

21 OTHER LIABILITIES

Other liabilities by type

	2007	2006
Deferred tax liabilities	3,432	4,042
Income tax payable	877	923
Pension and post-employment liabilities	657	1,208
Other staff-related liabilities	355	247
Other taxation and social security contributions	1,123	1,147
Deposits from reinsurers	427	462
Accrued interest	13,606	10,556
Costs payable	2,744	2,353
Amounts payable to brokers	114	238
Amounts payable to policyholders	2,283	3,105
Reorganisation and other provisions	1,400	1,055
Share-based payment plan liabilities	7	5
Property under development for third parties	284	
Other	16,550	12,937
	43,859	38,278

On a distribution of a dividend ING Groep N.V. is required to withhold an income tax on dividends at a rate of 15%.

Other staff-related liabilities include vacation leave provisions, jubilee provisions and disability/illness provisions.

Other mainly relates to year-end accruals in the normal course of business, none of which are individually material.

Deferred taxes are calculated on all temporary differences under the liability method using tax rates applicable to the jurisdictions in which the Group is liable to taxation.

Changes in deferred tax

	Net liability 2006	Change through equity	Change through net profit	Changes in the composition of the group	Exchange rate differences	Other	Net liability 2007
Investments	1,375	-1,243	213	-17	56	-126	258
Financial assets and liabilities at fair value through profit and loss	119	-40	82	-11	-2	8	156
Deferred acquisition costs and VOBA	3,201	3	151		-312	4	3,047
Fiscal equalisation reserve	3		8			4	15
Depreciation	28	3	-26	-5	1	-12	-11
Insurance provisions	-1,490	116	339		93	71	-871
Other provisions	-1,081	238	-174	-28	109	-210	-1,146
Receivables	196		-128	1	-2	33	100
Loans and advances to customers	102	5	-7		-1	-3	96
Unused tax losses carried forward	-909	-15	-26	1	76	-59	-932
Other	626	-767	27	117	3	-9	-3
	2,170	-1,700	459	58	21	-299	709
Comprising:							
- deferred tax liabilities	4,042						3,432
- deferred tax assets	-1,872						-2,723
	2,170						709

In 2006, the deferred tax changes through equity includes a deferred tax charge of EUR -1,583 million relating to unrealised valuations, EUR -242 million relating to changes in the cash flow hedge reserve, EUR 486 million relating to transfers to insurance liabilities and DAC, and nil relating to stock options and share plans. These items are presented in the Deferred tax by origin table in investments and insurance provisions respectively. Other changes in deferred tax are included in the profit and loss.

2.1 Consolidated annual accounts

Notes to the consolidated balance sheet of ING Group (continued)

Deferred tax in connection with unused tax losses carried forward

	2007	2006
Total unused tax losses carried forward	3,814	3,977
Unused tax losses carried forward not recognised as a deferred tax asset	-688	-953
Unused tax losses carried forward recognised as a deferred tax asset	3,126	3,024
Average tax rate	29.8%	30.1%
Deferred tax asset	932	909

Deferred income tax assets are recognised for tax loss carry forwards and unused tax credits only to the extent that realisation of the related tax benefit is probable. The uncertainty of the recoverability of the tax losses and tax credits is taken into account in establishing the deferred tax assets. The following tax loss carry forwards and tax credits will expire as follows at 31 December:

Total unused tax losses carried forward analysed by expiry terms

	No deferred tax asset recognised		Deferred tax asset recognised	
	2007	2006	2007	2006
Within 1 year	64	16	41	30
More than 1 year but less than 5 years	176	156	249	424
More than 5 years but less than 10 years	230	47	610	347
More than 10 years but less than 20 years	71	247	1,010	1,045
Unlimited	147	487	1,216	1,178
	688	953	3,126	3,024

Changes in reorganisation and other provisions

	Reorganisation		Other		Total
	2007	2006	2007	2006	
Opening balance	335	356	720	825	1,181
Changes in the composition of the group		-6	60	4	-2
Additions	507	96	359	269	365
Interest	9	3		4	7
Releases	-62	-49	-149	-36	-85
Charges	-175	-174	-219	-238	-412
Exchange rate differences	-3	-1	-7	-15	-16
Other changes	8	110	17	-93	17
Closing balance	619	335	781	720	1,055

The provision for reorganisations at 31 December 2007 includes EUR 252 million for the restructuring of the retail business of Postbank and ING Bank and EUR 100 million for the global wholesale restructuring. The remaining term of the provision for reorganisations is generally not more than 5 years.

