ 112,189	2017	€ 103,317
2020	€ 110,111	2016	€ 101,519
2019	€ 107,593	2015	€ 100,000
2018	€ 105,075		

Example 3

Suppose that you open a net annuity in 2021. Your birthday is on November 1st and on December 31st of that year you are 55 years old. Your relevant income for 2020 amounts to € 142,189. You can only deposit into a net annuity on the portion of your salary above the income threshold € 112,189 (amount 2021). This means that your headroom amounts to € 142,189 - € 112,189 = € 30,000.

This amount is the income base for calculating your maximum deposit into a net annuity. Given your age, the maximum deposit in 2021 is $10.0\% \times € 30,000 = € 3,000$.

Suppose that you were also able to make a deposit into a net annuity in 2020, but did not do so. On December 31st 2020, you were 54 years old and your income in 2019 was € 150,000. This means that you were able to make a deposit of $(€ 150,000 - € 110,111) \times 8.3\% = € 3,311$. in 2020. You can still catch-up on your 2020 contribution in 2021. Note that the 2020 percentage is used here. In this case it is 8.3%.

Your deposit appears to be € 6,311 at first glance but three limits apply to catch-up contributions over 2020:

1. Your catch-up contribution may not be larger than the deposit you could have made in that year. In this case, that means that the catch-up contribution cannot amount to more than € 3,311.
2. An absolute limit of € 3,782 (bedrag 2021) applies. The catch-up contribution may not be higher than this amount. If on January 1st of the current calendar year you are entitled to a state pension within 10 years, the relevant amount is € 7,467. This is not the case in the example above.
3. Finally, an arithmetic limit applies. The catch-up contribution may not exceed 8.585% of the 2021 income base, the year in which the catch-up contribution is made. This means that the maximum catch-up contribution is $8.585\% \times € 30,000 = € 2,576$.

The lowest amount of these three limits, € 2,576, is your maximum allowable catch-up contribution for 2021. That means that your maximum deposit in 2021 is $€ 3,000 + € 2,576 = € 5,576$.

Unused headroom must be used within seven years of creation. It is possible to catch-up on the remaining amount of € 775 ($€ 3,351 - € 2,576$) within the next six years.

The income base upon which it is possible to build a net annuity changes every year. In the table below you can find the applicable income threshold.

<u>Year</u>	<u>Income Threshold</u>	<u>Year</u>	<u>Income Threshold</u>
2021	€ 112,189	2017	€ 103,317
2020	€ 110,111	2016	€ 101,519
2019	€ 107,593	2015	€ 100,000
2018	€ 105,075		

NB: Catch-up contributions are possible as per 2015 forward. It is not possible to make catch-up contributions for previous years.

Distribution phase

The distribution phase follows the build-up phase. The distribution phase must commence no later than:

1. the end of the fifth year after you have reached the statutory retirement age;
2. after your death.

If the capital in the net annuity is released as a result of your death, the recipient of the investment account – usually your partner or another heir – must indicate to which provider FitVermogen must transfer the accrued value.

Deposit from another net annuity account or insurance (value transfer)

If you have accrued an entitlement to a net annuity with another provider, you can have that capital deposited directly into your investment account.

Forms of annuity

The balance on your investment account must be converted into an annuity eventually. The law identifies three types of annuities:

1. Lifelong retirement annuity
2. Temporary retirement annuity
3. Survivor's annuity

All three annuity types can be purchased from a bank, an asset manager or an insurer. The key points of these annuity types are outlined below. Combinations of different annuity types are possible.

