

# PENSION FUND RULES

effective from January 1, 2025

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# I. GLOSSARY OF TERMS

**OASI** | Federal 'Old-Age and Survivors' Insurance'

**Appendix 1** | Appendix 1 to the pension fund rules  
Appendix 1 defines the pension plan of the pension fund (benefits and financing plan)

**Employer** | Employers joining the foundation to provide occupational pension benefits for their workforces or as self-employed persons

**Employees** | are under a contract of employment with an employer

**Eligible spouse** | Divorced spouse or former partner who is entitled to a benefit from pension compensation in the event of divorce or termination of the registered partnership

**Professional Association** | Professional association of self-employed persons without a workforce – a pension solution created on the basis of a written agreement with the foundation, is provided

**BVG** | Swiss Federal Legislation on Occupational Retirement, Survivors' and Disablement Pension Stipulations of June 25, 1982

**BVG age** | Difference between current calendar year and year of birth

**BVG old-age savings capital** | The BVG old-age savings capital corresponds to the legally required minimum according to Swiss Federal legislation

**BVV2** | Ordinance on Occupational Retirement, Survivors' and Disablement Pension Plans of April 18, 1984

**BVV3** | Ordinance on Tax Deduction for Contributions to Recognized Pension Plans of November 13, 1985

**Delegate** | An employee and a representative of the employer of each pension fund is elected by the Pension Fund Commission of the Pension Fund, to serve on the foundation boards

**General meeting of the delegates** | Meetings of the delegates for periodical election of foundation boards/ boards of trustees, unless elections are conducted by circular.

**Beneficiaries** | Persons insured by the foundation

**Registered partnership** | Persons with the civil status "in a registered partnership" according to Swiss Federal legislation on the registered partnership of same-sex couples of June 18 2004, are treated as spouses

**FZG** | Swiss Federal Legislation on the Vested Benefits in Occupational Retirement, Survivors and Disability Pension Plans from 17 December 1994

**FZV** | Swiss Federal Legislative Ordinance on the Vested Benefits in Occupational Retirement, Survivors and Disability Pension Plans from 3 October 1994

**Terms and conditions of business** | Business regulations for the pension fund commissions

**Hypothetical Termination Benefits** | Passive old-age savings capital, which the collective foundation continues to provide for the recipient of disablement benefits within the scope of their disablement

**DI** | Swiss Federal Disablement Insurance

**IVG** | Swiss Federal Law governing invalidity insurance from June 19, 1959 vom 19. Juni 1959

**Coordination deduction** | Deduction from annual wages and/or annual income to take into account the benefits provided by (state) social insurance

**MVG** | Swiss Federal Legislation on Military Insurance from June 19, 1992

**Organisational rules and regulations** | Organisational and Management Regulations of the foundation

**PartG** | Swiss Federal Partnership Legislation from June 18, 2004

**Assets pool** | Open or closed pool (separate accounts)

**Self employed** | Self-employed persons who join the foundation to provide for occupational pension benefits. The only criterion required by the foundation is the OASI legal qualification as a self-employed person

**Foundation** | UWP Collective Foundation, Basel, Switzerland

**The Foundation Board** | Supreme body of the collective foundation, which is composed in parity

**UVG** | Swiss Federal Legislation on Accident Insurance of March 20, 1981

**Insured person** | Employees or self-employed persons admitted to the foundation

**Insured salary** | Insurance contributions and insured benefits are calculated on the basis of the annual salary, wage or income, less a coordination deduction from the insured income

**Pension Fund Commission** | The management organ of the pension fund

**Pension fund** | 'Pension fund' for the associated employer within the foundation which forms its own administrative unit

**WEF** | Enablement of home ownership

**WEFV** | Swiss Federal Legislative Ordinance on the Vested Benefits in Occupational Retirement, Survivors and Disability Pension Plans from 3 October 1994

**Ordinance on the Enablement of Home Ownership by Means of Occupational Pension Plans from October 3, 1994** | Swiss Civil Code of December 10, 1907

Persons with the civil status "in a registered partnership" are treated equally as spouses. This refers, among other things, to survivors, pension compensation when dissolving a partnership, as well as the requirement of approval of a cash pay-out of benefits, as well as pledging of old-age savings capital for the purposes of financing home ownership.

The language of the pension fund rules is intended to be 'gender neutral'. In all cases masculine references should be read as also including female insured persons.

## II. GENERAL INFORMATION

### Art. 1 Aim of the Collective Foundation

<sup>1</sup> The foundation has the purpose of implementing the obligatory and continuing occupational pension provision within the scope of the Swiss federal BVG legislation and its implementation rules.

<sup>2</sup> Self-employed persons and their workforces can be adopted. Self-employed persons without workforces can only be adopted by the foundation when their professional association has also contracted a pension solution with the foundation.

<sup>3</sup> The collective foundation will pay at least the benefits according to the BVG BVG legislation in every case. It can provide proof of performance at any time by carrying out a shadow calculation according to the legal requirements for each insured person and each pension recipient.

### Art. 2 Registration and Supervision

The collective foundation is recorded in the Register for Occupational Pension Schemes with the according state supervisory authority and is subject to statutory supervision.

### Art. 3 Insured Persons

#### 3.1 Inclusion in the Pension Plan

<sup>1</sup> Employees, who have reached 17 years of age but have not yet reached the reference age in accordance with Art. 21 Para. 1 OASI and whose anticipated annual OASI contribution salaries exceed the minimum income amount, under Art. 2 and 7 BVG, are compulsorily insured against the risks of death and disability. As of 1 January after reaching 24 years of age, they are also adopted into the pension fund. One continues to reserve the right to use any divergent stipulations in the pension plan (Appendix 1). Adoption commences at the date of inception of the contract of employment, but at the earliest on 1 January after reaching 17 years of age.

<sup>2</sup> Self-employed persons without a workforce who are members of a professional association, which have already contracted a pension solution with the foundation; can be adopted into the foundation.

<sup>3</sup> Self-employed persons having a workforce who voluntarily subject themselves to the regime of the Swiss Federal BVG legislation can also be adopted into the foundation together with their workforce.

<sup>4</sup> Voluntary insurance contracted under Paras. 2 and 3, commences on the agreed adoption date, but at the earliest on the first of the month in which the fully completed application is received by the foundation; but nevertheless subject to Para. 5.

<sup>5</sup> Adoption into the foundation for continued pension provision and/or for the insurance of benefit increases for benefits under the continued insurance cover, only becomes valid after a confirmation is issued by the foundation.

<sup>6</sup> Insured persons with birth defects, or insured persons who became disabled as a minor (see Art. 18, letters b and c of the Swiss Federal BVG legislation and Art. 23, letters b and c of the aforementioned BVG), will only be insured for survivors and disablement benefits under the BVG regime.

### 3.2 Exceptions

<sup>1</sup> The following are not insured

- a) employees who are at least 70% disabled as defined in DI as well as employees who are provisionally insured with another pension scheme under Art. 26a of the BVG legislation
- b) employees who were partially disabled at the point in time of their adoption within the meaning of the Swiss Federal Legislation on Disablement Insurance (DI legislation) are included in the insurance insofar as their OASI amount of annual salary exceeds the minimum wage in accordance with Art. 7, Para. 1 of the Swiss Federal BVG legislation. This limit will be reduced accordingly by the sum of the partial pension entitlement. This reduction applies mutatis mutandis to persons during continued insurance under Art. 26a of the BVG legislation.
- c) employees with a fixed-term employment contract of three months. When a contract of employment is extended for more than three months, the obligation to provide security commences on the date when the extension was agreed. If several consecutive positions with the same employer last longer than a total of three months, and no interruption exceeds three months, the employee is insured from the beginning of the fourth month of employment. However, if it is agreed before first commencement of work that the total length of employment is to exceed three months, the employee will be insured from the start of the employment relationship.
- d) employees who do not work or are not expected to work permanently in Switzerland, and who are sufficiently insured abroad, when they submit an application for exemption to the collective foundation.
- e) employees who have reached the reference age in accordance with Art. 21 Para. 1 OASI and who have not previously had pension insurance with the foundation in the active (purchasing) part.

<sup>2</sup> The foundation does not provide voluntary insurance for employees who work for several employers at the same time, pursuant to Art. 46 of the Swiss Federal BVG legislation.

## Art. 4 Medical Certificate

<sup>1</sup> The foundation can request a medical examination for new applicants as well as in the case of increased demands for the provision of death and disablement benefit cover.

<sup>2</sup> The person to be insured should answer questions posed concerning his or her state of health, comprehensively and truthfully. The collective foundation is entitled to request a medical examination at its own expense.

<sup>3</sup> Without a written confirmation of admission from the collective foundation, benefits are limited to the statutory minimum according to the BVG legislation. The foundation can, at any time, reject adoption into the foundation of an application for an increase in benefits from any voluntarily insured self-employed person.

<sup>4</sup> The foundation can make a limiting condition of five years cover for the risks of death and disablement, from the date of adoption and/or from the date of an increase in benefits. The benefits protection purchased by the

termination benefits may not be reduced by any reservation on health grounds, unless such is already subject to another form of reservation. In this case, the already expired time of the reservation should be taken into consideration.

<sup>5</sup> The foundation only provides the statutory minimum benefits for the entire period entitlement when the health condition under reservation leads to death or incapacity for work during the reservation period, which in turn leads to death or disablement benefits.

<sup>6</sup> In cases of insurance for self-employed persons without a workforce, the death and disablement risk can be postponed on health grounds for three years at the most. Any such postponement is, however, not permissible when a self-employed person was obligatorily insured for at least six months and then applies for voluntary insurance cover within the subsequent twelve months.

<sup>7</sup> The insured person will be informed of any reservation after all the documents necessary for the decision of the adoption examination are made available.

<sup>8</sup> If the insured person does not disclose pre-existing health impairments (breach of notification duty), or if false information is given during the health check, death or disablement benefits can be reduced to the statutory minimum within 6 months of the collective foundation becoming aware of the breach of the notification duty.

## **Art. 5 Start and End of the Obligation to Provide Security**

### **5.1 Inclusion in the Insurance Plan**

Adoption commences at the date of inception of the contract of employment, but at the earliest on 1 January after reaching 17 years of age. These stipulations remain reserved according to Art. 3.1 as well as any divergent stipulations in the pension plan (Appendix 1).

### **5.2 End of the Insurance Obligation**

The insurance obligation ends when:

- a) entitlement to retirement benefits begins;
- b) the employment relationship is terminated; Article 7 of these present pension plan rules remains reserved;
- c) the minimum wage under the BVG legislation, is fallen short of according to the pension plan (Appendix 1).

### **5.3 Unpaid Leave**

<sup>1</sup> In the event of unpaid leave of up to one month, the insurance will continue to the previous extent as stipulated in the pension fund rules. There is no obligation to inform the collective foundation.

<sup>2</sup> The duration of any unpaid leave of more than one month should be reported to the collective foundation.

<sup>3</sup> A continuation of the insurance for a period of unpaid leave can only take place with the consent of the employer. The insurance will continue according to the agreement between the employer and the employee.

The financing of the contributions and the extent of the insurance cover are regulated according to the pension plan (Appendix 1).

<sup>4</sup> The maximum duration of paid vacation is six months, subject to any divergent conditions in the pension plan (Appendix 1).

<sup>5</sup> Insurance can only be continued if the insured person has extended non-occupational accident insurance under Art. 3 Para. 3 of the Swiss Federal UVG legislation by appropriate agreement.

<sup>6</sup> The insured person can request that the insurance be suspended for the duration of the unpaid leave. If the insured person requests that the insurance be suspended, the foundation should be informed before the unpaid leave commences.

#### **5.4 Follow-up Cover**

<sup>1</sup> The insured person remains insured for one month after the termination of the pension relationship in the event of disablement or death, but at the longest until the beginning of a new pension relationship.

<sup>2</sup> Insurance protection for self-employed persons terminates upon the date of termination with the foundation.

<sup>3</sup> If the degree of disablement of a recipient of disablement benefits increases after the end of the additional coverage period for the same reason, the disablement benefits are only increased within the framework of the statutory minimum benefits.

## **Art. 6 Insured Salary**

### **6.1 Eligible annual wages**

<sup>1</sup> Eligible wages generally correspond to the annual wages subject to, the OASI obligatory contribution income or OASI contributions that were agreed upon at the beginning of the year of a self-employed person. It is defined in the pension plan (Appendix 1). In the case of an employment relationship during the year, the wage is converted to an annual wage.

<sup>2</sup> For employees who are not employed on monthly wages, the annual wage is determined on the basis of the last known annual wage, taking into account the changes agreed for the current year.

<sup>3</sup> Income earned by the insured person from an employer not affiliated with the foundation cannot be taken into account for insurance purposes.

### **6.2 Coordination Deduction**

<sup>1</sup> The coordination deduction is defined in the pension plan (Appendix 1).

<sup>2</sup> For part-time employees, the coordination deduction is calculated in accordance with the pension plan (Appendix 1).

<sup>3</sup> In the case of partially disabled insured persons, the coordination deduction is reduced by the extent of the pension entitlement, as percentage.

### **6.3 Insured Salary**

<sup>1</sup> The insured salary corresponds with the planned OASI annual salary for contribution purposes or the OASI annual income of self-employed persons for contribution purposes, reduced by the coordination deduction.

<sup>2</sup> The insured salary corresponds with the minimum amount according to Art. 8, Para. 2 of the Swiss Federal BVG legislation subject to any divergent rules as per the pension plan (Appendix 1).

<sup>3</sup> The insured salary is limited by the maximum insured salary under the pension plan (Appendix 1), and may not exceed the statutory maximum of Art. 79c of the Swiss Federal BVG legislation (being ten times the upper demarcated amount pursuant to Art. 8, Para. 1 of the aforementioned BVG legislation.).

<sup>4</sup> The statutory maximum under Art. 79c of the Swiss Federal BVG legislation includes all pension relationships of the insured person who has arranged insurance with one or several other provision institutions.

### **6.4 Multiple Pension Plans**

If the insured person has multiple pension relationships and the total of all his or her salaries and income subject to OASI contributions exceeds ten times the upper demarcated amount under Art. 8, Para. 1 of the Swiss Federal BVG legislation, the insured person must inform each of his or her provision institutions about the total of his or her relationships, as well as about the amounts of salary and income insured thereunder.

