

## Pension fund regulations

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Valid as of 1 January 2025

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## APPENDIX

### Pension plan

In order to facilitate linguistic comprehensibility, all references to individuals are always to be construed as referring to both genders, even if the grammatical form used refers to only one gender.

## **I. General provisions**

### **1. Purpose**

- 1.1. The object of Tellco pk (hereinafter referred to as the "Foundation") is to operate a mandatory occupational pension scheme under the Swiss Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (OPA; Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge – BVG) and its implementing provisions for the purpose of insuring the employees of employers affiliated to it as well as members of their families and surviving dependants against the financial consequences of age, death and disability in accordance with these regulations.
- 1.2. Employees and self-employed persons who are not subject to mandatory insurance may take out voluntary insurance in accordance with the law.  
  
Self-employed persons may be enrolled within the framework of the regulatory provisions, provided that the affiliation is implemented together with their staff.
- 1.3. In accordance with this object, the Foundation guarantees the mandatory minimum benefits under the OPA.  
  
The Foundation may provide supplemental pension cover in excess of the statutory minimum benefits.
- 1.4. The Foundation is organised as a collective foundation and operates a pension fund for each employer that has entered into an affiliation agreement with the Foundation. The Foundation is entered in the register of occupational pension funds and is regulated by the OPA and foundation supervisory authority for Central Switzerland (Zentralschweizer BVG- und Stiftungsaufsicht – ZBSA).

### **2. Subject matter of the Pension Fund Regulations**

- 2.1. These regulations lay down the rules relating to the organisation and administration of the Foundation, the rights and obligations of employees in relation to the Foundation and the relationships between employees, the employer and the Foundation.  
  
The nature, extent and funding of pension benefits are defined in a pension plan for each pension fund.
- 2.2. The appendices form an integral part of these regulations.
- 2.3. The Foundation will provide benefits on a defined contribution basis (savings and supplementary risk insurance).

### **3. Age**

The age determining membership, contribution levels and retirement credits is equal to the difference between the current calendar year and the year of birth.

### **4. Retirement age and retirement period**

The retirement age is reached on the first day of the month after reaching the age of 65. The minimum age for early retirement is reached on the first day of the month after reaching the age of 58. The maximum age for deferred retirement is reached on the first day of the month after reaching the age of 70.

### **5. Mandatory insurance**

- 5.1. All employees in receipt of an annual salary under old-age and survivors' insurance (OASI; *Alters- und Hinterlassenenversicherung – AHV*) from the employer, which exceeds the entry threshold defined in the pension plan, will become members of the Foundation on 1 January of the year following their 17th birthday.
- 5.2. An employee enrolled with the Foundation will hereinafter be referred to as an "Insured Person".

If an insured event subsequently occurs and triggers pension benefits, the Insured Person will be referred to as a "Pension Beneficiary". Insured Persons with a partial pension (partial retirement or partial disability) are referred to as Insured Persons for the active portion and Pension Beneficiaries for the partial pension.

## **6. Exemptions from mandatory insurance**

The following employees will not be enrolled with the Foundation:

- a) Employees who have reached or passed retirement age.
- b) Employees with a fixed-term employment contract of no more than three months' duration. If the employment relationship is extended beyond the period of three months, the employee will be enrolled at the time when the extension was agreed.

If several successive appointments with the same employer or assignments for the same hiring company last longer than three months in total and no interruption exceeds three months, the employee will be insured from the beginning of the fourth month of work in total.

However, where it has been agreed prior to commencement of the first period of employment that the employment or assignment will be of more than three months' duration, the employee will be insured from the date on which the employment commenced.

- c) Employees who work for the affiliated employer on a part-time basis and are already insured by another employer under the mandatory insurance scheme for their main occupation or perform their main occupation on a self-employed basis.
- d) Employees who are at least 70 per cent disabled for invalidity insurance (IV) purposes and employees who continue to be insured on a provisional basis in accordance with Article 26a of the OPA.
- e) Employees who are not employed, or unlikely to be employed, in Switzerland on a permanent basis and are adequately insured abroad, provided such employees request exemption from enrolment.

## **7. Commencement of insurance**

- 7.1. Insurance cover commences upon commencement of employment or on the date when the employee becomes entitled to his or her first salary, but in any event at such time as the employee begins his or her journey to work.

- 7.2. Any vested benefits of the Insured Person under previous pension funds must be transferred in full to the Foundation upon enrolment with the insurance scheme.

Failure to transfer vested benefits will result in a corresponding reduction in benefits.

- 7.3. Subject to the statutory provisions, employees have the right to purchase additional full plan benefits, either upon enrolment or subsequently. The buy-in amount in respect of full plan benefits is specified in the pension plan and may be paid by both the employer and the Insured Person.

- 7.4. If early withdrawals are made for the promotion of home ownership, any optional buy-ins may only be made once the early withdrawals have been repaid.

Where buy-ins have been made, no benefits in the form of a lump-sum payment may be withdrawn from the occupational pension benefits over the next three years. Buy-ins for OASI bridging pensions are excluded.