Included in Other provisions is a provision for a loss of EUR 129 million relating to the agreed disposal of NRG as disclosed in Note 29 'Companies acquired and companies disposed'.

In general, Other provisions are of a short-term nature.

The amounts included in other provisions are based on best estimates with regard to amounts and timing of cash flows required to settle the obligation.

Pension and post-employment liabilities

The Group maintains defined benefit retirement plans in the major countries in which it operates. These plans generally cover all employees and provide benefits that are related to the remuneration and service of employees upon retirement. The benefits in some of these plans are subject to various forms of indexation. The indexation is, in some cases, at the discretion of management; in other cases it is dependent upon the sufficiency of plan assets.

Annual contributions are paid to the funds at a rate necessary to adequately finance the accrued liabilities of the plans calculated in accordance with local legal requirements. Plans in all countries comply with applicable local regulations concerning investments and funding levels.

The Group provides other post-employment employee benefits to certain employees and former employees. These are primarily post-

employment healthcare benefits and discounts on ING products provided to employees and former employees.

Certain group companies sponsor defined contribution pension plans. The assets of all ING Group's defined contribution plans are held in independently administered funds. Contributions are generally determined as a percentage of pay. These plans do not give rise to balance sheet provisions, other than relating to short-term timing differences included in current liabilities. The amount incurred in 2007 was EUR 68 million (2006: EUR 45 million).

Summary of pension and post-employment liabilities

	2007	Pension benefits		2007	Post-employment benefits other than pensions		2007	2006	Total 2005
		2006	2005		2006	2005			
Defined benefit obligation	14,499	15,758	15,782	220	239	441	14,719	15,997	16,223
Fair value of plan assets	14,708	14,361	12,937				14,708	14,361	12,937
	-209	1,397	2,845	220	239	441	11	1,636	3,286
Unrecognised past service costs	-3			4	10	-6	1	10	-6
Unrecognised actuarial gains/(losses)	198	-687	-1,778	8	-2	-27	206	-689	-1,805
	-14	710	1,067	232	247	408	218	957	1,475
Presented as:									
- Other liabilities	425	961	1,067	232	247	408	657	1,208	1,475
- Other assets	-439	-251					-439	-251	
	-14	710	1,067	232	247	408	218	957	1,475

Actuarial gains and losses for the year ended 31 December 2007 includes EUR -789 million (2006: EUR -180 million; 2005: EUR 873 million) experience gain adjustments for assets and EUR 83 million (2006: EUR -163 million; 2005: EUR 116 million) experience gain adjustments for liabilities.

During 2006 certain plans were reclassified from Other to Pension benefits. This reclassification did not have an effect on total pension liabilities and other staff related liabilities. This reclassification is included in the line Changes in the composition of the group and other changes in the tables below.

Changes in defined benefit obligations

	Pension benefits		Post-employment benefits other than pensions	
	2007	2006	2007	2006
Opening balance	15,758	15,782	239	441
Current service cost	408	417	11	13
Interest cost	739	703	13	11
Employer's contribution				1
Participants contributions	2	-22		5
Benefits paid	-556	-493	-13	-44
Actuarial gains and losses	-1,727	-1,199	-8	-25
Past service cost	-83	18		-5
Changes in the composition of the group and other changes	207	727	-11	4
Effect of curtailment or settlement	-32	-6		-147
Exchange rate differences	-217	-169	-11	-15
Closing balance	14,499	15,758	220	239
Relating to:				
- funded plans	14,441	15,675		
- unfunded plans	58	83	220	239
	14,499	15,758	220	239

The estimated unrecognised past services cost and unrecognised actuarial gains and losses for the defined benefit plans that will be amortised into pension and other staff related liability costs during 2008 are nil and nil, respectively.