### **6.5 Continued Insurance of Previous Earnings in the Case of a Reduction in Salary**

<sup>1</sup> Insured persons, whose annual salary changes after he or she reaches the age of 58 by up to a half at the most, can require that the pension insurance for a maximum of the previous insured earnings be continued up and until reaching the statutory reference age at the latest.

<sup>2</sup> The insured person makes up the employer and employee contributions covering the difference between the reduced insured earnings and the previous earnings. The financing of the contributions calculated on the reduced insured earnings will be undertaken according to the pension plan (Appendix 1).

<sup>3</sup> The insured benefits for the risks of death and disablement are calculated from the sum of the reduced insured earnings and the hypothetical insured earnings.

## **Art. 7 Voluntary Continued Insurance Cover upon Termination of Obligatory Pension Insurance after reaching the age of the 58**

<sup>1</sup> Insured persons who depart from obligatory insurance upon reaching the age of 58 because a contract of employment was terminated by the employer, can continue to receive insurance cover voluntarily to the full previous extent. Self-employed persons are not permitted to continue to insure voluntarily under Art. 7.

<sup>2</sup> Applications for continued voluntary insurance cover should be submitted to the foundation, by the end of the time period of employment at the latest, accompanied by the letter of termination of employment from the employer, and in cases of immediate dismissal within one month of the notification of the dismissal. Should an insured person fail to submit any such notification to the foundation in due time, the insurance contract will be immediately terminated by the foundation.

<sup>3</sup> Continued voluntary insurance cover and contribution obligations commence on the day after termination of the contract of employment.

<sup>4</sup> The insured person is entitled to build up additional old-age capital by paying supplementary contributions during this continued voluntary insurance. The termination benefit remains with the foundation. When an insured person contracts with a new provision institution, the termination benefit will be transferred in its entirety to the new provision institution by way of buying into the full regulatory benefits in the new provision institution under the rules of the new trust. The insured salary will be reduced to correspond with the transferred termination benefit received.

<sup>5</sup> The insured person pays risk insurance contributions corresponding to the employee and employer risk insurance contributions according to the pension plan (Appendix 1). When the insured person proceeds to extend the pension plan, he or she then also pays the corresponding employee and employer old-age capital savings contributions according to the pension plan (Appendix 1). The foundation then determines and periodicity of the maturity dates for the contributions and invoices the insured persons directly.

<sup>6</sup> An insured person can voluntarily insure for the whole pension plan, or only for an old-age pension at a lower insured amount than his or her previous salary. Insured persons should select the type of insurance cover required, once and for all, at commencement of the voluntary continued insurance. Any subsequent increase in the amount of an already reduced salary basis is no longer possible later.

<sup>7</sup> Any voluntary continued insurance contract terminates without any follow-up cover upon death, upon suffering from at least a 70% disability, as well as upon reaching the reference age according to the pension plan rules. Partial retirement claims to the foundation are not possible. When an insured persons contracts with a new provision institution for insurance cover, the contract with the foundation is terminated when the full regulatory benefits purchasable is more than two thirds of the termination benefit. The insurance conditions of Para. 9 are valid analogously here.

<sup>8</sup> Notice of termination of the pension insurance can be given at any time at the end of a month by the insured person or by the foundation, when contributions are unpaid. When notice is given to terminate a voluntary continued insurance contract, an old-age pension will be paid provided that a claim to an old-age pension exists under the pension fund rules at the date of termination. Otherwise, a termination benefit will be granted. The same applies for any part of a termination benefit which cannot be used for a buy-in purchase into a new provision institution to obtain full regulatory benefits.

<sup>9</sup> When a voluntary continued pension insurance contract has lasted for more than two years and a claim to an old-age termination benefit exists under the pension plan rules, the insurance benefits are to be taken as a pension subject to the pension plan (Appendix 1) providing for a minimum withdrawal of old-age savings capital. After two years of insurance cover, a termination benefit can no longer be used for a financing home purchase or be otherwise pledged.

## **Art. 8 Old-age savings' capital and Retirement Credits**

### **8.1 Old-age savings' capital**

The collective foundation maintains an individual retirement account for each insured person. This account shows the acquired old-age savings' capital at any point in time.

The following will be credited to the individual retirement account:

- a) Joining contribution (transferred vested interest);
- b) Interest;
- c) Retirement credits;
- d) Buy-in amounts and other one-time deposits;
- e) Repayments of advance withdrawals in connection with the enablement of home ownership;
- f) Deposits as a result of divorce;

and/or subtracted:

- a) Advance withdrawals as part of the enablement of home ownership;
- b) Termination Benefit upon Divorce.

### **8.2 Interest Rate**

The interest rate determining the interest on old-age savings assets, per assets pool and adopted year group, are determined annually by the foundation board, taking into consideration the investment income generated and the degree of cover.

The foundation board fixes the rates of interest applicable for the current financial year, at the end of the financial year, as well as the interest rates for the intra-year departures in the following year.

The foundation board is guided by the technical interest rate of the foundation when determining the interest on old-age savings capital.

The old-age related amounts credited during the current financial year attract no interest. All other deposits and withdrawals attract interest from the value date.

### **8.3 Amount of Retirement Credits**

The annual retirement credits derive from the insured salary and the age of the insured person. The amount of the retirement credits is specified in the pension plan (Appendix 1).

## III. FINANCING

### Art. 9 Start and End of the Contribution Obligation

<sup>1</sup> The obligation to contribute begins with the admission of the employee to the pension scheme and the collective foundation.

<sup>2</sup> The contribution obligation ends whenever a contract of

- a) employment is terminated, subject to any voluntarily continued insurance cover under Art. 7, Para. 2 of these present pension plan rules;
- b) the minimum wage falls short;
- c) entitlement to retirement benefits arises; or
- d) upon the death of the insured person.

The end of the time period for obligatory contributions is precisely on the date, i.e. on the day of the occurrence.

<sup>3</sup> The insured person's contributions are deducted from the salary by the employer and transferred to the foundation as per the usual payment modalities, together with the employer's contributions.

<sup>4</sup> That part of the total contributions paid by insured self-employed persons is intended to be the employer's contribution apart from what is paid in by the self-employed person as contributions for his or her workforce members. 50% of the total contributions paid in by self-employed persons without a workforce is intended as the employer's contribution.

<sup>5</sup> In the event of an accident, illness, maternity or military service, the contributions continue to be levied, either by deducting them from further aligned wages or from wage replacement benefits. One continues to reserve the right to make stipulations on exemption from the obligation to pay contributions (Art. 19.4).

### Art. 10 Financing

The benefits provided by the foundation are financed by its assets and the earnings from them, as well as from the contributions paid by the insured persons and their employers. The contributions paid in by the insured persons and their employers comprise amounts credited for pension benefits and risk insurance contributions. Risk insurance contributions serve to finance the death risk, the disability benefit and the administration expenditure, as well as contributions to the security fund and statutory cost-of-living adjustments to the invalid and survivor's pensions.

### Art. 11 The Amount of Contributions

#### 11.1 The Assessment of Contributions

The contributions of the insured person and the employer are defined in the pension plan (Appendix 1).

## 11.2 Choices between various Pension Plans

<sup>1</sup> With effect from 1 January, insured persons can annually select voluntarily to adjust their pension plan insurance contracts to take account of higher or lower old-age capital savings contributions under the pension plan (Appendix 1) for the following financial year.

<sup>2</sup> Any required alterations to the old-age savings capital contributions should be reported by the employer to the foundation according to the pension plan (Appendix 1). In the case of any such report not being submitted in due time, the previous conditions will be observed without any retrospective plan change adjustment.

<sup>3</sup> One continues to reserve the right to use any divergent stipulations in the pension plan (Appendix 1).

## Art. 12 Entry contribution

### 12.1 Transfer of Vested Benefits, Due Date

<sup>1</sup> Vested benefits from former pension fund plans are to be transferred to the collective foundation as a buy-in contribution. The vested pension benefits transferred are credited to the insured person's individual retirement account, even when the vested benefit transferred exceeds the buy-in amount needed to qualify for the maximum old-age savings capital according to the pension plan rules.

<sup>2</sup> The entry contribution is due upon entry into the collective foundation.

<sup>3</sup> The insured person should give the collective foundation access to the statement of termination benefits from the previous pension relationship. The previous affiliation to a vested benefit bank and the form of pension protection should also be reported.

### 12.2 Voluntary Buy-in

<sup>1</sup> Insured persons can, at any time, pay the foundation voluntarily amounts for buying-in purposes up to the maximum regulatory benefits under the pension plan rules, provided that he or she has transferred all vested benefits to the foundation and is fully occupationally employed and able to work, on the date of buy-in.

<sup>2</sup> Voluntary buy-in amounts will be accounted for as follows:

a) credited to the individual old-age pension account until the maximum possible old-age savings level is reached under the pension plan rules.

Any excess amount will, after due consultation with an insured person, be used:

b) for buying into an early retirement benefit and/or voluntary OASI state bridging pension, provided that such is permitted by the pension plan (Appendix 1). Otherwise, any excess portion will be repaid to the insured person.

<sup>3</sup> The amounts of any voluntary buy-ins to the individual old-age savings capital must correspond, at most, to the difference between the maximum possible old-age savings capital (Appendix 1) and the current level of savings capital. The maximum of any buy-in amount made by the insured person is reduced by:

a) any non-transferred vested benefit and/or by any vested benefit to be transferred (pursuant to Art. 60a, Para. 3 of the Swiss Federal Directive BVV2;

b) any excess assets under the Swiss Federal Statutory 'Third Pillar A Pension Scheme' (Art. 60a Para. 2 BVV2).

<sup>4</sup> If buy-ins have been undertaken, the resulting benefits may not be withdrawn in capital form from the collective foundation within the next three years.

<sup>5</sup> If advance withdrawals have been made to promote home ownership, voluntary buy-ins may only be made once the advance withdrawals have been repaid.

<sup>6</sup> Re-buy-ins in the event of divorce or the dissolution of a registered partnership under Art. 22d of the Swiss Federal 'FZG' legislation, are excluded from the limitation.

<sup>7</sup> In the case of insured persons who have moved from abroad and have never belonged to a pension scheme in Switzerland, the annual buy-in amount may not exceed 20% of the insured salary in the first five years after joining a Swiss pension scheme. After five years have elapsed, buy-in amounts can be paid in analogously to the foregoing stipulations.

### **Art. 13** **Buying-in for Purposes of Early Retirement**

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<sup>1</sup> Buying-in amounts to purchase a reduction in pension benefit following early retirement, as well as for financing an OASI state bridging pension, are possible provided that such is permitted under the pension plan (Appendix 1). Any buy-in to an early retirement pension benefit is only possible from the age of 25 or, at the earliest, from the date of anticipated commencement of the old-age savings capital process according to the pension plan (Appendix 1), provided that the insured person is entirely, currently and occupationally employed and able to work upon the date of buy-in.

<sup>2</sup> The following conditions should be met before buy-in deposits can be made into the purchasing account:

- a) the insured person has already contracted a buy-in, up to the maximum buy-in amount under Art. 12.2 and
- b) the insured person has fully repaid any advance withdrawals for financing home ownership. If repayment is no longer possible due to age, the advance withdrawal will be taken into account for the calculation of the maximum buy-in amount.

<sup>3</sup> The maximum permissible amount of a 'one-off' deposit is calculated from the difference between the maximum possible old-age savings capital and any already paid-in deposits attracting interest, for the purposes of financing an early retirement pension. The maximum possible contribution for purchasing the reduction of an old-age pension and for financing any OASI bridging pension, at the specified date for early retirement, is calculated according to the pension plan (Appendix 1).

<sup>4</sup> If an insured person dies before reaching the statutory retirement age according to the pension plan rules, the contributions are paid as an additional lump-sum death benefit to the beneficiaries according to Art. 20.6.

<sup>5</sup> If the insured person waives early retirement and this results in a higher benefit than is required for purchasing a reduction in the old-age pension and/or to finance an OASI state bridging pension at the date of actual retirement, then the benefit target under the pension-scheme rules for a retirement benefit may be

exceeded, but by only 5% at the most. The pension-scheme foundation will inform the insured person of the anticipated level of the excess savings capital, in so far as the insured person wishes to retire later than as pre-financed. In such a case, the employee contributions will be financed from the old-age savings capital in accordance with the pension plan rules, up to the age of retirement. Upon the date of retirement, any excess savings capital will be forfeited to the foundation.

<sup>6</sup> A possible withdrawal for financing home ownership should be taken into account.

<sup>7</sup> The amount of any maximum buy-in can be deposited as a 'one-off' deposit by the insured person, during any financial or calendar year, and then remains unchanged during this period of time.

#### **Art. 14 Bookkeeping and Accounts and Investment of the Assets**

<sup>1</sup> The financial year of the foundation is the calendar year. The bookkeeping and accounts are closed off for the financial year on 31 December every year.

<sup>2</sup> The final annual accounts and the annual report are to be prepared within six months, at the latest, from the end of the previous financial year.

<sup>3</sup> The assets of the foundation are to be managed in accordance with recognised principles, whereby the security of the financial investments and an appropriate yield are to be targeted, and the liquidity requirements of the foundation are to be addressed. The foundation board issues financial investment instructions in this regard.

#### **Art. 15 Financial Equilibrium**

##### **15.1 Assessment of an Occupational Pension-Scheme Expert**

<sup>1</sup> Every year, a recognized expert on occupational pension schemes should be required to draw up an actuarial balance sheet which should be submitted to the supervisory authority. If there is a shortfall in coverage, the expert will prepare an actuarial report annually.

##### **15.2 Countermeasures in the Event of a Coverage Shortfall**

<sup>1</sup> Should an actuarial shortfall occur in a separate account (assets pool) or in any one pension plan, the foundation board will determine suitable countermeasures to rectify such a coverage shortfall, together with a recognised expert for occupational pension schemes, when the shortfall affects an individual pension plan within the foundation. Countermeasures are then to be coordinated together with the pension fund commission of the respective pension fund affected. The principles of proportionality and appropriateness should be observed. Reference is made here to Appendix 4 concerning principles and implementation.

<sup>2</sup> The foundation will inform the supervisory authority, the employer and also the beneficiaries about the shortfall and the determined countermeasures.

