

Tied-up funds

Supplementary form to the beneficiary declaration

Name _____ Daytime tel. no. _____

Civil reg. no. _____ E-mail _____

Address _____

Postcode/city _____

As part of appointing my beneficiaries, I hereby decide that the insurance benefit should be placed in a tied-up fund.

I am aware that, among other things, this means:

- That the beneficiary will not have access to the disbursement, which instead will be placed in an approved trust department of the financial institution which I select below.
- That I decide when the beneficiary will have access to the disbursement. If the disbursement is not of substantial size (usually less than DKK 100,000), the beneficiary may have access to the funds in spite of the creation of a tied-up fund
- That the tied-up funds are not subject to legal action
- That the tied-up funds may become separate property in accordance with my below decisions. If I do not make a decision, the disbursement will be made as separate property in respect of the estate of the surviving spouse (see explanation on the next page).
- That I decide what will happen to any interest and income. If I do not make a decision, interest and income will be paid to the beneficiary if he or she is of legal age, or to the guardian of the beneficiary.

Based on the above, I make the following selection:

1. The creation of a tied-up fund shall apply to:

- All beneficiaries
 The following persons:

Name _____ Civil reg. no. _____

Name _____ Civil reg. no. _____

2. In which institution should the funds be tied?

You can only select from the below list of financial institutions:

- Alm. Brand Bank
 Danske Bank
 Lokale Pengeinstitutter - se the affiliations at www.lokalepengeinstitutter.dk
 Jyske Bank
 Lån & Spar Bank
 Handelsbanken
 Nordea Bank
 Nykredit Bank
 Skandinaviske Enskilda Banken
 Spar Nord Bank
 Sydbank

When will the beneficiary have access to the funds?

- The funds should be tied up until the beneficiary's attained age of _____ years, after which the funds are paid as a lump sum benefit.
 - The funds should be tied up until the beneficiary's attained age of _____ years, after which the funds are paid in _____ annual instalments of equal size.
 - The funds should be tied up for life. The beneficiary will only have control over the funds by way of a will.
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3. What should happen to interest and income from the tied-up funds?

- Interest and income should be added to the funds and remain tied up.
 - Interest and income should be should be paid to the beneficiary on an ongoing basis and be at the full disposal of the beneficiary, if he or she is of legal age, or to the guardian of the beneficiary.
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4. Which property system should apply?

- Separate property in case of legal separation or divorce

This means that the insurance benefit is separate property and does not form part of the division of property in the event that the beneficiary is separated or divorced. The insurance benefit will, however, be joint property and form part of the division of property if the beneficiary or his or her spouse dies while they are married.

In the event of death:

The insurance benefit will be joint property and will form part of the division of property if the beneficiary dies and leaves a spouse. This means that it is possible for the spouse to retain undivided possession of the estate. If the beneficiary is the surviving spouse of the marriage, the insurance benefit will be joint property and will form part of the division with any children. This means that the beneficiary must share part of the insurance benefit with the children. This can be avoided if you select 'Separate property in respect of the estate of the surviving spouse'.

- Completely separate property

This means that the insurance benefit is separate property and does not form part of the division of property in the event that the beneficiary is separated, divorced or dies. Furthermore, this means that it is not possible to retain undivided possession of the estate in the event of death.

- Separate property in respect of the estate of the surviving spouse

This means that the insurance benefit is separate property of the beneficiary in case of legal separation or divorce but completely separate property if the beneficiary is the surviving spouse of the marriage.

In the event of divorce:

The insurance benefit is separate property and does not form part of the division of property if the beneficiary is separated or divorced.

In the event of death:

The insurance benefit is joint property if the beneficiary dies and leaves a spouse. This means that it is possible for the spouse to retain undivided possession of the estate. If the beneficiary is the surviving spouse of the marriage, the insurance benefit will be separate property and not form part of the division with any children.

See examples on separate property on the following pages.

Date _____ Signature _____

Civil reg. No. _____

Please send the form to: PFA Pension, Sundkrogsgade 4, DK-2100 Copenhagen

Separate property Examples

Community of property – no provisions for separate property

1. If the beneficiary owns assets of DKK 400,000s community of property (joint property) and receives an insurance benefit of DKK 500,000, the joint property will amount to DKK 900,000. In the event of separation, each party will receive half or DKK 450,000.

$\text{DKK } 900,000 / 2 = \text{DKK } 450,000$

2. In the event of death, the other party will receive DKK 450,000 as part of the joint property (the share of community property), and subsequently inherit ½ of the rest (DKK 225,000). The children will then receive ½ of the rest (DKK 225,000) to be divided equally among them.

