

Dear fund member,

We have received your first contribution to Stapi Pension Fund. According to Icelandic law, it is a general obligation to contribute to a pension fund from the age of 16. An employee pays 4% of his or her pay every month and an employer pays a counter-contribution, usually 11.5% of the pay in question. By contributing to the fund, you accrue the right to a pension, thus preparing for the years after working age.

This letter contains the main items of information regarding the operation of the fund which we feel may be of particular importance to you.

 Sound long-term yield	 Progressive entitlements
 Responsible investments	 Flexible retirement
 Competitive housing loans	 Reliable crisis insurance
 Economical operation	 Efficient contribution collection

Where do I find information on my pension fund entitlements?

Your entitlements with Stapi Pension Fund are based on payments received from your employer. It is essential, therefore, to ensure that contributions indicated on your payslip find their way to the fund so that your entitlements are not lost.

Twice a year, Stapi issues a fund members statement, published on the fund members website and in the electronic mailbox of Ísland.is. Among other things, the statement indicates the proportions of your contribution and the employer's counter-contribution as well as estimated pension entitlements. If you have any comments, or you feel that contributions have not been reported to the fund, please contact us.

The fund members' web can be accessed via the [Stapi website](#). Make sure that you have filled in the space under the heading **My information** to ensure that you receive notifications from us.



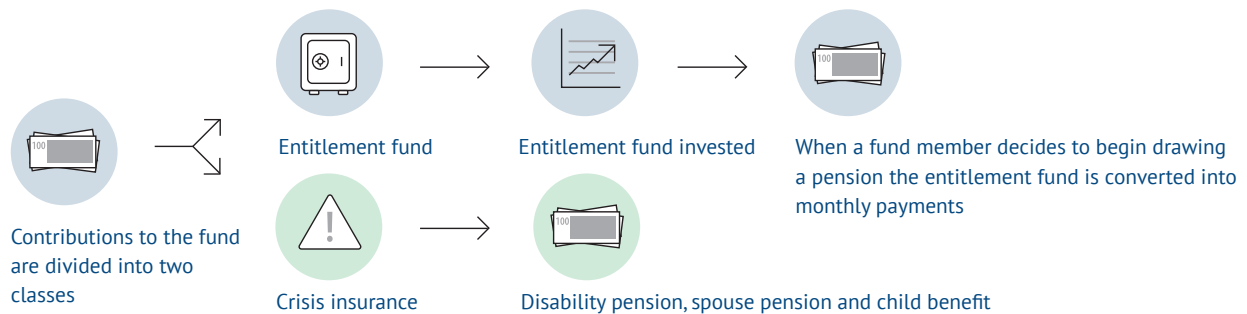
stapi.is

The operation of Stapi Pension Fund

Stapi Pension Fund has three divisions; **Mandatory Division**, **Voluntary Division** and **Specific Voluntary Division**.

Mandatory Division

Fund members' entitlements are directly linked to the Fund's performance through a so-called asset index. The fund's assets are estimated every month and entitlements updated in step with performance.



Pensions	When a fund member decides to begin drawing a pension the entitlement fund is divided into monthly lifelong payments. A pension can be applied for from the age of 60.
Disability pension	If the ability to work is reduced by 50% or more resulting in a loss of income a rehabilitation or disability pension is provided.
Spouse pension	Paid to spouse on a fund member's death.
Child benefit	Paid to the children of deceased fund members and the recipients of a disability pension.

Voluntary Division

You have a choice of paying 2-4% of your wage or salary to a private pension savings. In this case, the employer makes an additional contribution of 2% which is **equivalent to a pay rise**.

- Can be used tax-free to buy a first apartment or cover short-term mortgages
- There are three available investment portfolios
- Can be paid out after the age of 60
- Inheritable on the death of a fund member

Commencing private pension savings is a simple matter. An electronic application can be filled in on the Stapi website and the Fund ensures that the information is passed on to the employer.

Specific Voluntary Division

Many bargaining and employment contracts allow the allocation of up to 3.5% of mandatory contributions to a specific division. Subsequently this proportion results in lower entitlements with regard to pension and crisis funds.

- Can be used to buy a first apartment, depending upon certain conditions
- Can be paid out from the age of 62
- One investment portfolio
- Inheritable on the death of a fund member

A fund member who chooses this option must fill in a declaration on the fund's website. If no action is taken the amount in question is automatically transferred to the Mandatory Division.

Compare cost

You must take special care regarding the depository of voluntary savings. Pension funds, banks and foreign organisations offer diverse investment options, the cost of which may vary.

Stapi does not claim the cost of contributions when these are paid to the fund, but annual operational cost is 0.2%-0.5% depending on the choice of investment option.

If voluntary savings are to be used to pay part of a mortgage or for the purchase of an apartment, this requires the specific permission of the depository on the choice of investment option.

Housing Loans

Stapi Pension Fund offers its members housing loans or loans for the refinancing of mortgages. Information on loan options can be accessed [on the fund's website](#).

Investments

Stapi's asset management is shaped by the fund's investment strategy which is determined annually by the Board of Directors. The fund's objective is to maximise yield with a view to acceptable risk-taking at any particular time. The fund has formulated a strategy of responsible investments and shareholder policy. Under the heading [Investments](#) at [stapi.is](#) you can retrieve information regarding the performance of all divisions as well as the fund's strategies. The web also provides access to all pension-related information under the heading [Fund Members](#).

You can make a difference!

Stapi Pension Fund was created by the merger of the Pension Fund of North Iceland and the Pension Fund of East Iceland in 2007. The fund's partner associations are the following workers' unions: Afl, Aldan, Eining-lðja, Byggiðn - Association of Construction Workers, the Akureyri Union of Retail and Office Workers, Framsýn, Samstaða Workers' Union, Þórshöfn Workers' Union, Skagafjörður Office Workers' Union, Þingiðn and the SA Confederation of Icelandic Enterprise. Stapi has two offices, in Akureyri and Neskaupstaður.

Pension funds are regulated entities operating in accordance with Act No. 129/1997 as well as complying with various other aspects of legislation, regulations and guiding standards. In addition, the pension fund operates on the basis of [Articles of Association](#) which, for example, comprise the foundation of the system of entitlements and a framework within which the fund discharges its duties. Articles of Association can only be changed at annual meetings.

Representative Council

A special representative council has voting rights at meetings. The fund's partner associations elect representatives to the council which generally comprises members representing employees and employers. If you are interested in participating in the formation of the fund's policies, do not hesitate to contact your partner association.

We recommend contacting us in case you have any questions or require further information.

Best regards – The staff of Stapi Pension Fund



Keep track of your information

The fund members' web, accessible from [stapi.is](#), contains all information regarding your employer's payments to the fund. It is essential that you check whether a correct amount, based on your pay statement, has been paid to the fund. Here you can also access information on your entitlements from the fund.

Q&A

- What is a contribution?
- Why are we obliged to pay into a pension fund?
- What entitlements do I acquire by paying into the fund?
- What happens if a fund contribution is withheld?

Answers to those and other questions can be accessed in Icelandic at [stapi.is](#) and in English and Polish at [ll.is](#)