**Art. 16 Partial Liquidation**

In the case of any partial liquidation of the foundation, the persons insured by the foundation are entitled to claim the statutory termination benefits and also an individual or collective claim to any residual funds of the foundation, provided they have contributed to creation of such free financial resources of the foundation. In the case of any underfunding according to Art. 44 of the Swiss Federal BVV2 legislation, any termination benefits according to the pension plan rules will be reduced, and the old-age savings capital will thereby be reduced, pursuant to Art. 15 of the Swiss Federal BVG legislation. The prerequisites and the proceedings for the accounting of a partial liquidation are regulated in Appendix 3.

## IV. PENSION BENEFITS

**Art. 17 Insured Benefits****17.1 Overview of Insured Benefits**

<sup>1</sup> The collective foundation will provide the following benefits on retirement:

- Old-age pension;
- Old-age savings' capital;
- OASI bridging pension;
- Pensioner's child pension.

<sup>2</sup> In the event of incapacity to work or gainful employment before retirement, the collective foundation will provide the following benefits:

- Disablement pension;
- Child's disablement pension;
- Exemption from the contribution obligation.

<sup>3</sup> In the event of death, the following benefits can be claimed from the collective foundation:

- Spouse's benefit;
- Spouse's pension to divorced partners;
- Partner's pension
- Orphans' pension;
- Death benefit.

<sup>4</sup> If an insured person leaves the benefits relationship, a termination benefit becomes due.

**17.2 Guarantee of BVG Minimum Benefits**

The foundation reserves the right to reduce the benefits listed under Art. 17.1 in accordance with the stipulations of Art. 24. However, the minimum benefits under the Swiss Federal BVG legislation are guaranteed in any event.

**Art. 18 Old-age Benefits****18.1 Retirement in line with Statutory Reference Age**

Retirement in line with statutory reference age takes place on the first day of the month after the age specified in the Pension Plan (Appendix 1). – and corresponds to the reference age in accordance with Art. 21 Para. 1 OASI. For women the statutory retirement age from 1<sup>st</sup> January 2025 is 65 years, regardless of lit. a in the transitional provisions on the amendment dated 17th December 2021 (OASI 21) OASI. Any diverging provisions can be found in the pension plan (Appendix 1)

**18.2 Early Retirement**

<sup>1</sup> The insured person has the option of retiring early between the earliest date named in the pension plan (Appendix 1) and the statutory reference age, but at the latest at the age of 63.

<sup>2</sup> Should the pension relationship of an insured person be terminated at an age where early retirement under the pension rules is possible and should the statutory reference age not yet be reached at the point in time of the termination, an old-age benefit will only be granted when the insured person informs the foundation within 3 months after termination of his or her pension-scheme membership that he or she intends to claim an old-age benefit. Otherwise, a termination benefit will be granted.

<sup>2</sup> Should the pension relationship of an insured person be terminated at an age where early retirement under the pension rules is possible and should the statutory pensionable age not yet be reached at the point in time of the termination, an old-age benefit will only be granted when the insured person informs the foundation within 3 months after termination of his or her pension-scheme membership that he or she intends to claim an old-age benefit. Otherwise, a termination benefit will be granted.

**18.3 Partial Retirement**

From the date when partial retirement can be claimed according to the pension fund rules (Appendix 1), a partial payment of retirement benefit can be granted. The following requirements must all be fulfilled:

- a) A partial payment shall consist of at least 20% of the retirement benefit from the available retirement assets;
- b) The amount of retirement benefit paid out in advance of the statutory reference age must not exceed the amount of reduction in salary;
- c) A maximum of five partial retirement payments are possible.
- d) Payment of the retirement benefit as a lump sum is permissible in a maximum of three stages. This also applies where the remuneration from an employer is insured with several pension providers. One stage comprises all lump-sum payments of retirement benefits in a calendar year.
- e) If the remaining annual remuneration falls below the entrance threshold of these rules or of the relevant pension plan (Appendix 1), the entire retirement benefit shall be paid.

The insured person can defer payment of the retirement benefit until the age of 70 as long as he remains employed and the remaining annual remuneration does not fall below the entrance threshold of these rules or of the relevant pension plan (Appendix 1).

#### 18.4 Continued Insurance Cover after Statutory Retirement Age

<sup>1</sup> If employment continues beyond the statutory reference age, the insured person can request continuation of the pension insurance without savings contributions, in as far as they were already a member of the provision institution before the statutory reference age and the remaining annual remuneration does not fall below the threshold of the relevant pension plan (Appendix 1).

<sup>2</sup> In the event that the savings process is continued, the contributions to the financing of retirement credits are based on the pension plan (Appendix 1). The retirement benefit is due as soon as the annual remuneration falls below the entrance threshold of the relevant pension plan (Appendix 1) or the insured person reaches the age of 70.

<sup>3</sup> There is no longer any entitlement to disability benefits (disability pension, child's disability pension, exemption from contributions). Accordingly, the risk contribution no longer applies and only the administrative costs will be charged. In the event of incapacity to work, the insurance ends with ending of the employment contract and the planned retirement benefits are paid. In the event of death, the entitlement is based on the stipulations for survivors' benefits for pensioners; withdrawals of capital from the old-age savings capital in accordance with Art. 18.7 are possible, and these lead to a proportionate reduction in co-insured survivors' pensions. If the retirement benefit is paid out exclusively as capital according to the pension plan, the entitlement to survivors' benefits is according to the level of the existing old-age savings' capital. No other benefits are paid.

<sup>4</sup> The withdrawal of old-age savings capital to finance home ownership is no longer possible.

<sup>5</sup> If the insured person has purchasing opportunities at the time of statutory reference age, voluntary buy-ins to improve benefits can also be made while the Pension Plan is in progress. Purchasing potential is reduced by the retirement credits, deposits and interest made during the insurance cover in progress.

#### 18.5 Old-age Pension

<sup>1</sup> Entitlement to an old-age pension occurs on the first day of the month after:

- a) termination of the contract of employment as a result of retirement as an actively insured person, provided that the conditions of Art. 18, Para. 2 of the pension fund rules are met in cases of early retirement;
- b) expiry of a temporary disability pension upon reaching the statutory reference age;
- c) termination of voluntarily continued insurance cover in accordance with Art. 7 of the pension fund rules following termination of a contract of employment, when early withdrawal from the pension scheme is possible according to its rules, on the date of the termination of employment, and the voluntarily continued insurance cover has run for more than two years;

any claim expires on the last day of the month of death.

<sup>2</sup> The amount of the retirement pension is calculated from the old-age savings capital available at the date of retirement and at the age-dependent conversion rate according to the pension fund plan (Appendix 2). Any divergent stipulations in the pension plan (Appendix 1) always take preference.

### 18.6 Changes in Anticipated Benefits (death of the old-age pensioner)

<sup>1</sup> Insured persons can, before drawing the first old-age pension, adapt the anticipated married couple old-age pension according to the pension plan (Appendix 1). An increase in the anticipated benefits leads to a reduction in the old-age pension; a reduction leads to an increase.

<sup>2</sup> The following apply in all cases of adaptation of the anticipated benefits:

- a) an increased married couple old-age pension must not exceed the reduced old-age pension;
- b) the old-age pension reduced by an increase in the anticipated married couple old-age pension must not be less than the calculated minimum old-age pension according to BVG;
- c) in the case of a reduction in the anticipated married couple old-age pension, the survivors' benefits must not be less than that calculated according to BVG.

<sup>3</sup> Unmarried insured persons with a civil partner cannot adjust the anticipated benefits.

<sup>4</sup> The insured person should inform the foundation about changes in the anticipated married couple old-age pension, in writing, at least three months before drawing the first old-age pension. In doing so the old-age pension will be adjusted for life. The decision is irrevocable.

<sup>5</sup> The foundation is entitled to require a medical certificate before adjusting the anticipated married couple old-age pension.

<sup>6</sup> The anticipated married couple old-age pension cannot be reduced.

### 18.7 Old-Age Savings' Capital

<sup>1</sup> The insured person can receive their retirement benefits in the form of a lump sum at the time of retirement. The maximum amount of the lump sum withdrawal is based on the pension plan (Appendix 1). This also applies to insured persons whose disability benefit is converted into an old-age pension upon reaching statutory reference age. In such cases, the continued old-age savings capital according to the pension rules is determinative.

<sup>2</sup> When a withdrawal of capital is required, all co-insured benefits will be truncated proportionately.

<sup>3</sup> An application for a withdrawal of capital is to be made on the application form provided by the foundation, whereby a time period of not more than six months should elapse between the date of signing of the application form and the date of the capital withdrawal claim.

<sup>4</sup> If an insured person is married or lives in a registered partnership, the written consent of the spouse or registered partner is required before any pay-out of the old-age savings capital in cash. The genuineness of signatures is to be evidenced by an identity card; but the foundation can also require that signatures are certified notarially or officially. Should the insured person not be able to obtain approval or if approval is rejected, then he/she can turn to the court.

<sup>5</sup> If the insured person is unmarried or does not live in a registered partnership, civil registry status confirmation should be submitted for any cash pay-out of the old-age savings' capital.

### **18.8 Financing the Voluntary OASI Bridging Pension**

<sup>1</sup> In the event of early retirement the insured person can apply for an OASI state bridging pension, provided that this possibility is foreseen in the pension plan (Appendix 1). Pension claims begin with the old-age pension and end upon the death of the insured person, but in any event upon reaching the statutory OASI reference age. A voluntary OASI state bridging pension is also possible for insured persons who have selected a voluntary continued insurance contract according to Art. 7.

<sup>2</sup> The amount of the OASI state bridging pension can be selected by the insured person himself or herself, whereby it's amount may not exceed the maximum OASI state retirement pension. An OASI bridging pension will not be adjusted when the OASI old-age pension is increased.

<sup>3</sup> The old-age savings capital assets are reduced by the amount necessary to finance the OASI state bridging pension and the old-age pension and the co-insured benefits are truncated for life as a result.

<sup>4</sup> The reduction will not apply when the OASI bridging pension is pre-financed by the insured person.

<sup>5</sup> Upon the death of an insured person, the amount of any not yet drawn OASI state old-age pension will be paid out on a 'one-off' basis to the survivors, according to Art. 20.6. Any divergent regulation in the pension plan (Appendix 1) will take precedence over this stipulation.

### **18.9 Pensioner's Child Pension**

<sup>1</sup> Recipients of an old-age pension are entitled to a child's pension for every child entitled to claim an orphan's pension in the event of the death of the pensioner.

<sup>2</sup> The amount of the pension is specified in the pension plan (Appendix 1).

<sup>3</sup> Entitlement of a pensioner to a child's pension expires when the pension eligibility of the child ceases or when the old-age pensioner dies.

### **18.10 Flexible retirement in accordance with the early retirement model in the construction sector**

<sup>1</sup> An insured person can take early retirement in accordance with the regulations of the FAR (main construction trades) Foundation, the RESOR (finishing trades) Foundation, the VRM (painters and plasterers) Foundation or the VRM (building shell) Foundation, as long as the pension plan (Appendix 1) provides for this for the insured person.

<sup>2</sup> In accordance with their respective regulations, these four Foundations will pay this person the following benefits per year up to the completion of the OASI reference age:

- a) A reasonable bridging pension;
- b) A retirement credit to the UWP, to be used to further add to the old-age savings capital of the insured person with the UWP.

<sup>3</sup> From the commencement of flexible retirement in accordance with Para. 1, the disability risk is no longer insured by the UWP.

<sup>4</sup> If an insured person dies before reaching the OASI reference age, the UWP survivors' benefits become due and the benefits from the Foundations will cease.

<sup>5</sup> If an insured person reaches the OASI reference age, the benefits paid by the Foundations to the insured person and to the UWP shall cease. Insured persons then receive a retirement benefit as a pension or as old-age savings capital and they can, before drawing the first retirement pension, adapt the anticipated benefits in accordance with Art. 18.6.

<sup>6</sup> Insured persons who enter early retirement in accordance with Para.1 are not entitled to claim any vested benefits before reaching the OASI reference age, and after reaching the OASI reference age cannot opt for a continuation of insurance cover in accordance with Art 18.4.

<sup>7</sup> The amount of the pension is specified in the pension plan (Appendix 1).

## **Art. 19      Disablement Benefits**

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### **19.1    Definition of Disablement and Assessment of Degree of Disablement**

<sup>1</sup> Disability in the sense of these rules exists when:

- a) the insured person suffers damage to his/her health as a result of illness or an accident which results in impairment of physical or mental strength; and
- b) the pursuit of gainful employment in the balanced labour market in question is likely to be made permanently or continuously impossible, in whole or in part, and
- c) a subsequent loss of income is thereby experienced.

<sup>2</sup> A disabled person is entitled to disability benefits, when he or she:

- a) was insured with the foundation when the incapacity to work, whose cause led to the disability, commenced and
- b) is at least 40% disabled.

<sup>3</sup> An insured person is also entitled to disablement benefits, when he or she:

- a) were at least 20% but less than 40% unable to work as a result of a birth disorder when starting work, and insured to at least 40% when the incapacity for work caused by the disablement increased;
- b) were at least 20% but less than 40% unable to work as a result of a birth disorder when starting work, and insured to at least 40% when the incapacity for work caused by the disablement increased;

Entitlement to the BVG minimum benefits is limited.

<sup>4</sup> The degree of disability as well as the commencement and alteration of a claim is essentially determined by the degree statutorily determined by the Swiss Federal IV under consideration of the occupational activity insured by the foundation.

<sup>5</sup> The foundation generally recognizes the point in time of acquiring of the disability leading to an inability to work as well as the degree of disability in as far as the disability decision is obviously unsustainable or formally incorrect.

## 19.2 Disability Pension

<sup>1</sup> Entitlement to a disability pension begins with the entitlement of the insured person to a Disability Insurance (IV) pension. A degree of disability of less than 40% does not entitle the insured person to a disability pension.

<sup>2</sup> The partial pension entitlement is calculated as a percentage of the full disability pension. Pension entitlements which arise from 1 January 2022 are defined as follows (a new pension gradation):

- a) a degree of disability of at least 70% entitles the insured person to a full disability pension.
- b) for a degree of disability of at least 50% to 69% the disability pension is according to the degree of disability;
- c) in the case of a degree of disability of 40% to 49%, there is a gradation as a percentage of the full pension of 25% to 47.50%, whereby every percentage point of the degree of disability represents 2.5% of the disability pension.