- 7.5. In the event of an increase in annual salary due to a change in the level of employment, the pensionable salary will be increased accordingly. The provisions governing enrolment apply mutatis mutandis.

## **8. Exclusions for pre-existing medical conditions**

- 8.1. Upon the enrolment of new employees or in the event of an increase in benefits, the Foundation may require an initial medical examination as a condition of granting insurance cover. The Insured Person shall provide truthful answers to any questions asked by the Foundation and any reinsurer and undergo any medical examination that may be required.

Unless the Foundation has provided written confirmation of enrolment, any benefits payable by the Foundation will be no higher than the statutory minimum.

The Foundation may, to the extent permitted by law, exclude non-mandatory benefits in relation to specific conditions, based on information regarding any pre-existing medical conditions of the Insured Person, for a maximum of five years. Even if there are exclusions limited in time, non-mandatory benefits will not be provided prior to the end of insurance cover if, at any time during the exclusion period, the underlying condition to which the exclusion applies causes death or an incapacity for work which gives rise to death or disability.

If the Insured Person does not submit the requested documents within 90 days of the commencement of insurance and the medical examination cannot be performed, the exclusion of non-mandatory benefits applies without restriction or, as the case may be, the five-year period will begin only as soon as the Insured Party has been informed of the proviso.

Any such exclusions will be notified to the Insured Person by registered letter within 60 days of receipt of all the documents which are required by the Foundation and, where applicable, the reinsurer, for the purpose of assessing eligibility for membership and making the relevant determination.

- 8.2. If the Insured Person dies or becomes disabled prior to completion of the medical examination, the Foundation is solely obliged to provide the minimum benefits required by law.

In the event of failure to disclose pre-existing conditions (breach of disclosure obligation) on the part of the Insured Person or if the information provided during the medical examination is untrue, the Foundation may terminate the risk cover for the non-mandatory component within six months of becoming aware of the breach of the disclosure obligation and only pay the statutory minimum benefits.

- 8.3. The Foundation will only provide benefits if the incapacity for work, resulting in disability or death within the meaning of the OPA, occurred subsequent to enrolment with the Foundation.

If an Insured Person was not fully fit for work upon enrolment with the Foundation – even if he or she was not disabled for IV purposes as a result of the incapacity for work – and the condition causing his or her incapacity for work results in disability or death, the Foundation is solely obliged to pay out the minimum benefits prescribed by law.

In the event of an increase in the annual salary following the onset of incapacity for work, the relevant salary adjustment will have no impact on the benefits payable. However, the minimum benefits prescribed by law are guaranteed.

## **9. Cessation of insurance**

- 9.1. Insurance cover will cease upon termination of employment in the absence of any claim for retirement, death or disability benefits.
- 9.2. If the annual salary is expected to remain permanently below the entry threshold for mandatory insurance as defined in the pension plan, for example due to a change in the level of employment, and no death or disability benefits are payable, insurance cover will cease and there is no entitlement to equivalent vested benefits.
- 9.3. However, if the annual salary does not fall below the entry threshold under the pension plan, the insurance cover will be reduced in line with the relevant adjustment to pensionable salary. Retirement savings will be maintained in accordance with the regulations and there is no entitlement to equivalent vested benefits.
- 9.4. If the annual salary of an Insured Person is reduced temporarily due to illness, accident, unemployment, parental leave or on other grounds, the previous pensionable salary will continue to apply in normal circumstances, provided that the employer has a continuing obligation to pay the employee's salary or there is an ongoing entitlement to parental leave or care-related leave or adoption leave under the Swiss Code of Obligations (CO; *Obligationenrecht* – OR). However, the Insured Person may request a decrease.
- 9.5. If the Insured Person does not enrol with another pension fund, or does not enrol with another pension fund immediately, he or she is not permitted to maintain insurance cover on a voluntary basis under these regulations.

## **10. Leaving after reaching 58 years of age**

An Insured Person who leaves after reaching the age of 58 because the employment relationship has been terminated by the employer may continue the insurance. The supplementary regulations "Continued insurance after withdrawal from mandatory insurance according to Article 47a of the OPA" applies.

The Insured Person must clarify the tax acceptance of continued insurance with the relevant tax authorities.

## **11. Obligation to provide information**

- 11.1. Insured Persons enrolling with the Foundation are required to submit an account statement of vested benefits under their previous pension scheme to the Foundation.

- 11.2. If the Insured Person has more than one pension fund and/or his or her total pensionable salaries and income subject to OASI exceed the maximum OASI retirement pension by a factor of 30, he or she must supply the Foundation with information regarding all pension plans and the pensionable salaries and income insured thereunder.
- 11.3. Insured Persons shall immediately notify of any change of marital status or the commencement or cessation of maintenance obligations.
- 11.4. Claimants of disability pensions or survivors' benefits shall provide information regarding any qualifying income (e.g. Swiss or foreign social security benefits, other pension institution benefits, additional income from employment).
- 11.5. Upon enrolment, in the event of salary increases or in the event of a claim for disability benefits, the Insured Person shall release any attending medical practitioner from his or her obligation of confidentiality, and permit the Foundation to access the Insured Person's IV records where necessary.