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Notes to the consolidated balance sheet of ING Group (continued)

Changes in fair value of plan assets

	2007	Pension benefits 2006
Opening balance	14,361	12,937
Expected return on plan assets	869	820
Employer's contribution	816	776
Participants contributions	6	5
Benefits paid	-540	-476
Actuarial gains and losses	-789	-180
Changes in the composition of the group and other changes	176	597
Exchange rate differences	-191	-118
Closing balance	14,708	14,361

The actual return on the plan assets amounted to EUR 80 million (2006: EUR 613 million).

It is not expected that any plan assets are returned to ING Group during 2008.

Pension Investment Strategy

The primary financial objective of ING Employee Benefit Plans (the Plans) is to secure participant retirement benefits. As such, the key objective in the Plans financial management is to promote stability and, to the extent appropriate, growth in funded status (i.e. the ratio of market value of assets to liabilities). The investment strategy for the Plans portfolios of assets (the Funds) balances the requirement to generate returns with the need to control risk. The asset mix is recognised as the primary mechanism to influence the reward and risk structure of the Funds in an effort to accomplish the Plans funding objectives. Desirable target allocations amongst identified asset classes are set and within each asset class, careful consideration is given to balancing the portfolios among industry sectors, geographical areas, interest rate sensitivity, dependence on economic growth, currency and other factors affecting investment returns. The assets are managed by professional investment firms. They are bound by precise mandates and are measured against specific benchmarks. Factors considered by the fund managers include balancing security concentration, investment style, and reliance on particular active investment strategies. The asset mixes of the funds are reviewed on a regular basis. Generally, the funds asset mixes will be rebalanced to the target mixes as individual portfolios approach their minimum or maximum levels.

Categories of plan assets in percentages

	Target allocation 2008	Percentage of plan assets 2007	Percentage of plan assets 2006	Weighted average expected long term rate of return 2007	Weighted average expected long term rate of return 2006
Equity securities	34	33	37	8.1	8.1
Debt securities	53	52	52	4.7	5.2
Other	13	15	11	6.5	7.1
	100	100	100	6.2	6.5

Equity securities include ING Group ordinary shares of EUR 5 million (0.1% of total plan assets) at 31 December 2007 (2006: EUR 14 million, 0.1% of total plan assets). Real estate, which is included in Other, includes nil (0.0% of total plan assets) at 31 December 2007 which was occupied by the Group (2006: nil, 0.0% of total plan assets).

Determination of Expected Return on Assets

An important element for financial reporting is the assumption for return on assets (ROA). The ROA is updated at least annually, taking into consideration the Plans asset allocations, historical returns on the types of assets held in the Funds, and the current economic environment. Based on these factors, it is expected that the Funds assets will earn an average percentage per year over the long term. This estimation takes into account a reduction for administrative expenses and non-ING investment manager fees paid from the Funds. For estimation purposes, it is assumed the long term asset mixes will be consistent with the current mixes. Changes in the asset mixes could impact the amount of recorded pension income or expense, the funded status of the Plans, and the need for future cash contributions.

Weighted averages of basic actuarial assumptions in annual % at 31 December

	2007	Pension benefits		Post-employment benefits other than pensions	
		2006	2007	2006	2007
Discount rates	5.60	4.80	5.70	5.40	
Expected rates of salary increases (excluding promotion increases)	2.80	2.75	3.20	3.50	
Medical cost trend rates			7.00	6.10	
Consumer price inflation	2.10	2.00	2.30	2.25	

The assumptions above are weighted by defined benefit obligations. The rates used for salary developments, interest discount factors and other adjustments reflect specific country conditions.

An increase of 1% in the assumed medical cost trend rate for each future year would have resulted in an additional accumulated defined benefit obligation of EUR 4 million at 31 December 2007 (2006: EUR 2 million) and nil increase in the charge for the year (2006: nil). A decrease of 1% in the medical cost trend rate for each future year would have resulted in lower defined benefit obligation of EUR 4 million at 31 December 2007 (2006: EUR 2 million) and nil decrease in the charge for the year (2006: nil).

Expected Cash Flows

During 2008 the expected contributions to pension plans are EUR 633 million (2007: EUR 904 million).

The following benefit payments, which reflect expected future service as appropriate, are expected to be paid by the plan:

Benefit payments

	Pension benefits	Post-employment benefits other than pensions
2008	437	9
2009	466	9
2010	498	10
2011	514	10
2012	526	10
Years 2013 – 2017	2,239	75