<sup>3</sup> For pension entitlements which arise before 1 January 2022, the following pension gradation applies in derogation from Para 2, letters b) and c) (the old pension gradation):

- a) a three-quarter pension for a degree of disablement of at least 60%;
- b) a half pension for a degree of disablement of at least 50%;
- c) a quarter pension for a degree of disablement of at least 40%.

<sup>4</sup> Regarding the system of pension gradation, the following transitional provisions apply:

- a) in the case of insured persons whose pension entitlement arose before 1 January 2022 and who had already reached the age of 55 on 1 January 2022, the old pension gradation according to Para 3 remains in force.
- b) The pension entitlements according to Para 3 are transferred to the new pension gradation according to Para 2 when the degree of disability of the insured person changes by at least 5% as a result of a pension review, and they have not yet reached the age of 55 by 1 January 2022. The previous pension entitlement remains the same, however, also after a change in the degree of disability, in as far as application of the new pension gradation according to Para 2 would result in the previous pension entitlement reducing if there were an increase in the degree of disability or increasing if there were a decrease in the degree of disability.
- c) The new pension gradation according to Para. 2 will be applied to pension entitlements arising from insured persons who have not yet reached the age of 30 on 1 January 2022 at the latest on 1 January 2032. If, in doing so, the pension sum paid out drops in comparison with the previous pension sum paid out, the insured person will continue to be awarded the previous pension sum paid out until the degree of disability changes by at least 5%.
- d) Application of the new pension gradation according to Para. 2 will be suspended during provisional continued insurance under Art. 26a of the BVG.

<sup>5</sup> The amount of the full annual disability pension is determined in the pension plan (Appendix 1). Provisions concerning reductions remain reserved according to Art. 24.

<sup>6</sup> Commencement of the disability pension entitlement is defined in the pension plan (Appendix 1). Pay-out of the disability pension will be deferred for as long as the insured person is receiving the full wage or

- a) daily benefits from a daily sickness benefit insurance that draws on military or accident insurance instead, which amount to at least 80% of the lost wages and

b) the daily allowance insurance was at least 50% co-financed by the employer.

<sup>7</sup> The entitlement to the disability pension expires:

- a) when the incapacity to work ceases; when the stipulations of Art. 26a of the BVG legislation remain reserved;
- b) upon the death of the insured person;
- c) when the insured person reaches the statutory reference age in accordance with Art. 21 Para. 1 OASI. In such cases, the disability pension is replaced by an old-age pension according to Art. 18.5 This corresponds to at least a BVG disability pension adjusted to the cost of living. When ascertaining the minimum degree of benefit, the old-age pension derived from continuing the regime of the Swiss Federal 'BVG' legislation is not determinative. In respect of disability pensions for women born in the years 1961 to 1963 the reference age is 65.

### 19.3 Child's Disability Pension

<sup>1</sup> Disability pension recipients are entitled to a child's disability pension for every child who could claim an orphan's pension (Article 20.5) in the event of their death. The same calculation principles apply as for the disability pensions.

<sup>2</sup> The amount of the pension and other eligibility requirements are set out in the pension plan (Appendix 1).

<sup>3</sup> The entitlement to a child's disability pension lapses if the child's entitlement to a pension ceases or the entitlement to the disability pension expires. In the cases of foster children, a claim ends when the child returns to a parent or is maintained by a parent.

### 19.4 Exemption from the Contribution Obligation

<sup>1</sup> The obligation to pay contributions for employees and employers no longer applies after the waiting time period defined in the pension plan (Appendix 1) for the duration of a medically certified incapacity to work of at least 40% due to illness or accident. The extent of exemption from paying contributions depends on the date of inception of occupational incapability (Art. 119.1 Para 1) and after a medically certified degree of incapacity for work has been established on the basis of the insured salary or wage on the date of inception of incapacity for work.

<sup>2</sup> Ab dem Zeitpunkt des Eintrittes der Erwerbsunfähigkeit (Art. 19.1 Abs. 1) entfällt die Verpflichtung zur Beitragszahlung für Arbeitnehmer und Arbeitgeber nach Massgabe des prozentualen Anteils der Rentenberechtigung nach Art. 19.2 Abs. 2 und 3.

<sup>3</sup> During the period of provisionally continued insurance cover according to Art. 26a of the Swiss Federal 'BVG' legislation, the right to exemption from contributions remains the same as before the cancellation or reduction of the disability pension under the state DI Insurance.

<sup>4</sup> The entitlement to exemption from paying contributions according to Para. 2 ends upon the discontinuance of the invalidity.

<sup>5</sup> The stipulations of Article 24.3 apply analogously.

**Art. 20 Survivors' Benefits****20.1 Eligibility Conditions**

The survivor is entitled to benefits, when the deceased:

- a) was insured at the time of death or at the start of the incapacity for work, the cause of which led to death; or
- b) was at least 20% but less than 40% unable to work as a result of a birth defect when starting work, and insured to at least 40%, and if the incapacity for work caused by the disablement then increased; or
- c) became an invalid as a minor and was therefore at least 20% but less than 40% unable to work when he or she took up employment, and was insured to at least 40% when the incapacity for work increased, and was the cause which led to death; or
- d) received an old-age or disablement pension from the collective foundation at the date of death.

In the cases mentioned under Parts b and c, entitlement to the 'BVG' legislation minimum benefits is limited..

**20.2 Spouse's Pension**

<sup>1</sup> The surviving spouse is entitled to a spouse's pension (extended cover). Possible limitation of the eligibility requirements is reserved to the conditions according to Art. 19 BVG in the pension plan (Appendix 1). If the spouse does not fulfil any conditions for receiving a spouse's benefit, he or she has the right to a one-off settlement of the sum off three times the annual spouse's benefit.

<sup>2</sup> The amount of the annual spouse's benefit upon the death of the actively insured person or a disability pension recipient is determined in the pension plan (Appendix 1). Provisions concerning reductions remain reserved according to Art. 24.

<sup>3</sup> The amount of the annual spouse's benefit upon the death of an old-age pensioner is set out in the pension plan (Appendix 1). One reserves the right to make all changes in the reversionary benefits in accordance with Art. 18.6.

<sup>4</sup> When the spouse is more than 10 years younger than the insured person when the entitlement to a spouse's pension arises, the pension will be reduced by 1% of the full spouse's pension for each year or partial year in excess of 10 years.

<sup>5</sup> Should a marriage be contracted after the insured person has reached the statutory reference age and/or the age when the pension plan (Appendix 1) foresees any long since possible continuation of the insurance, there only remains entitled to a spouse's pension according to BVG.

<sup>6</sup> There is no reduction under Para. 5 when the conditions for entitlement to a life partner's pension were met before the marriage.

<sup>7</sup> Should a spouse's pension be partially truncated by Para. 4, a survivor's claim under the Swiss Federal BVG legislation at least continues to exist.

<sup>8</sup> The spouse's pension is first paid in the month following the death of the insured person, but at the earliest after the end of payment of full wages or wage benefits.

<sup>9</sup> The spouse's pension expires on the death or remarriage of the spouse.

<sup>10</sup> If there is entitlement to a spouse's pension, the spouse entitled to benefits can also draw the pension as capital. Partial withdrawals are not possible. With withdrawal of the capital there is nullity of all other claims of entitled persons against the foundation. The provisions of Art. 18.7 Para. 3 and 4 of these Rules should be observed.

<sup>11</sup> The level of the lump sum capital which can be withdrawn will be calculated according to actuarial principles and through application of the current principles of the foundation current on the date of the claim for a pension. The foundation can reduce the lump-sum payment in the event of any remarriage.

### **20.3 Eligibility of a Spouse in the Event of Divorce or of a Partner on Dissolution of a Registered Partnership**

<sup>1</sup> A divorced spouse is entitled to a spouse's pension, provided that at the time of death:

- a) the marriage has lasted at least for ten years, and
- b) the divorced spouse, in a case of divorce, was awarded a pension under Art. 124e Para. 1, Art. 125 or Art. 126, Para. 1 of the Swiss Federal ZGB (Swiss Civil Code).

<sup>2</sup> If a registered partnership is legally dissolved, the former partner is treated as a divorced spouse, provided that at the time of the death, cumulatively:

- a) the registered partnership had lasted for at least ten years;
- b) the former partner was awarded a pension according to Art. 124e, Para. 1 ZGB or Art. 34 Para. 2 and 3 Part G.

<sup>3</sup> The amount of the survivors' pension awarded to divorced spouses or former partners is limited to the minimum amount of the spouse's pension under the BVG legislation. The benefit is reduced by the amount by which, together with the congruent benefits of other social insurance schemes (domestic and foreign), it exceeds the entitlement from the divorce court decision or court decision on the dissolution of a registered partnership.

<sup>4</sup> Entitlement to survivors' benefits exists provided the pension would have been awarded under the divorce convention. The spouse's pension also lapses when the divorced spouse dies or remarries or when a registered partnership is entered into.

### **20.4 Partner's Pension**

<sup>1</sup> Should the insured person become deceased, the surviving partner is entitled to the same benefits as a surviving spouse (Article 20.2), provided that, at the time of death, he or she meets the following conditions:

- a) both life partners are not related to each other (Art. 95 ZGB nor are they in a stepchild relationship to each other and
- b) are neither married nor in a registered or other civil partnership at the time of death; and
- c) the surviving partner is evidenced as having lived for the last five years before the death uninterruptedly in the same household or the surviving partner must provide for at least one child; and has maintained a life partnership in an exclusively mutual relationship and
- d) the partnership was notified to the foundation during the lifetimes and before any initial claim to a possible disability and/or old-age pension and

e) the life partner does not receive a survivors' pension from a previous marriage or civil partnership and has not received any lump-sum survivors' pension instead of any such a pension. A one-off settlement pursuant to Art. 20.2 Paragraph 1 of this pension fund rules is precluded.

<sup>2</sup> Any other eligibility requirements other than those in Para 1. are defined in the pension plan (Appendix 1).

<sup>3</sup> The criterion for a common household is also fulfilled when an intention existed to maintain a common household, but such could not be initiated on objective grounds.

<sup>4</sup> The stipulations of the spouse's pension also apply mutatis mutandis to the life partner's pension with regard to the amount and reduction rules. The duration of a civil partnership is equated to the duration of a marriage. If the life partner does not meet the eligibility requirements for a life partner pension, he or she is not entitled to a one-off settlement.

<sup>5</sup> A life partnership is to be notified in writing to the foundation on an official form provided by the foundation.

<sup>6</sup> The life partner's pension expires on the death of the surviving partner or if he or she marries or enters into a registered partnership or a new civil partnership. The collective foundation should be informed immediately of the dissolution of the civil partnership.

<sup>7</sup> If there is entitlement to a spouse's pension, the spouse entitled to the benefits can also draw the pension as capital. Partial withdrawals are not possible. With withdrawal of the capital there is nullity of all other claims of entitled persons against the foundation.

<sup>8</sup> The level of the lump sum capital which can be withdrawn will be calculated according to actuarial principles and through application of the current principles of the foundation current on the date of the claim for a pension. The foundation can reduce the lump-sum payment in the event of any remarriage.

## **20.5 Orphans' Pension**

<sup>1</sup> In the event of the death of an actively insured person or an old-age or disablement pension recipient, every child is entitled to an orphan's pension, provided that the child has not yet reached the age specified in the pension plan (Appendix 1).

<sup>2</sup> Foster children of the insured person or the recipient of the old-age or disablement pension are entitled to an orphan's pension if they are being cared for by the deceased free of charge for permanent care and education.

<sup>3</sup> Stepchildren for whom the insured person or pension recipient had to pay at least 50% of the maintenance are also entitled to an orphan's pension.

<sup>4</sup> The amount of the orphans' pension is specified in the pension plan (Appendix 1).

<sup>5</sup> The orphan's pension is first paid in the month following the death of the insured person, but at the earliest after the end of payment of full wages or wage benefits.

<sup>6</sup> If the orphan's pension replaces a current pension, the entitlement to it arises on the first of the month following the date of death.

<sup>7</sup> Entitlement to an orphan's pension expires when the orphan dies, but at the latest when the child reaches the age specified in the pension plan (Appendix 1). Eligibility lasts, at most, until the age of 25 when:

- a) a child is still in education or
- b) is at least 70% unable to work and does not receive a disablement pension from an occupational pension scheme, or claim accident or military insurance.

In the cases of foster children, entitlement ends when a parent returns or the foster child is maintained by a parent. If the child is permanently unable to work, the foundation board will decide about a lifelong payment of the pension.

## 20.6 Lump Sum Death Benefit

<sup>1</sup> If an active insured person or a disability pension recipient dies before retirement and the available old-age savings capital is not sufficient or not completely sufficient to finance one of the survivors' benefits according to Art. 20.2–20.5 of these pension plan rules, a lump-sum death benefit is due. Any voluntarily buy-ins made by the insured person during the period of insurance with the foundation (including interest), as well as any voluntary buy-ins from before the period of insurance (without interest) will be paid out. This sum is reduced by any (not repaid) advance withdrawals made as part of the home ownership subsidy (Article 27.1) and/or by any withdrawal as a result of pension compensation in the event of divorce (Art. Art. 22). Any additional lump-sum death benefit is defined in the pension plan (Appendix 1).

<sup>2</sup> Heirs are entitled to a lump-sum death benefit, regardless of the right of inheritance, in the following ranking:

- a) the spouses and orphans who are entitled to benefits under these pension plan rules, and if these persons do not exist, then
- b) natural persons who have received substantial support from the insured person, or the person who has been in a cohabitation relationship with the insured party uninterruptedly for five years previous to death (definition according to Art. 20.4 of these pension plan rules) or who has to provide for the maintenance of one or more children, provided always that no survivors' pensions can be obtained from other pension schemes, and if these persons do not exist, then
- c) the children of the deceased who do not meet the eligibility requirements of Article 20.5, and if these persons do not exist, then
- d) the parents, and in their absence, then
- e) the siblings of the deceased insured person.