Share of community property	450,000
Inheritance	225,000
Total	675,000
The children receive DKK 225,000	

The longest-living spouse will be able to retain undivided possession of the estate with joint heirs, as the entire property is joint property.

Separate property in case of legal separation or divorce

1. If the beneficiary owns assets of DKK 400,000 as joint property and receives an insurance benefit of DKK 500,000 as separate property, the joint property will still be DKK 400,000 in the event of separation. The beneficiary will receive DKK 200,000 of the joint property and keep the DKK 500,000.

Share of community property	200,000
Separate property	500,000
Total	700,000

2. In the event of death of one party while they are married, the separate property will become joint property, which will amount to DKK 900,000 in this situation. The longest-living will receive DKK 450,000 as part of the joint property, and subsequently inherit ½ of the rest (DKK 225,000). The children will then receive ½ of the rest (DKK 225,000) to be divided equally among them.

Share of community property	450,000
Inheritance	225,000
Total	675,000
The children receive DKK 225,000	

The longest-living spouse will be able to retain undivided possession of the estate with joint heirs, as the entire property is community of property.

Completely separate property

1. If the beneficiary owns assets of DKK 400,000 as joint property and receives an insurance benefit of DKK 500,000 as completely separate property, the joint property will still be DKK 400,000. In the event of separation, the beneficiary will receive DKK 200,000 of the joint property and keep the DKK 500,000.

Share of community property	200,000
Separate property	500,000
Total	700,000

2. In the event of death of the beneficiary while they are married, the community of property will amount to DKK 400,000 and the completely separate property of the deceased will amount to DKK 500,000. The longest-living will receive DKK 200,000 as part of the joint property, and subsequently inherit ½ of the rest (DKK 100,000). The children will receive ½ of the rest (DKK 100,000) to be divided equally among them. Of the completely separate property, the longest-living will inherit ½ or DKK 250,000, while the children will receive ½ of the separate property or DKK 250,000 to be divided equally among them.

Share of community property	200,000
Inheritance of community property	100,000
Inheritance of separate property	250,000
Total	550,000
The children receive DKK 350,000	

The longest-living spouse will be able to retain undivided possession of the estate with the joint property but not with the separate property and this may cause problems when the inheritance should be distributed among the children.

3. In the event of death of the beneficiary's spouse while they are married, the joint property will amount to DKK 400,000 and the complete and separate property of the longest-living will amount to DKK 500,000. Only the joint property will be shared, and the beneficiary will receive DKK 200,000 of the joint property to start with, and subsequently inherit ½ of the rest (DKK 100,000). The beneficiary will keep the separate property.

Share of community property	200,000
Inheritance of community property	100,000
Inheritance of separate property	500,000
Total	800,000
The children receive DKK 100,000	

The beneficiary will be able to retain undivided possession of the estate **with the joint property**. The beneficiary's separate property is not to be divided as the beneficiary is still alive.

Separate property in respect of the estate of the surviving spouse

1. If the beneficiary owns assets of DKK 400,000 as joint property and receives an insurance benefit of DKK 500,000 as separate property in the event of divorce, the joint property will still be DKK 400,000 in the event of separation. The beneficiary will receive DKK 200,000 of the joint property and keep the DKK 500,000.

Share of community property	200,000
Separate property	500,000
Total	700,000

2. In the event of death of the beneficiary while they are married, the separate property will become joint property, which will amount to DKK 900,000 in this situation. The longest-living will receive DKK 450,000 as part of the joint property, and subsequently inherit ½ of the rest (DKK 225,000). The children will then receive ½ of the rest (DKK 225,000) to be divided equally among them.

Share of community property	450,000
Inheritance	225,000
Total	675,000
The children receive DKK 225,000	

The longest-living spouse will be able to retain undivided possession of the estate with joint heirs, as the entire property is community of property.

3. In the event of death of the beneficiary's spouse while they are married, the joint property will amount to DKK 400,000 and the complete and separate property of the longest-living will amount to DKK 500,000. Only the joint property will be shared, and the beneficiary will receive DKK 200,000 of the joint property to start with, and subsequently inherit ½ of the rest (DKK 100,000). The beneficiary will keep the separate property.

Share of community property	200,000
Inheritance of community property	100,000
Own separate property	500,000
Total	800,000
The children receive DKK 100,000	

The beneficiary will be able to retain undivided possession of the estate **with the joint property**. The beneficiary's separate property is not to be divided as the beneficiary is still alive.

Further information

There are various combinations of separate property, and only the most common have been explained here. Your lawyer or attorney will be able to provide you with further information on separate property.