LAFERLA

Workplace Pension Schemes Explained

A Simple Guide for Employees

01. What is a Workplace Pension Scheme?

A Workplace Pension is a simple way to save regularly for life after work. Money is taken from your pay each month (your employer may add to it) and invested so it can grow over time. Your account is in your name, portable if you change jobs, and designed to be tax-efficient under Maltese law.

Good to know: This scheme is a Voluntary Occupational Pension Scheme approved under Maltese law and overseen by the MFSA.

02. How it Works — At a Glance

1. **Join through payroll.** Contributions are deducted automatically each month.
2. **Invested for you.** Your money goes into professionally managed funds.
3. **Start in the Default Investment Option chosen by your Employer.** After 12 months (subject to your employer's rules), you may switch funds at any time.
4. **Track and adjust.** You can change your contribution amount (cut-off the **15th of each month** for changes that month).
5. **Access between age 61 and 70**. Take a lump sum and an income in retirement.

03. Where is My Money Going? (Funds Explained)

Your savings are invested in funds — pooled investments run by professional managers who spread money across different assets (like shares and bonds) to manage risk. This approach aims for steadier long-term growth than picking single shares.

Default Investment Option (first 12 months)

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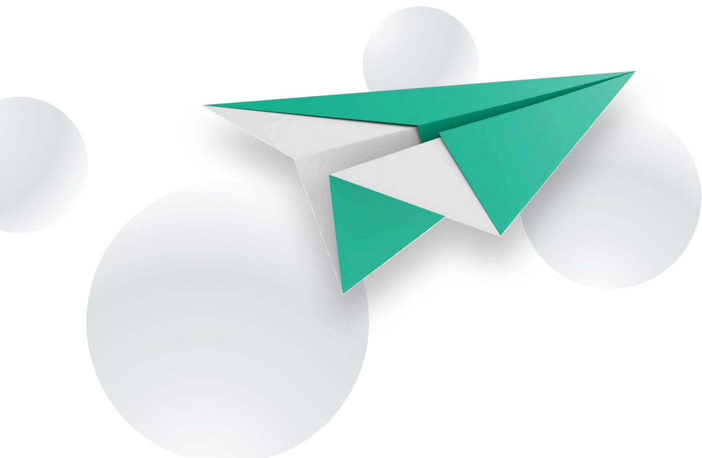

Fidelity Target Funds — Easy, "Hands-Off" Choice

A popular option in this scheme is **Fidelity Target Funds** (also called lifecycle or target-date funds). You choose the fund closest to your expected retirement year, and the fund automatically shifts from growth-oriented investments when you're younger to more stable investments as you approach retirement. It's designed for set-and-forget saving.

Factsheets: Each fund has a factsheet (strategy, risk, and past performance) updated regularly so you can stay informed.

04. Charges

- Annual Management Charge (AMC): 1% — charged by MMSV, calculated daily and deducted automatically. You do not pay anything separately.
- Fund charges: Each fund has its own ongoing charge (usually ~0.3%–1.5% p.a.), set by the fund manager. The same fund would have the same charge even if bought through a broker or an app.
- Bid/Offer spread: None within this workplace pension scheme — units are bought and sold at market value. Most brokers/apps add a significant profit margin on each trade.

05. Pension Plan vs Traditional Investments (Fees & Benefits)

The table below compares typical costs and benefits of saving through the Workplace Pension Scheme versus arranging investments yourself via a broker or self-managed app. Figures are indicative; your actual fees depend on the options you choose.

Topic	Pension Plan (MMSV via Laferla)	Traditional Investments (Broker/App)
Annual management / platform	**1% per annum** Annual Management Charge	Often **0.8%–1.5% per annum** advisory/broker/platform fee for "managed" accounts (typically requiring a large starting investment)
Fund charges (charged by the underlying Fund Manager)	**~0.3%–1.5% p.a.** depending on chosen fund. Fund charges charged by underlying Fund Managers are the same.	**~0.3%–1.5% p.a.** for similar funds. Fund charges charged by underlying Fund Managers are the same whether purchasing fund units through the Pension Scheme or a Broker.
Bid/Offer spread / dealing margin	**None** — units bought/sold at market price within the scheme.	**Common** — mark-ups/mark-downs and/or wider spreads per trade.

What is a "Bid/Offer spread"?

Most brokers mark up the cost of buying and selling investments. For example:

The broker will buy a unit ("unit" being a "share" of a fund) for €100 and charge the client €101 for the same unit.

The broker may then sell the same unit for €100 and retun €99 to the client.

This €2 spread in this example (€1 in each transaction) is the broker's profit. It is typically charged as a percentage, meaning that it could be quite significant in larger transactions. Furthermore, self-managed investment apps, or investment options found in Fintech apps, usually build in a higher spread since they typically do not charge the client an Annual Management Fee.

With a Workplace Pension Scheme offered by Laferla, there is no bid/offer spread. Units are bought and sold at true market value.

Topic	Pension Plan (MMSV via Laferla)	Traditional Investments (Broker/App)
Minimum to start	**€100/month (combined employer + employee)**	**Often higher minimums or large lump sums for advice (managed) accounts**
Employee tax credit	**25% of annual contributions up to €750/year**, applied automatically for non-filers	**Not available**
Default Investment Option	Easy start, following the Default Investment Option set by your employer, with optional switching after 12 months (subject to employer rules)	**No default** — investor must choose themselves and manage their own strategy
Investment Options	**Carefully selected and professionally-managed funds**, appropriate for retirement savings	**Open access to international markets**, often allowing "too much" choice which may result in inexperienced investors making poor choices

Note:

Underlying fund charges are set by each fund manager and apply in all channels. Incentives depend on eligibility and the law.