Divorced spouses are not entitled to a lump sum death benefit. If there are no beneficiaries under this stipulation, the lump sum death benefit will revert to the foundation according to the respective assets pool.

One continues to reserve the right to use any divergent stipulations in the pension plan (Appendix 1).

<sup>3</sup> Persons under letter b) are only entitled to claim when they are registered with the foundation.

<sup>4</sup> The active insured person or pensioner drawing disability benefits can request changes in the prescribed beneficiary groups of Paragraph 2, at any time, by means of a written application to the foundation, to the following extent:

- any persons in existence under Para. 2, letter b), may amalgamate beneficiaries as per Para. 2 letters a and b.
- When no persons exist under Para. 2, letter b, the beneficiaries under Para. 2, letters a and c can be amalgamated.

<sup>5</sup> On the basis of a written notification to the foundation, the claims of beneficiaries within any one beneficiary group (Paras. 2 and 4) may be described in more detail when the pension purpose is achieved better in this way. The foundation checks the entitlement at the point in time of the death and, upon acceptance of an appropriate order, does not provide any guarantee that the altered beneficiary arrangement is legally implementable in the case of death. Should no notification from insured persons or the recipients of disability pensions from the foundation occur, the lump sum death benefit will be distributed evenly among all beneficiaries within any one beneficiary group, that is according to the head count.

<sup>6</sup> The notification under Paras. 3 and 4 should be submitted in writing during the insured person's lifetime, on the official form provided by the foundation.

<sup>7</sup> If a person supported to a significant extent by the insured person benefits, the type and scope of the support should be specified together with the application for benefit.

## **Art. 21 Vested Termination Benefit**

### **21.1 Eligibility Conditions**

The insured person is entitled to a termination departure benefit if the pension entitlement ends on one of the

following grounds:

- a) a contract of employment is terminated before an insured event occurs. The right is reserved to contract voluntary continued insurance under Art. 7, Para. 2 of these pension fund rules;
- b) self-employed activity is terminated before a pension claim is made, or self-employed persons terminate voluntary continued insurance under Art. 44 of the Swiss Federal BVG legislation;
- c) the end of provisionally continued insurance according to Art. 26a Paras. 1 and 2 of the Swiss Federal BVG legislation is reached;
- d) the statutory requirements for subordination to the Swiss Federal BVG legislation are unlikely to be permanently met;
- e) voluntary continued insurance under Art. 47a of the Swiss Federal BVG legislation is terminated and no claim exists for early retirement under the pension fund rules at the time of termination.

### **21.2 Amount of Termination or Departure Benefit**

<sup>1</sup> The termination or departure benefit is calculated in accordance with the Vested Benefit Legislation (FZG). The termination benefit corresponds to the total old-age savings capital at the date of the termination. If the calculation of the termination benefit according to Art. 17 or 18 of the FZG legislation is higher, this amount will be paid out.

<sup>2</sup> From the first day after termination of the pension relationship, the termination benefit is subject to the minimum interest in accordance with the BVG legislation.

### 21.3 Receipt of Pension Protection, Cash Payment

<sup>1</sup> The termination benefit will be transferred to the new collective foundation. If an insured person does not join a new pension scheme, he or she can receive pension protection in the form of a vested benefit policy, or in the form of a vested benefit account.

<sup>2</sup> Before leaving, the insured person should notify the collective foundation to which new pension scheme or to which vested benefit bank the termination benefit is to be transferred. If this notification is not received, the foundation will transfer the termination benefit with interest to the statutory governmental benefit institution, according to the BVG legislation, at the earliest after six months, but no later than after two years. If the insured person dies after the additional coverage and the termination benefits were not yet paid out, the foundation can already transfer these to the statutory governmental benefit institution, according to the BVG legislation, before a period of six months have passed.

<sup>3</sup> Insured persons can request the lump sum cash payment of the whole termination benefit, when:

- a) they finally leave Switzerland or
- b) they take up self-employment as their main occupation and are no longer subject to compulsory occupational pension schemes; or give notice of termination as a self-employed person to their existing pension scheme to undertake another self-employed activity; or
- c) the termination benefit is less than their annual contribution to an old-age savings and risk insurance.

Those insured persons who reside outside of Switzerland and who seek to become self-employed are to be treated on the basis of letter a). Should, however, such persons seek to become self-employed in Switzerland, the same criteria apply as for persons resident in Switzerland (see also letter b), whereby the entire old-age savings capital can be paid out in a lump sum.

<sup>4</sup> Insured persons may not demand the cash pay-out of the termination benefit as per letter a) of the foregoing paragraph, up to the amount of the old-age capital savings under the Art. 15 of the Swiss Federal BVG legislation when:

- a) such persons continue to be obligatorily insured under the legislation of a member state of the EU or EFTA for the risks of old age, death, disability;
- b) they continue to be insured under Icelandic or Norwegian statutory requirements for the risks of old-age, death and disability;
- c) they reside in Liechtenstein.

<sup>5</sup> If the insured person is married or lives in a registered partnership, the written and officially certified consent of the spouse or registered partner is required for the cash payment of the termination benefit. The genuineness of signatures are to be evidenced through presentation of an identity card, and the foundation can require that signatures are certified notarially and officially.

<sup>6</sup> When the signatures of spouses or registered partners cannot be obtained or if these are not forthcoming, then an appeal can be made to the court.

<sup>7</sup> If the insured person is unmarried or does not live in a registered partnership, proof of marital status is required for the cash payment of the termination benefit.

<sup>8</sup> In addition, the foundation can make a cash pay-out dependent on certain documentation and their currentness. Evidence is to be provided by the applicant.

## **Art. 22 Pension compensation in the event of divorce or dissolution of a registered partnership**

### **22.1 General Information**

<sup>1</sup> Only legally binding decisions of the Swiss courts are binding on the collective foundation.

<sup>2</sup> The following stipulations apply mutatis mutandis even if a registered partnership is dissolved. In such cases, the pension compensation is based on a legally binding court dissolution decision.

### **22.2 Pension Compensation Before Retirement**

<sup>1</sup> If the marriage of an insured person ends in divorce, and the collective foundation has to transfer part of the termination departure benefit acquired during the marriage to the pension scheme of the divorced spouse, based on a final court divorce decision, all insured benefits are reduced proportionately in the obligatory and supra-obligatory portion, provided that they are defined in the pension plan (Appendix 1) dependent on the old-age savings' capital. The old-age savings' capital is also reduced proportionately in obligatory and supra-obligatory portions by the transferred termination vested benefit.

<sup>2</sup> If the marriage of a recipient of a disablement pension ends in divorce, and the collective foundation has to transfer part of the hypothetical termination vested benefit to the pension scheme of the divorced spouse based on a court divorce decision, the current disablement pension and all future benefits will be reduced proportionately in an obligatory and supra-obligatory portion, provided that they are defined in the pension plan (Appendix 1) independent on the old-age savings' capital. The continued retirement savings are also reduced proportionately in the obligatory and supra-obligatory part by the transferred termination vested benefit. If the collective foundation is paying child pensions when the divorce proceedings were initiated, the amount remains unchanged.

<sup>3</sup> If entitlement to an old-age pension arises during ongoing divorce proceedings, or if the disability pension is replaced by an old-age pension for a person receiving a disability pension, the old-age pension transferred to the entitled spouse after the transfer of the termination vested benefit as a result of the reduction in the old-age savings' capital, then the benefit will be recalculated, either at the time of retirement, or at the time of the cancellation of the disability pension. If this calculation results in a lower old-age pension than the pension paid from the start of the pension payments up to the legal effect of a court divorce decision, it is reduced equally between the two spouses by the sum of the overpaid pension benefits. The portion attributable to the entitled spouse is deducted from the termination vested benefit to be transferred. The portion of the pension recipient is actuarially converted into an old-age pension and the future pension benefit is reduced by this amount for life. Any further survivors' benefits are calculated on the basis of this reduced retirement pension. For the reduction, the statutory requirements of Art. 19g of the FZV legislation applies.

### 22.3 Pension Compensation After Retirement

<sup>1</sup> If a recipient of an old-age pension is legally obliged to transfer part of his pension to the divorced spouse, the future old-age pension is reduced by this amount. The applicable survivors' benefits are calculated on the basis of this reduced retirement pension. When the divorce proceedings are initiated, child pensions that are already in progress will not be affected by the pension compensation.

<sup>2</sup> The pension awarded to the divorced spouse is individually converted into a lifelong pension in a divorce decision of the court, with the actuarial principles applicable, when the court divorce decision obtains legal effect (Art. 19h of the FZV legislation).

<sup>3</sup> Entitlement to the pension from a pension compensation ends with the death of the entitled spouse.

<sup>4</sup> If a divorced spouse have reached the earliest possible retirement age under Art. 1, Para. 3 of the Swiss Federal BVG legislation and if the spouse is unable to introduce his or her claim into a pension scheme, the pension becomes payable pursuant to Art. 23.1 Para 3 direct to a receipt postal address determined by the beneficiary.

<sup>5</sup> Should a divorced spouse have reached the minimum age for early retirement under Art. 1, Para. 3 of the Swiss Federal BVG legislation and if the spouse is unable to introduce his or her claim into a pension scheme, the pension becomes payable pursuant to Art. 23.1 Para 3 direct to a receipt postal address determined by the beneficiary.

<sup>6</sup> If the pension is transferred to a provision institution, the divorced spouse can request a lump sum payment instead of the lifelong pension. The amount of the lump-sum capital payment is calculated according to actuarial principles and according to the basic tenets of the pension fund of the obligated spouse. A written declaration should be made before the first pension payment.

### 22.4 Buying-in after a Pension Compensation Arrangement

<sup>1</sup> An insured person can, pursuant to Art. 22.2 Para 1 and 2 of the pension fund rules, at any time, reintroduce the amount payable to the entitled spouse into the pension fund, in whole or in part. This means that beneficiaries of disability benefits can request a repurchase buy-in of their disability portion, except in cases of lifetime awarded disability pensions.

<sup>2</sup> Rebuying-in purchases never lead to an increase in a previous disablement pension which was previously calculated as pension compensation, or a truncated disability pension.

<sup>3</sup> Deposits are credited equally, as also when debiting accounts after a divorce, proportionately between the obligatory and supra-obligatory old-age savings' capital.

### 22.5 Acceptance of a Pension Compensation

<sup>1</sup> Should an insured person be awarded a termination benefit or a pension from a divorced spouse based upon a judicial divorce decision, the amount will be credited proportionately between the obligatory and the supra-obligatory old-age savings capital.

<sup>2</sup> If a beneficiary is awarded a disablement or old-age pension, a termination vested benefit or a pension awarded through a legally binding court divorce decision, the termination vested benefit or the periodic pension payment can only be brought into the collective foundation if the collective foundation maintains an old-age credit for part-time employment. The transfer takes place proportionally in the obligatory and supra-obligatory part.

## **Art. 23 Payment**

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### **23.1 Due Maturity Date**

<sup>1</sup> The prerequisite for a pay-out is submission in good time to the foundation of the required and demanded certification of the benefit claim entitlement.

<sup>2</sup> Capital benefits become due 30 days after the foundation has received all the documentation required to substantiate the claim.

<sup>3</sup> Pension payments are, as a rule, paid monthly, at the beginning of the respective month. If the entitlement to a pension does not occur on the first day of the month, a partial pension is paid. The pension is paid until the end of the month in which the entitlement to benefits expires in accordance with these rules.

<sup>4</sup> The termination vested benefit is due upon leaving the collective foundation.

### **23.2 Default Interest on Arrears**

<sup>1</sup> In the case of pension or capital pay-outs, default interest on arrears should be paid from the date of debt enforcement proceedings or legal action are initiated. This corresponds to the Swiss Federal BVG legislation minimum interest rate.

<sup>2</sup> If the collective foundation does not transfer the due termination vested benefit within 30 days after it has received the information required for the transfer, default interest on the amount of the minimum interest plus 1 percent will be paid from the end of this time period.

### **23.3 De Minimis (Immaterialities)**

<sup>1</sup> When the old-age or disablement pension is less than 10%, the spouse's pension less than 6%, and the orphan's pension is less than 2% of the minimum old-age pension of the OASI state benefit, a lump-sum payment will be made to the person entitled to claim instead of a pension. In the case of old-age pensions, as well as temporary disablement pensions on the basis of statutory BVG legislation logic, the old-age savings capital according to the pension fund rules will be paid out instead of a pension or the projected old-age capital savings without interest. In all other cases, lump sum capital savings pay-outs will be calculated according to actuarial principles, as well as in application of the current principles of the foundation current on the date of a claim.

<sup>2</sup> A lump sum payment presupposes the legal nullity of all other claims of entitled persons against the foundation.

### 23.4 Ceding and Mortgaging

<sup>1</sup> To the extent permitted by law, benefit claims from these rules are not subject to enforcement and may not be ceded or mortgaged before they mature and fall due. Mortgaging is reserved under the stipulations for the enablement of home ownership by means of occupational pension scheme grants.

<sup>2</sup> Claims for benefits that have already fallen due may only be offset against claims that the employer has assigned to the collective foundation, when these claims relate to contributions which have not been deducted from wages or salaries.

### 23.5 Reimbursement Obligation

<sup>1</sup> Benefits received illegitimately must be reimbursed. The recovery can be waived if the recipient of the benefit acted in good faith and the reimbursement would lead to extreme hardship.

<sup>2</sup> Should the foundation grant an advance benefit within the meaning of Art. 23.6 Para 2 and if the definitive benefit liable insurer foresees a lower benefit, on the basis of its own applicable terms and conditions, then the difference will be reimbursed to the foundation.

<sup>3</sup> The statute of limitation time periods apply, pursuant to Art. 35a, Para. 2 of the Swiss Federal BVG legislation.

### 23.6 Advance Benefit Liability

<sup>1</sup> When an insured person is not a member of a pension scheme liable to grant benefits when the entitlement to benefits occurs, then the pension scheme, to which he or she last belonged is liable for advance benefits. The collective foundation will provide the advance payment within the framework of the statutory minimum benefits according to the Swiss Federal 'BVG' legislation. When the pension scheme liable for obligatory benefits has been definitely ascertained, then the pension scheme liable for the advance benefit, can claim compensation for the advance benefit from the former.