	Bank or asset manager	Insurer
Lifelong retirement annuity	<p>The payments:</p> <ul style="list-style-type: none"> • must accrue to the account holder; • must commence no later than in the calendar year in which the account holder has reached the age that is five years higher than the statutory retirement age; • must be made for a minimum of 20 years + the number of years that the account holder is younger than the statutory retirement age at the time of receipt of the first instalment. 	<p>The payments:</p> <ul style="list-style-type: none"> • must accrue to the policyholder; • must commence no later than in the calendar year in which the account holder has reached the age that is five years higher than the statutory retirement age; • may only end upon the death of the policyholder.
Temporary retirement annuity	<p>The payments:</p> <ul style="list-style-type: none"> • must accrue to the account holder; • must not commence before the year in which the account holder is entitled to a state pension; • must commence no later than in the year in which the account holder has reached the age that is five years higher than the statutory retirement age; • must not exceed € 11,333 per year (amount in 2021). • There must be a period of at least five years between the first and the last instalment. 	<p>The payments:</p> <ul style="list-style-type: none"> • must accrue to the policyholder; • must not commence before the year in which the policyholder is entitled to a state pension; • must commence no later than in the year in which the account holder has reached the age that is five years higher than the statutory retirement age; • must not exceed € 11,333 per year (amount 2021). • The annuity must have a minimum term of five years.
Survivor's annuity	<p>Family member under the age of 30</p> <p>The payments:</p> <ul style="list-style-type: none"> • must commence immediately after the death of the account holder; • must accrue to a natural person (not a company, foundation, etc.); • between the first and last instalment there must be: <ul style="list-style-type: none"> - at least 5 years, but never more than the number of years that this family member is younger than 30 years; - or at least 20 years. <p>Family member 30 or older</p> <p>The payments:</p> <ul style="list-style-type: none"> • must commence immediately after the death of the account holder; • must accrue to a natural person (not a company, foundation, etc.); • must be paid for a minimum of 20 years. <p>Partner and other cases</p> <p>The payments:</p> <ul style="list-style-type: none"> • must commence immediately after the death of the account holder or their (former) partner; • must accrue to a natural person (not a company, foundation, etc.); • must have a period of at least five years between the first and last instalments. 	<p>Family member under the age of 30</p> <p>The payments:</p> <ul style="list-style-type: none"> • must commence immediately after the death of the insured person (= policyholder or their (former) partner)); • must accrue to a natural person (not a company, foundation, etc.); • must end no later than: <ul style="list-style-type: none"> - the time at which the beneficiary reaches the age of 30 (ending earlier is possible); - or upon the death of the beneficiary. <p>Family member 30 or older</p> <p>The payments:</p> <ul style="list-style-type: none"> • must commence immediately after the death of the insured person (= policyholder or their (former) partner); • must accrue to a natural person (not a company, foundation, etc.); • must be lifelong. <p>Partner and other cases</p> <p>The payments:</p> <ul style="list-style-type: none"> • must commence immediately after the death of the insured person (= policyholder or their (former) partner); • must accrue to a natural person (not a company, foundation, etc.); • there must be an actuarial probability of death of at least 1% during the term of the annuity.

Prohibited transactions

The law stipulates what you can and cannot do with your net annuity. For example, you cannot withdraw the accrued value of the net annuity in one go. Partial withdrawal is not permitted either. Furthermore, you cannot endow, sell or pledge the accrued value. Finally, it is not permitted to make excessively high deposits. If any of these transactions does occur, the investment account is no longer exempt from capital yield tax. A tax penalty will be imposed and the claimed benefits will need to be repaid to the tax authorities. This reversal will take place at a fixed – approximated – rate. The actual tax benefit received is not relevant.

Example 4

Suppose you deposited € 2,000 into your investment account per annum in 2016, 2017, 2018, 2019 and 2020. In 2021, you deposit another € 2,000, although you were only permitted to deposit € 1,900 that year given the fiscal constraints. This means that a prohibited transaction has occurred and that the investment account is no longer exempt from capital yield tax. A tax penalty is imposed in 2022 and the benefits are reversed. The value of the benefits is determined as follows:

Value of investment account on January 1st 2021 x 50% x the number of years that the exemption is utilised.

Suppose that the value of the investment account on January 1st 2021 is € 12,000. The value of the benefit received is € 12,000 x 50% x 5 = € 30,000. In 2022 the capital yield tax will be calculated over this amount.

Law of inheritance and inheritance tax

Who inherits the investment account in the case of death? Below we outline what happens to your investment account in the event of your death. Every situation is unique and personal, which is why recommend that your dependants contact an advisor or notary public in the event of your death. In all the of the situations outlined below, we assume that the inheritance is accepted. In all cases, the value of the investment account must be used by the recipient(s) to purchase a survivor's net annuity.

No will

If there is no will, the law stipulates what happens to your investment account:

- If you are married or have a registered partnership, then your spouse/partner and any children are the heirs. The spouse/partner inherits all of your assets and liabilities, including the investment account. If there are children, they receive an inheritance claim against your spouse/partner.
- If you are not or no longer married, any children are the heirs. If there are no children, then your parents and siblings are the heirs.
- If you are not married but live together – with or without a cohabitation agreement – then your partner is not an heir. Do you want your investment account to be transferred to your partner when you die? Then you must arrange this in a will.

Will

With a will you can decide what happens to your investment account. You cannot designate a legal entity – e.g. a charity or your own company – as a beneficiary. If you do so, the tax authorities will regard this as a prohibited act.

Inheritance tax

If you live in the Netherlands and die, your heir(s) must pay an inheritance tax on their inheritance. Some components of an inheritance are exempt. The value of the net annuity investment account is such a component. The heir(s) do not need to pay inheritance tax on the value of the acquired net annuity investment account. A maximum general exemption from inheritance tax of € 671,910 (bedrag 2021). applies to spouses and partners. Because the balance of the investment account is already exempt from inheritance tax, the general exemption is reduced (offset) by the general exemption amount.