06. Tax Benefits for Employees (under current legislation)

Tax Credit

You receive **25% of the contributions you pay**, up to **€750 per year**. For non-filers, this is handled automatically by us with the Commissioner for Revenue — no action is needed from you.

No Capital Gains Tax while Saving

Investment income inside your pension **is not subject to capital gains tax** while your retirement savings are building up.

Tax-Free Lump Sum at Retirement

You may take up to 30% of your pot as a **tax-free lump sum** on your retirement date.

Death Benefits

If your retirement savings are paid to your legal beneficiaries on your death, **no tax is payable** on those benefits.

Important: Tax rules can change. The information above reflects current legislation and our understanding at the time of writing.

07. Income Tax — During Saving and in Retirement

While you're saving

Your contributions are deducted through payroll. Investment growth inside your pension is designed to be tax-efficient under current rules. You receive the **25% tax credit (up to €750)** as described above.

When you retire (between age 61 and 70)

On your retirement date, you may take up to 30% as a tax-free lump sum. The remaining **at least 70%** must provide you with a **regular pension income**, which is **taxable as income** at your applicable personal rates in the year(s) you receive it.

Not tax advice: This guide is for **information only** and does **not** constitute tax advice. Always seek advice from a **qualified tax adviser** for your personal situation.

08. Payments into Your Plan

- **Through payroll** — organised with your HR department.
- **Minimum monthly amount: €100 per plan**, counted in total between employer and employee contributions.
- **Change anytime:** You may adjust your saving amount at any time (submit changes by the 15th to take effect from that month's payroll run).

09. When and How Can I Access My Money?

- **Access window: Age 61 to 70.**
- **At retirement:** Up to **30%** of your pot can be taken as a **lump sum**; at least **70%** must provide a **pension income.**

How pension income is paid

You can choose one of the following options (or a blend, where allowed):

A. Annuity

You use part or all of your pension pot to **buy an annuity** from an insurer. This provides a **guaranteed income for life** (or for a chosen term).

Options may include a fixed income, annual increases, or benefits for a spouse/partner. The income is **taxable as income** at your personal rates in the year(s) you receive it. Once purchased, an annuity normally **cannot be reversed.**

B. Programmed Withdrawals

Your money **stays invested**, and you **withdraw an income** at intervals you choose within scheme rules.

This offers **flexibility** (amount and timing), but **income is not guaranteed** and your pot can go down if markets fall or withdrawals are high.

Withdrawals are **taxable as income**. Investment and longevity risk remain with you.

***Note**: The option(s) available to you depend on the scheme terms and Maltese law at the time you retire. Consider taking professional financial and tax advice before choosing.*

10.

If I Change Employer or Leave Malta

Your pension is **portable**. If you change employer, you can transfer your plan into a new workplace pension scheme.

If you become self-employed or join a very small employer, you may convert to a **Personal Pension Plan**.

If you leave Malta, and transfers are allowed in your new country, you may be able to transfer your pension there; otherwise you can retain a Maltese personal plan.

11.

Risk Warnings

- If you invest in this Product, **you will not have access to your money before the retirement date.**
- If you stop paying before the selected retirement date, **you may not get back as much as you invested** as plan charges will continue to apply.
- **The value of investments can go down as well as up**, and you may get back less than you originally invested.
- **Changes in currency exchange rates** may affect the value of investments.

12. Scheme Snapshot (At a Glance)

Solutions for both the **saving phase and benefits phase** in retirement.

Wide choice of **default and non-default investments**, with the ability to change your investment options at any time.

Low and transparent charges, and low minimum amounts to entry.

Minimum employee age at entry: **18**

Maximum age to access benefits: **70**

First 12 months in the Default Investment Option selected by your employer; you may switch after 12 months (subject to employer rules).

Ownership: Your pension pot is yours; you may transfer to another qualifying scheme if you change employer.

Employer and/or employee can make additional **contributions at any time**.

Death benefit: In the event of early death, 101% of your available retirement savings is paid tax-free to your legal beneficiaries.

All monthly contributions are processed through **payroll**.

13. Licensing & Important Notices

Laferla Insurance Agency Ltd (C14529), "Laferla", is enrolled under the Insurance Distribution Act, Cap 487 to act as an Insurance Agent for MAPFRE MSV Life plc. (C15722), "MMSV". MMSV is authorised by the Malta Financial Services Authority (MFSA) under the Insurance Business Act, Cap 403 of the Laws of Malta. Both entities are regulated by the MFSA.

The pension scheme referred to in this guide is manufactured by MMSV and distributed by Laferla.

This document is intended to provide high-level information about the products mentioned for educational purposes and should not be interpreted as advice.

All the investment options that we provide as permitted links to the MAPFRE MSV Life WorkSave Pension Scheme are externally managed by specialist asset/ investment managers. This means that we are not responsible for the performance of these funds and their continued availability.

All financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the initial investment cannot be guaranteed. The value of the investment may fall as well as rise and investors may get back less than originally invested. Past performance is not a reliable indicator of current or future performance.

There are additional risks involved in relying on the performance of a single asset class, as opposed to spreading investments over a variety of asset classes. The return on each fund depends on the performance of the assets it invests in and the charges of the fund.

Different funds have different levels of risk. The higher the risk rating, the more volatile the fund price is likely to be. Some funds invest in overseas assets and in foreign currencies. This means that movements in exchange rates and the political and economic situation in other countries can adversely affect the value of these funds and the return on investment. Any currency hedging that may be used to minimise the effect of currency fluctuations may not always be successful.

Any information within this document which refers to Taxation is based on the current Tax legislation and practice. Future changes in Tax legislation could affect the tax position of both the employer and the employee in relation to voluntary occupational pension schemes. In order to ascertain the exact tax status, professional tax advice should be sought.

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