<sup>2</sup> If the assumption of the pension payment by the compulsory accident or military insurance or a provider of occupational old-age, survivors' and disablement benefits according to the BVG legislation, is controversial, advance payment from the collective foundation may be required. The collective foundation will provide the advance payment within the framework of the statutory minimum benefits according to the BVG legislation. If the case is adopted by another insurance provider, the latter should reimburse the advance payments as part of its obligation to pay benefits.

### 23.7 Reimbursement of a Vested Benefit, Offset Settlement

If the collective foundation has to provide heirs' or disablement benefits after transferring the termination vested benefit, the termination benefits should be reimbursed to the extent necessary to finance the survivors' or disablement benefits. Survivors' and disablement benefits will be reduced if the reimbursement is not made.

## Art. 24 Crediting of Third-Party Benefits, Benefit Truncations

### 24.1 Overcompensation

<sup>1</sup> Survivors' and disability benefits are truncated insofar as these, together with other offset incomes, pursuant to Art. 24.2, exceed 90% of the presumed lost earnings, or the presumed annual income, of a self-employed person.

<sup>2</sup> Retirement benefits are truncated in the same manner as long as benefits from military or accident insurance or comparable foreign benefits are provided by foreign institutions. The foundation is not obliged to equalise benefit truncations under Art. 20, Para. 2b and 2c of the Swiss Federal UVG legislation and Art. 47, Para. 1 of the Swiss Federal MVG legislation.

<sup>3</sup> During the provisionally continued insurance and maintenance of the entitlement to benefits under Art. 26a of the BVG legislation, the disability pension is reduced, according to the reduced degree of disability of the insured person, but only to the extent that the reduction is compensated for by an additional income of the insured person.

<sup>4</sup> If, in the event of a divorce, an old-age or disability pension is divided according to the statutory reference age, the portion of the pension awarded to the entitled spouse will continue to be taken into account when calculating any reduction in the pension of the obligated spouse.

<sup>5</sup> In any case, at least those services will be provided, which are to be provided in accordance with the BVG legislation and its crediting rules.

<sup>6</sup> Within the scope of an overcompensation truncation, child disability pensions are truncated proportionally to disability pensions.

### 24.2 Eligible Income, Exceptions

<sup>1</sup> Only benefits of the same type and intent, which are, as a result granted to the beneficiary in case of need, count as eligible earnings.

<sup>2</sup> The income to be credited of the surviving spouse and/or registered partner and any orphans, are added together.

<sup>3</sup> Eligible income is considered to be:

- a) OASI/DI benefits with the exception of helplessness allowance;
- b) benefits from foreign social security institutions;
- c) compulsory accident insurance or military insurance benefits;
- d) benefits from other domestic and foreign pension schemes and vested benefit banks;
- e) daily allowances from compulsory insurance;
- f) benefits from private insurances to which the employer has contributed at least half of the premiums;
- g) the earned or replacement income of a disabled insured person, which is or can still be reasonably achieved. In this regard, and as a rule, the presumed possible earning capability as well as the actual physical disablement earnings, together with the residual earning capability of the insured person based upon the degree of disability as determined by Disablement Insurance Authority are assigned.

One-off lump-sum payments are counted against their pension conversion value.

<sup>4</sup> The following benefits are not taken into account:

- a) private insurance benefits;
- b) helplessness allowances, compensation, severance payments and similar benefits;
- c) the additional income that is achieved while participating in measures for reintegration according to Art. 8a of the DI legislation.

<sup>5</sup> The beneficiaries should provide the collective foundation with information about all eligible income and report any changes immediately.

#### **24.3 Benefit Cuts and/or Truncations**

<sup>1</sup> The collective foundation can reduce, suspend or refuse survivors' or disablement pensions to the appropriate extent if the OASI or DI state schemes introduce reductions, withdraw or refuse their benefits, if the beneficiary caused the death or disablement through their own grievous culpability, or rejects a reasonable integration measure of the DI institution.

<sup>2</sup> The foundation is not obliged to compensate for benefit rejections or cutbacks/ truncations which restrict, suspend, cancel or refuse Compulsory Accident Insurance or Swiss Federal Military Insurance, on the basis of the Legislation under Arts. 21 ATSG, 37 and 39 UVG or Arts. 65 and 66 MVG. Within such a meaning, the pension scheme can offset the benefits of such insurers within its overcompensation calculations, to an untruncated extent, against the presumed possible earning capability.

#### **24.4 Precautionary ceasing of Pension Payments**

The provision institution ceases to make pension payments as a precautionary measure, based Art. 52a ATSG, from the point in time at which it becomes aware that the Disablement Insurance Authority has already decreed precautionary ceasing of payment of the disablement pension.

### **Art. 25 Claims against Liable Third Parties**

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The foundation can require the applicant for survivors' or disablement benefits to cede the claims to which he or she is entitled in the event of a claim against liable third parties by him or her, up to the amount of its obligation to provide benefits, insofar as the foundation does not exercise the claims of the insured person, his or her heirs and the other beneficiaries in application of the Swiss Federal BVG legislation. The collective foundation is entitled to postpone benefits until such claims are assigned to it.

### **Art. 26 Adjustment of Benefits according to the Cost of Living**

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The pension payments will be adjusted within the limits of the pension fund's financial possibilities to the cost of living. The foundation board will decide annually whether and to what extent the pension will be adjusted. These resolutions are explained in the annual report. The BVG statutory minimum benefits, including adjustments regarding the BVG inflation are provided in any case.

## V. HOME OWNERSHIP

### Art. 27 Home Ownership

#### 27.1 Advance Withdrawals and Mortgaging

<sup>1</sup> The insured person can claim an amount for home ownership for own use before granting of a pension benefit according to the pension plan (Appendix 1), but no earlier than 1 year before reaching the statutory reference age. The insured person can mortgage this amount or his right to pension benefits for the same purpose. The foregoing is, however, subject to restrictions following voluntary continued insurance cover, according to Art. 7, Para. 9 of these pension fund rules.

<sup>2</sup> If an insured person is partially disabled within the meaning of the state DI Legislation, or is provisionally insured according to Art. 26a of the Swiss Federal BVG legislation, this right only applies to the part of the pension claim which does not correspond to the partial pension entitlement or the provisionally voluntary continued insurance cover.

<sup>3</sup> The advance withdrawal is deducted proportionally from the obligatory and supra-obligatory old-age savings' capital. In a case of repayment the advance withdrawal is based on the statutory requirements on the enablement of home ownership and the credit to the retirement account is made in the same ratio in favour of the obligatory and supra-obligatory old-age savings capital, as for any advance withdrawal.

<sup>4</sup> If the insured person is married or lives in a registered partnership, the written and officially certified consent of the spouse or registered partner is required for advance withdrawal and mortgaging. The genuineness of signatures is to be evidenced by an identity card; but the foundation can also require that signatures are certified notarially or officially. Should the insured person not be able to obtain approval or if approval is rejected, then he/she can turn to the court.

<sup>5</sup> If the insured person is unmarried or does not live in a registered partnership, proof of marital status is required for early withdrawal and mortgaging.

<sup>6</sup> The provisions of the Ordinance on the Enablement of Home Ownership by Means of Occupational Pension Plans (WEFV) apply for all other matters.

<sup>7</sup> Further information can be obtained from the bulletin issued by the foundation board.

#### 27.2 Benefit Cuts/Truncations

By written application, the insured person can request information in writing about the amount available for home ownership and the benefit reduction/truncation associated with such a withdrawal. Upon special request, the foundation will mediate additional insurance to cover the insurance gaps that arise.

#### 27.3 Due Maturity Date

<sup>1</sup> The collective foundation will pay out benefits no later than 6 months after the insured person has submitted a claim. In the event of a shortfall, the collective foundation can extend this period to 12 months. If there is a significant shortfall, the collective foundation can refuse to pay the advance withdrawal, which is to be used to repay mortgage loans.

<sup>2</sup> If the liquidity of the collective foundation is jeopardized by early withdrawals, the Collective Trust can postpone the completion of the applications. The foundation board will establish a priority order for the processing of such applications.

#### **27.4 Charges and Expenditure**

The foundation will invoice the insured person for internal and external expenditure and charges.

## VI. PARTICULAR STIPULATIONS

### **Art. 28 Obligation to Inform and Notify**

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<sup>1</sup> The insured persons and the pension benefit recipients should provide the collective foundation with truthful information about all conditions relevant to their pension benefit, in particular about changes in civil status and family relationships, without being specially required so to do.

<sup>2</sup> At the request of the collective foundation, persons entitled to a pension should provide proof of life. Disabled persons should report their other pension and earned income as well as changes in the degree of disablement.

<sup>3</sup> The collective foundation is authorized at any time to obtain a medical certificate on the health status of a disabled insured person at his or her own expense. If the insured person opposes a medical examination or refuses to accept a job, which is available, and which is reasonable with regard to their knowledge and skills as well as their state of health, the collective foundation can reduce, refuse or withdraw the disablement benefits.

<sup>4</sup> The insured person and the beneficiaries are obliged to provide the foundation with the required and requested information and documentation and to submit documentation relating to any benefits, reductions or refusals of any other insurance institutions or third parties stipulated in Art. 24 . In the event of refusal, the collective foundation can reduce the benefits at its discretion.

<sup>5</sup> Insured persons who have several pension relationships and whose total wages and income subject to the OASI Legislation, exceed the upper demarcation set out in Art. 79c of the BVG legislation, should inform the collective foundation about the entirety of their pension relationships and the wages and income insured therein.

<sup>6</sup> The collective foundation declines all liability for any adverse consequences that may result from a violation of the aforementioned obligations for insured persons and pension recipients or their heirs. If the collective foundation suffers damages from such a breach of duty, the foundation board can hold the person at fault liable.

<sup>7</sup> The entitlement to pension benefits lapses if the insured person or other persons, who claim or receive benefits culpably, or fail to meet the obligation to provide information and notification, with the result, that the claim or its scope cannot be therefore determined. The request for benefits will not be accepted or the alignment of already guaranteed benefits will be suspended, when:

- a) despite a written request with reference to the legal consequences, the information, documents and medical certificates requested by the collective foundation are not obtained; or
- b) if the insured person fails to undergo a medical examination; or
- c) if a medical practitioner, whom the collective foundation wishes to consult, is not released from medical confidentiality.

<sup>8</sup> The foundation can require the insured person to submit details of his or her income as determined by the OASI state pension agency (per individual account statement).

#### **Art. 29 Information for Insured Parties and Pension Recipients**

<sup>1</sup> The foundation will inform its insured persons, pursuant to Art. 86b. Para. 1 of the Swiss Federal BVG legislation, annually in an appropriate form:

- a) concerning their entitlement to benefits, the insured salary, the contribution rate and their old-age savings' capital;
- b) concerning the organization of the collective foundation, its financing, as well as concerning the members of the foundation board.

<sup>2</sup> Upon request, the collective foundation will provide information about the investment income, the underwriting risk history, the administrative costs, the calculation of the actuarial capital, the formation of the reserves and the development of the coverage ratio.

<sup>3</sup> In the event of a vested benefit event, the collective foundation will draw up a termination statement and give statutory and regulatory options for maintaining pension protection.

<sup>4</sup> Upon request, the insured persons and pension recipients will be given all further necessary information.

#### **Art. 30 Taxation Consequences**

The insured person is recommended to clarify their tax liability with his or her competent tax authority. This concerns in particular, buy-in purchases, repayment of advances for home ownership, cash withdrawals or savings capital withdrawals. The foundation cannot assume any responsibility in this regard.

#### **Art. 31 Data Protection and Confidentiality/Secrecy**

<sup>1</sup> The persons to be insured agree that the personal data resulting from this registration and from the implementation of the occupational Pension Fund Plan will be processed and kept in safe keeping.

<sup>2</sup> The provision institution can transmit data to other insurance institutions, authorities as well as the reinsurer of the collective foundation (hereinafter referred to as external data receivers) to be further processed, within the framework of the legal data protection provisions. As necessary, the insured person will provide their written consent.

<sup>3</sup> The provision institution and the participating insurance institutions have to take all necessary measures for strictly confidential treatment of data within the framework of the legal data protection provisions.

<sup>4</sup> All staff members of the foundation responsible for the running, management and controlling or supervision of the business of the foundation are subject to the legal obligations of confidentiality and secrecy, concerning all knowledge of personal details of beneficiaries and pensioners of the foundation and the employers. These legal obligations also extend beyond termination of their activities for and on behalf of the foundation.

<sup>5</sup> Otherwise, the statutory requirements apply (Art. 85a et seq. of the BVG legislation).

### **Art. 32 Reporting of wrongly withdrawn benefits**

Provision institutions who discover during the execution of their duties that a person has wrongly withdrawn benefits are entitled to report this to the institutions of the relevant social insurance as well as to the institutions of the relevant provision institutions.

### **Art. 33 Measures to be taken in the case of failure to pay child support**

<sup>1</sup> If a specialist department issues a notification according to Art. 40 BVG, the provision institution must immediately inform the specialist departments about the coming due of the following claims of their reported insured person:

- a) Payment of a benefit as a one-time lump sum capital savings pay-out to the value of at least 1000 Franks;
- b) Cash payment according to Article 5 FZG to the value of at least 1000 Franks;
- c) Early withdrawal of enablement of home ownership according to Article 30c of this law and according to Article 331e OR.

<sup>2</sup> These must be reported to the specialist department, also mortgaging of pension assets of this insured party according to Article 30b, as well as pledge recovery of these assets.

<sup>3</sup> Reports sent according to paragraphs 1 - 2 should be in writing in the form of registered post or some other way with acknowledgement of receipt.

<sup>4</sup> The provision institution may undertake a transfer of funds according to Paragraph 1 at the earliest 30 days after delivery of a message to the specialist department.

## VII. THE ORGANISATION OF THE FOUNDATION

### Art. 34 The Organs and Authorised Signatories

<sup>1</sup> The supreme organ of the foundation is the foundation board. It manages the foundation in accordance with legislation, the articles of association, rules and regulations and legal supervisory instructions

<sup>2</sup> The corporate organs of the foundation are:

- The Foundation Board
- The pension fund commissions
- General meeting of the delegates
- The auditors and
- experts on occupational pension funds.

<sup>3</sup> The foundation board comprises 10 members. The members of the foundation board are elected to office by the various pension fund commissions. Five members are elected from among representatives of the employers and 5 members are elected from among representatives of the employees. The foundation board is self-constituting and elects a Chairperson and a Vice-chairperson from its members. The foundation board issues organisational and administrative rules and regulations by which the organisation and the assignments of the corporate organs are regulated.

<sup>4</sup> When a representative of an employer or a representative of the employees leaves office, as a result of the termination of the association agreement of the employer, or the termination of a contract of employment, or deselection from a pension fund commission, membership on the foundation board is also terminated.

<sup>5</sup> The period of office of a member of the foundation board is four years. Members of the foundation board can be re-elected upon expiry of their period of office.

<sup>6</sup> Meetings of the foundation board are called by the Chairperson, or in case of his or her inconvenience, by the Vice-chairperson, as often as business requires, but at least once in Spring and once in Autumn, every year. All members of the foundation board are entitled to requisition the Chairperson to call an immediate meeting, upon stating the purpose and reasons therefore.

<sup>7</sup> The foundation board forms a quorum when an absolute majority of the members attends a meeting. Should any member of the foundation board be hindered from attending a meeting, that member can have him or herself represented at the meeting by another member acting as a proxy. The foundation board passes its resolutions and conducts its elections based upon a simple majority of the votes cast. In case of an equality of votes without any agreement being possible within the foundation board, the business is adjourned. Should no agreement during a second meeting on the business be possible, a neutral arbitrator is appointed on a mutual basis to decide upon the matter. When no agreement is reached via an arbitrator, the matter is referred to the supervisory authority. Voting on resolutions by circular is permitted. The passing of resolutions on certain items of business requires a qualified majority of 2/3rds of the members of the foundation board (Art. 4, Para. 4 of the Organisational and Administrative Rules and Regulations).

<sup>8</sup> Minutes are kept of meetings which are signed by the Chairperson and the person keeping the minutes (the Secretary).

<sup>9</sup> The foundation board manages the business of the foundation in accordance with statutory requirements, the Articles of Association of the foundation, the rules and regulations of the foundation, as well as by following the instructions of the supervisory authority. The foundation board takes all decisions necessary for achieving the corporate purposes and issues the requisite execution stipulations.

<sup>10</sup> The foundation board appoints an independent fiduciary company to act as the auditor as well as a recognised expert for occupational pension schemes to audit the financial balance (pursuant to Art. 53 of the Swiss Federal BVG legislation).

<sup>11</sup> The foundation board delegates the operative business management – within the scope of a separate administrative agreement – to a business office, provided this is permitted under the statute law, the foundation statute, the organisational and administrative rules and regulations, and statutory supervisory stipulations. The business office implements the resolutions of the foundation board and executes the current business of the foundation; the business office is under obligation to the Board to carry out its instructions.

<sup>12</sup> The foundation board appoints the authorised signatories and determines the form of their signatories.

<sup>13</sup> Each of the pension schemes associated with the foundation forms a pension fund commission as its regulatory body. The associated pension fund commissions are elected on a parity basis, and each comprises an equal number of representatives of the employer and the employees. The organisation and the assignments of each of the pension fund commissions are regulated in business rules and regulations for each pension fund commission.

<sup>14</sup> The details of the organisation of the foundation are regulated in the organisational rules and regulations of the foundation.

### **Art. 35 Additional Rules and Regulations**

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<sup>1</sup> In addition to the organisational rules and regulations, there also exist election rules, partial liquidation rules (Appendix 3) as well as the rules and regulations for appropriations and foreign currency fluctuation reserves.

<sup>2</sup> All rules and regulations are determined by the foundation board and updated as required. These are to be submitted to the supervisory authority for approval. The supervisory authority has to issue an approval order for all partial liquidation rules and regulations.

## VIII. FINAL PROVISIONS

### **Art. 36 Administration of Justice**

<sup>1</sup> The competent regular court of law is to decide in the event of a dispute. The place of jurisdiction is the court of law competent for the Swiss postal address of any defendant or the corporate domicile of the employer with which the insured person was employed.

<sup>2</sup> Otherwise, the stipulations of articles 73 and 74 of the Swiss Federal BVG legislation apply.

<sup>3</sup> Only the German language version of the pension fund rules is legally binding.

### **Art. 37 Application of the Rules and Regulations and the Filling of Loopholes**

<sup>1</sup> Any necessary implementation stipulations in the pension fund rules are issued by the foundation board.

<sup>2</sup> The foundation board or a pension fund commission can deviate from the stipulations of these pension fund rules in special cases, under due consideration of the legal equality of the prohibition of arbitrary action, when their application would mean particular hardship for affected persons, and that any deviation conforms with the purpose and the corporate purposes of the foundation. Cases of hardship can only be financed out of the free funds of the relative pension scheme.

<sup>3</sup> In cases where these rules or the underlying statute law do not contain any obligatory ruling, the foundation board will formulate a ruling, which corresponds with the corporate purposes of the 'foundation' trust deed.

### **Art. 38 Updating the Rules and Regulations; Coming into Effect**

<sup>1</sup> These rules can be changed at any time based upon a resolution of the foundation board whilst respecting all acquired rights and observing statutory requirements. The responsible supervisory authority should be informed of any changes to the rules and regulations.

<sup>2</sup> Benefits which provide for or result in additional services being granted by the employer cannot be introduced without the employer's approval.

<sup>3</sup> These rules and regulations were adopted in parity on 18 March 2025 by an equally represented foundation board and come into legal and statutory force on 1 January 2025. They replace the previous rules and regulations dated 1 January 2024.

<sup>4</sup> Current pensions and benefits are not currently subject to alterations. Notice will be given of all relevant changes.

The Foundation Board

# ANNEX 1: INDIVIDUAL PENSION PLANS WITHIN THE SINGLE PENSION FUND

# ANNEX 2 TO THE PENSION FUND REGULATIONS

The following are the conversion rates for calculation of the old-age and disablement pension, as a percentage of the old-age savings capital, as well as any truncation arising, as a result of drawing of a Swiss OASI state bridging pension. The minimum benefit under the Swiss Federal BVG legislation will be granted. Separate accounts can use divergent conversion rates. The relative divergences are fixed by the pension fund rules regulations (Annex 1).

## Effective from January 1, 2024

Age	Conversion rate Old-age pension benefit / bridging pension benefit		Age	Conversion rate Old-age pension benefit / bridging pension benefit	
	Men	Women		Men	Women
58	4.15%	4.30%	65	<b>5.20%</b>	5.35%
59	4.30%	4.45%	66	5.35%	5.50%
60	4.45%	4.60%	67	5.50%	5.65%
61	4.60%	4.75%	68	5.65%	5.80%
62	4.75%	4.90%	69	5.80%	5.95%
63	4.90%	5.05%	70	5.95%	6.10%
64	5.05%	<b>5.20%</b>	-	-	-

## Effective from January 1, 2025

Age	Conversion rate Old-age pension benefit / bridging pension benefit		Age	Conversion rate Old-age pension benefit / bridging pension benefit	
	Women and Men			Women and Men	
58	4.15%		65	<b>5.20%</b>	
59	4.30%		66	5.35%	
60	4.45%		67	5.50%	
61	4.60%		68	5.65%	
62	4.75%		69	5.80%	
63	4.90%		70	5.95%	
64	5.05%		-	-	

### Example of the calculation of an annual old-age pension for early retirement as of 31.07.2025

Ms. Anna Meier (fictional) wishes to take early retirement as of 31.07.2025. She will be 63½ years of age on 31.07.2025. Her anticipated old-age savings capital will be CHF 500,000.00 at the pensionable age. The conversion rate for her at 63½ will have to be newly calculated to the exact month. The difference between the conversion rate at 63 (4.90%) years of age and 64 (5.05%), is 0.15%. This means that the conversion rate increases by 0.0125% for each month after the age of 63 and reaches 4.975% at the age of 63½. Therefore, the annual anticipated old-age pension is calculated as follows:

#### Early retirement annual old-age pension, aged 63½

Anticipated old-age capital savings on 31 July 2025	CHF 500 000
Conversion rate at the age of 63½	4.975%
Anticipated annual old-age pension at 63½ years of age (CHF 500 000 x 4.975%)	CHF 24 875

**Example of the calculation of an annual old-age pension upon early retirement on 30.06.2023, in conjunction with a Swiss Federal OASI State Bridging Pension (under the OA-SI)**

Mr. Pierre Muller (fictional) is considering taking early retirement on 30.06.2024 at the age of 62. The pension fund regulations state that the amount of the Swiss Federal OASI bridging pension can be determined by the insured person up to the amount of the maximum OASI old-age pension. The financing is affected either by a truncation of the old-age benefit (lifelong) or by making additional contributions. For the period between early retirement and the date of taking the OASI state retirement pension (1<sup>st</sup> column) at 65, Mr. Muller wishes to take an annual OASI bridging pension of CHF 20 000 at the expense of his old-age pension. Mr. Muller therefore requests the UWP collective foundation to calculate the anticipated results.

**Annual old-age pension, aged 62**

Anticipated old-age capital savings on 30 July 2024	CHF 400 000
Conversion rate at the age of 62	4.75%
Anticipated annual old-age pension at 62 years of age (CHF 400 000 x 4.75%)	CHF 19 000

**Annual old-age pension, aged 62 with bridging pension benefit**

Total of the OASI bridging pension benefits to be drawn (3 x CHF 20 000)	CHF 60 000
Reduction (4.75% x CHF 60 000)	CHF 2 850
Anticipated annual old-age pension from age 62 (CHF 19 000 – 2850)	CHF 36 150

**Anticipated pension payments from age 62 to age 65**

Old-age pension	CHF 16 150
OASI bridging pension	CHF 20 000
Pension payments per year	CHF 36 150

In the event of death, the following spouse's benefit (60% x CHF 16 150 = CHF 9690) is insured. The unpaid bridging pension is paid out as a lump sum.

**Anticipated pension payments from age 65**

Old-age pension	CHF 16 150
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In the event of death, a lifelong spouse's benefit of (60% x CHF 16 150 = CHF 9690) of CHF 9690 is insured.

# ANNEX 3: PARTIAL LIQUIDATION

The present partial liquidation regulations are based on Art. 53b and 53d OPA, Art. 27g and 27h OPO2, Art. 29 and the terminology of the Pension Fund Regulations of 19 November 2010.

## Art. 1 Prerequisites for a partial liquidation

- <sup>1</sup> The prerequisites for a partial liquidation have been fulfilled,
- a) if there is a significant reduction in the workforce of an affiliated employer,
  - b) an affiliated employer reduces its workforce due to restructuring; or
  - c) an affiliation agreement is dissolved and the pension fund continues to operate.

<sup>2</sup> A workforce reduction is significant if it comprises at least the following reductions in the workforce and the committed assets:

Size of the workforce	Reduction in the workforce and the committed assets by
> 100 persons	10%
50 to 99 persons	20%
10 to 49 persons	30%
1 to 9 persons	50%.

Here, the reduction in each „Size of the workforce and the committed assets“ tier corresponds in nominal terms to the reduction in the preceding category.

<sup>3</sup> A restructuring is said to occur if previous areas of activity in a company are amalgamated, shut down, sold, outsourced or otherwise modified, bringing about a reduction in the workforce and the individually committed assets on the following scale:

Size of the workforce	Reduction in the workforce and the committed assets by
> 100 persons	5%
50 to 99 persons	10%
10 to 49 persons	15%
1 to 9 persons	25%.

Here, the reduction in each „Size of the workforce and the committed assets“ tier corresponds in nominal terms to the reduction in the preceding category.

<sup>4</sup> The decisive factor is the reduction in the workforce or a restructuring/reduction of the committed assets taking place within 12 months of a commensurate resolution being passed by the employer’s competent executive bodies. If the rationalization plan itself is scheduled to apply over a longer or shorter period of time, this time limit shall apply.

## Art. 2 Share of the pension surplus or deficit

<sup>1</sup> If the conditions for a partial liquidation are met, entitlement to a share of the non-committed funds exists. An actuarial deficit is proportionately deducted, provided the retirement savings capital according to the OPA is not thereby reduced.

<sup>2</sup> Surplus funds (or an actuarial deficit) at the level of the pension fund are in any case proportionately transferred to the departing portfolio.

Surplus funds at the Foundation level are proportionately transferred at most to the extent that the Foundation's cover level pursuant to Art. 44 OPO2 has increased since the affiliation of the Pension Fund. This regulation applies analogously in the case of an actuarial deficit and the deterioration of the Foundation's cover level pursuant to Art. 44 OPO2 since the affiliation of the Pension Fund.

<sup>3</sup> In the case of individual departures, there is individual entitlement to surplus funds. In the case of a collective departure, the surplus funds are collectively transferred if the target fluctuation reserves of the receiving foundation are increased by at least half; otherwise they are individually transferred. There is no entitlement to an individual transfer of the share in the surplus funds.

<sup>4</sup> A collective departure occurs where half of the departing beneficiaries or at least ten beneficiaries transfer together to another pension plan.

## Art. 3 Size of the surplus assets and of the deficit

<sup>1</sup> The surplus assets (or deficit) comprise the positive (or negative) result constituted by total assets minus the balance sheet items of fluctuation reserves, employer contribution reserves, borrowings such as accrued expenses, other creditors and liabilities, and reduced by the beneficiaries' defined associated resources (retirement capital, termination benefits or pension cover capital) and the actuarial provisions.

The actuarial provisions and the fluctuation reserves are based on the corresponding regulatory provisions.

<sup>2</sup> The entitlement to surplus funds and reserves of the beneficiaries remaining in the pension plan is always collective. Any deficit is also collectively attributable to the beneficiaries.

<sup>3</sup> Should the relevant assets and liabilities change by more than 5% between the effective date of the partial liquidation and transferral of the assets, a corresponding adjustment will be made.

#### **Art. 4** Proportion of the actuarial provisions and the fluctuation reserves

<sup>1</sup> In a collective departure there is, in addition to an entitlement to the surplus funds, a collective proportionate entitlement to the fluctuation reserves and – to the extent corresponding risks can be transferred – also a collective, proportionate entitlement to the actuarial provisions. The Foundation Board shall adopt the necessary resolution.

<sup>2</sup> There is no collective entitlement to the actuarial provisions or fluctuation reserves if the departing group was responsible for triggering the partial liquidation.

<sup>3</sup> The proportionate entitlement to the actuarial provisions and the fluctuation reserves is based on the statements of the accredited pension actuary or on the values stated in the applicable balance sheet.

Entitlement of the collectively departing members to fluctuation reserves shall be proportionate to their share of entitlement to savings and actuarial reserves. The entitlement shall be reduced in accordance with the degree by which the departing insured persons have contributed less to the accumulation of the provisions in question than did those insured persons who remain in the Fund.

<sup>4</sup> Should the assets and liabilities in question change by more than 5% between the reference date of the partial liquidation and the transfer of the actuarial provisions and fluctuation reserves, a corresponding adjustment will be made.

<sup>5</sup> The nature and extent of the associated risks along with the effective date for the transfer and any changes in accordance with paragraph 4 must be stated in writing in the transfer agreement..

#### **Art. 5** Effective date and basis

<sup>1</sup> The effective date for determining the surplus assets, the actuarial provisions and the fluctuation reserves or the shortfall is the balance sheet date nearest to the time frame after the event that led to the partial liquidation (Art. 1 (4)).

<sup>2</sup> Key elements for determining the surplus assets or the deficit are the audited balance sheet and the actuarial report prepared by the accredited pension actuary in respect of the effective date.

#### **Art. 6** Distribution plan

<sup>1</sup> Distribution of the surplus assets initially takes place among the pension recipient or insured member groups on the basis of the amounts of pension cover capital or the termination benefits apportionable to both groups.

<sup>2</sup> Distribution of the entitlements then takes place on the basis of the

- individual pension reserves in the case of the pension recipients,
- qualifying termination benefits and the full contributing years in the case of insured members.

The criteria of qualifying termination benefit and full contributing years are equally weighted.

The qualifying termination benefit of the insured member is taken to mean the effective termination benefit minus the vested benefit deposits and buy-in amounts that were transferred into the Foundation in the five years preceding the effective date, plus the termination benefits provided in the same period (early withdrawals for home purchase/divorce).

<sup>3</sup> A contract must be concluded for collective transfers. This must be brought to the notice of the regulatory authority. Individual entitlements shall be transferred as provided for in Arts. 3 to 5 or Art. 25f VBA.

## **Art. 7 Procedure**

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<sup>1</sup> The Foundation Board is responsible for determining whether a partial liquidation is necessary and for carrying out such a liquidation. The Foundation Board must determine in particular the event which caused the partial liquidation, the exact time it occurred and the applicable time frame pursuant to Art. 1 (4).

<sup>2</sup> In accordance with statutory provisions and the present regulations, and based on the actuarial appraisal prepared by the accredited pension actuary, the Board shall determine:

- the surplus funds;
- the actuarial provisions and fluctuation reserves;
- the deficit and its apportionment; and
- the distribution plan

The Foundation Board shall also notify the regulatory authority, the auditor and the accredited pension actuary.

If a partial liquidation issue in connection with an actuarial deficit (shortfall) is likely, the Foundation Board may decide to reduce appropriately the vested benefits of the insured members affected by the partial liquidation. Any subsequent payment shall be made after the partial liquidation becomes legally binding.

<sup>3</sup> The Foundation Board shall inform the pension recipients of the partial liquidation in writing, inform them in detail regarding the individual process steps and make them aware that for 30 days they have the opportunity to examine at the registered office of the pension fund the relevant balance sheet, the actuarial report and the distribution plan.

If it cannot be ensured that the written guidance can be sent to all persons concerned, the Foundation must publish the information three times in the Swiss Official Gazette of Commerce.

<sup>4</sup> During this 30-day period, pension recipients and insured members may dispute the conditions for a partial liquidation or file an objection with the Board against the procedure and distribution plan.

<sup>5</sup> If objections are filed, the Board shall hear the dissenters and respond to them in writing. If the objections are accepted, the distribution plan and/or the procedure shall be adapted accordingly.

<sup>6</sup> At the end of the period, the Board shall inform the regulatory authority whether any objections were filed, and if and how they were settled.

If no objections were filed, or if the objections were settled in a mutually satisfactory manner, the Board shall implement the distribution plan provided it receives written confirmation from the regulatory authority that no objections were filed with it either within the time limit. The partial liquidation shall thereupon become legally binding.

<sup>7</sup> If an objection cannot be settled, the Foundation Board shall refer the objection to the regulatory authority with its written response and any other relevant documents.

The regulatory authority shall examine the matter and shall issue a decision on the conditions for a partial liquidation, the procedure, distribution plan and the objection.

<sup>8</sup> In accordance with Article 74 OPA, the decision of the regulatory authority may be contested before the Federal Administrative Court within 30 days. The appeal against a decision of the regulatory authority shall, however, have only suspensive effect where so decided by the president of the competent division of the Federal Administrative Court or by the examining judge, whether ex officio or at the applicant's request.

#### **Art. 8**      **Payment of costs**

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The costs of implementing the partial liquidation shall be charged to the pension fund, or in the absence of surplus funds are to be borne by the employer.

#### **Art. 9**      **Resolution / Amendment / Issue**

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These regulations were adopted by the Foundation Board at its meeting of 20 November 2009. The regulations and all amendments were approved by competent regulatory authority on 18 March 2011. They must be distributed to all beneficiaries.

Basel, 20. November 2009  
The Foundation Board

Urs Santschi  
Chairman

Christian Willi  
Foundation

## APPENDIX 4: RESTRUCTURING MEASURES

This appendix sets out the possible restructuring measures envisaged by the foundation board to cover shortfalls in individual separate accounts (asset pools) or individual pension funds, and what principles are to be adhered to.

### Art. 1 Type of shortfall

<sup>1</sup> There is a shortfall when the cover ratio according to the revised annual accounts is below 100%.

<sup>2</sup> A shortfall is low when it can be removed within 5 years without using the restructuring measures described in Art. 65d Para 3 BVG. There is a major shortfall present if this is not the case.

### Art. 2 General duty to supply information

<sup>1</sup> The provision institution will inform the supervisory authority, the employer and also the beneficiaries about the size of shortfall and the determined countermeasures as well as the time period within which the shortfall is expected to be removed. Furthermore, it will provide information about implementation and the effectiveness of the measures taken.

<sup>2</sup> A report about the size and causes of the shortfall must be submitted to the state supervisory authority at the latest when the shortfall is shown in the annual accounts (Art. 44 Para 2 letter a BVV 2).

### Art. 3 Tasks of the foundation board in the case of shortfall

<sup>1</sup> Based upon recommendations offered by experts, the foundation board will implement the restructuring measures required to remove the shortfall. One of the measures is to prescribe the asset pools remediation periods and measures within which the restructuring goals should be achieved through implementation of the planned measures. The asset pools have a say in the choice of restructuring measure to be implemented.

<sup>2</sup> The foundation board will periodically check implementation of the agreed restructuring measures, at least once a year.

### Art. 4 The procedure the foundation board follows when establishing the measures

<sup>1</sup> During configuration of the measures, the foundation board should always proceed in such a way that the measures are proportionate and appropriate for the level of shortfall. In doing so it ensures that financing of the measures is divided appropriately between the beneficiaries and the employers.

<sup>2</sup> In the case of a major shortfall, the measures must also be suitable for removing the shortfall, according to the model used, within 7 years from when it occurred, whereby a period of 10 years must not be exceeded.

<sup>3</sup> The proportionality expresses itself in as far as the foundation board does not implement any measures according to Art. 65d Para 3 BVG when there is a minor shortfall.

<sup>4</sup> In the case of a major shortfall the foundation board will investigate all measures described in Art. 65d and Art. 65e BVG. The sum of all restructuring measures should present itself in such a way that the restructuring goal is achieved with the smallest possible intervention.

## Art. 5 Restructuring measures

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With the purpose of removing an existing shortfall, the foundation board can resolve to implement one or more of the following restructuring measures. The principle of subsidiarity should be observed here whereby first a Stage 1 measure should be investigated and only then may measures in higher stages be considered when none of the previous stages alone can reach the goal. The presentation on the next page shows this graphically.

No stage should solely be assigned **financing by once-only contributions** from the **employer or by one of the employer's welfare foundation** funds for reduction or external funding of a shortfall. The employer will not be able to have access to any of these funds in the future.

### Measures of the 1<sup>st</sup> stage

This includes all measures which can achieve an improvement of the cover ratio, but which are not included in the catalogue of measures from Art. 65d Para 3 and 4 BVG.

Examples of such measures include (not an exhaustive enumeration) – whereby the chronology within a stage is not necessarily in the sequence presented below:

#### **Low or zero interest rates applied to old-age savings capital**

A low or zero interest rate can be decided on to apply to comprehensive old-age savings capital, on the whole or part of the old-age savings capital and on the supra-obligatory old-age savings capital. In doing so one must ensure that the rate of interest applied to the BVG-obligatory portion is not affected by this (see also Measures of the 3rd stage).

#### **Employer contribution reserve with waiver of use**

In the case of asset pools which only an employer possesses, the employer transfer deposits into a separate account, the employer contribution reserve with waiver of use and also transfers to that account funds from the ordinary employer contribution reserve.

The amounts paid in must not exceed the shortfall in funds and shall not bear interest. They may not be used for benefits, pledged, assigned or reduced in any other way.

After the shortfall has been completely remedied the employer contribution reserve with waiver of use must be closed and funds transferred to the ordinary employer contribution reserve. Early partial closure is not possible.

**Limitation of early withdrawal for home purchase**

Early withdrawal for home purchase may be refused for the duration of the shortfall. Limitation of the early withdrawal is only to be applied to early withdrawal for home purchase to repay mortgage loans (Art. 6a WEFV).

**Measures of the 2<sup>nd</sup> stage****Restructuring contributions**

In as far as a major shortfall has been established and there is no external funding by a one-time deposit by the employer or an employer's welfare foundation fund, equal restructuring contributions are to be levied. There is no requirement here to obtain agreement by the employer. By way of derogation from this, employers can also pay in higher restructuring contributions.

The size of the contributions will be established after consultation with experts. In doing so one will also clarify whether, while also observing Art. 65d Para 3 letter b BVG, a sum for removing the shortfall should be required from pensioners. The restructuring contributions from pensioners may, however, only be levied on increases in benefits, not on any statutory or pension fund rules claim. The pensioners do not have any say in this matter.

In all cases the acquired rights of the beneficiaries must not be violated by the restructuring measures and the measures must not be applied retrospectively.

**Measures of the 3<sup>rd</sup> stag**

In as far as measures of the 1<sup>st</sup> and 2<sup>nd</sup> stage prove to be inadequate, a lower interest rate can be applied to the BVG assets of asset pools in the case of a major shortfall, after prior orientation of the insured persons, in which only one employer has insured his employees.

In doing so one must ensure that the interest rate applied must not be less than a maximum of 0.5% below the minimum interest rate to be applied to the BVG assets according to Article 15 Para 2 BVG during the period of the shortfall, but at the most during a period of five years (Art. 65d Para 4 BVG).

In the case of a comprehensive pension solution, one must always ensure through comparison (shadow accounting) that this restriction is not violated by applying a low or zero interest rate.

**An orientation grid of the measures that can be applied depending on the shortfall**

Type of shortfall	Duration of the existing shortfall in years									
	1	2	3	4	5	6	7	8	9	10
Minor shortfall	<b>Measures of the 1<sup>st</sup> stage alone</b> may remove the shortfall within a maximum of 5 years.									
Major shortfall	Measures of the 2 <sup>nd</sup> and/or 3 <sup>rd</sup> stage are necessary, whereby a combination with measures of the 1 <sup>st</sup> stage is possible.  One must ensure, in this case, that the measures are both proportional and appropriate for removing the shortfall according to the model within 7 to a maximum of 10 years.									

**Type of shortfall**

The type of shortfall cannot be directly derived from the cover ratio but rather arises from the respective risk tolerance of the asset pool.

There is a minor shortfall present when the shortfall can be removed according to the model within 5 years by implementing measures of the 1<sup>st</sup> stage. There is a major shortfall present if this is not the case.

**Art. 6 Entry into force**

The measures for removing a shortfall will come into force on 1 January 2022.

Basel, 26. November 2021

The Foundation Board

# ANNEX 5 TO THE PENSION FUND REGULATIONS

The various conversion rates granted by the collective foundation to its beneficiaries in the course of its activities are to be compensated for on a long-term basis by improvements in benefits in the form of one-off capital payments to the relative beneficiary groups (generational cohorts).

Should, on the balance sheet date (the annual accounts, the fluctuation reserve reach a level of at least 100%, and when the average interest credited to the old-age savings capital of the actively insured members (from the viewpoint of the separate account level, and not from that of the initial membership year groups), is greater during the previous five years than the interest rate assurance for a generational cohort contained in the conversion rate, then improvements in benefits will be granted to the current old-age pensions of the affected generational cohorts under due consideration of any previously paid out and/or credited benefit improvements.

<b>Actual year of pensionable age (cohorts)</b>	<b>Conversion rate</b>	<b>Interest rate assurance (BVG 2020, generation tables)</b>
Until 2005	7.20%	5.00%
2006 – 2010	7.10%	4.90%
2011 – 2012	6.80%	4.50%
2013 – 2016	6.40%	4.10%
2017	6.20%	3.80%
2018	6.00%	3.50%
2019 – 2020	5.80%	3.30%
2021	5.65%	3.10%
2022	5.50%	2.90%
2023	5.35%	2.70%
From 2024	5.20%	2.50%

The amount of the benefit improvements depends on the coverage capital calculated on the balance sheet date, within the current pensioner portfolio.

The benefit improvement represents the difference between the interest rate assurance for the re-spective cohort and the average interest of the actively insured members over the last five years as a percentage of the actuarial capitals at the balance sheet date.

The allocated funds are distributed among the pensioners in the form of a one-off capital payment on 30.09. of the following financial year. Should a pensioner die in the meantime, the claim is forfeited.

Survivor and disability pensions as well as other entitlements are not affected by these rules.

This rule applies analogously to the open pools 1, 9, 10, 22 and 34.

Divergent rules can apply to separate accounts.

Basel, Switzerland, 26 November 2021

President of the Foundation Board  
sig. Philipp Spichty

Member of the Foundation Board  
sig. Michael Quici

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