Any claims and changes affecting the nature and scope of benefits must be reported to the Foundation immediately (e.g. any change of entitlement to IV benefits or other insurance benefits paid out in respect of the same claim, any return to work or change of employment).

- 11.6. The Foundation may require employers to automatically disclose to it any employee absences after a specified date (employer's obligation to cooperate in accordance with the Terms and Conditions). The Foundation may, in consultation with the employer, take any measures that may be required to expedite or ameliorate the process of reintegration into the workforce.
- 11.7. The Foundation may decline or suspend benefits in the event of a breach of contractual or statutory notification and disclosure requirements or failure to supply any information and documents required, if authorisation to access records is refused, or independent medical examiners are prevented from conducting medical examinations for reasons attributable to the Insured Person.

Any benefits that have been declined or suspended may not be recovered subsequently where an intention to take such action is notified in writing and reasonable advance notice is given and, in the circumstances, the breach is not deemed to have occurred other than through the fault of the Insured Person.

The minimum benefits prescribed by law will be paid out in all circumstances.

## **12. Provision of information to Insured Persons**

- 12.1. The Foundation provides the pension fund and the Insured Persons with information, specifically regarding benefits, financing and organisation.

The Insured Person will receive an annual insurance certificate showing their contributions, coordinated and/or pensionable salary, insured benefits, the termination benefit under the pension plan and their OPA retirement savings. In the event of any discrepancies between the certification and the Pension Fund Regulations, the terms of the regulatory provisions are authoritative.

The insurance certificate will be sent or made accessible to the Insured Person in electronic form or sent to the employer in a sealed envelope with the respective name and marked "Confidential" to be forwarded to Insured Persons.

On request the Foundation will share the annual invoice, the annual report, information relating to income earned on capital, actuarial risk trends, administrative costs and the calculation of the actuarial reserve.

The Foundation shall also issue information on an annual basis regarding its organisation, the composition of the Board of Trustees, funding, performance and investment returns. Such information must be issued to Insured Persons by suitable means through the pension fund commissions.

- 12.2. Upon request, the Foundation shall provide information to the Insured Person regarding the amount available for the promotion of home ownership and any reduction in benefits resulting from a drawdown of funds for home ownership purposes.
- 12.3. The Foundation shall provide information on the level of vested benefits upon the marriage of an Insured Person.
- 12.4. To the extent permitted under applicable legislation, the Foundation shall provide further information to Insured Persons upon request, in particular on the status of their insurance and business activities as well as



the creation of reserves, the coverage ratio and the principles for exercising their voting obligation as a shareholder.

- 12.5. All Insured Persons may obtain information from the Foundation regarding all personal data managed and request the correction of data where necessary.
- 12.6. The Foundation complies with the statutory transparency requirements.

### **13. Registered partnerships**

In the event of the death of an Insured Person who has entered into a same-sex registered partnership, the surviving partner is entitled to survivors' benefits under the same conditions applying to widows or widowers.

The written consent of the registered partner is required in all cases in which the written consent of the spouse is required for married Insured Persons. The same formal requirements apply in each case.

In the event that the registered partnership is dissolved by court order, the procedures applying to divorce apply: the claims acquired during the duration of the marriage up to the time of initiation of the divorce proceedings are divided in accordance with the provisions of the Swiss Civil Code (CC; *Zivilgesetzbuch* – ZGB).

## II. Definitions relating to salary

### 14. Annual salary

- 14.1. The annual salary will be set by the employer and notified to the Foundation by 1 January of each year and/or upon commencement of the insurance, as well as in the event of any change in the level of employment and any salary adjustment.

The annual salary is the salary from the previous year, factoring in any adjustments previously agreed for the new insurance year. Salary components that are not taken into account when calculating the annual salary, for example because they only occur occasionally, are recorded in the pension plan.

- 14.2. Where an Insured Person has been employed by the employer for less than one year (e.g. seasonal and fixed-term employment), the annual salary is deemed to be the salary that he or she would earn in a full year of employment.

- 14.3. For Insured Persons whose level of employment or level of income fluctuates greatly, the average annual salary of the relevant occupational group may be declared authoritative in the pension plan by the pension fund commission in agreement with the employer.

- 14.4. The annual salary will be adjusted immediately in the event of a change in the level of employment.

The annual salary is also modified for salary adjustments during the year if this is provided for in the pension plan.

- 14.5. For Insured Persons employed on an hourly basis, the earned monthly wage is definitive. The OPA minimum benefits are guaranteed in any case.

The insured benefits for the risks of death and disability are calculated on the average pensionable salary of the last twelve months or on the hypothetically insured average salary of the last twelve months in the case of shorter employment relationships

- 14.6. An Insured Person whose salary is reduced by no more than half after reaching the age of 58 may – if the pension plan provides for this – request continuation of his or her retirement cover at the previous annual salary and/or pensionable salary. This insurance cover may be continued only up to retirement age.

### 15. Pensionable salary

- 15.1. The pensionable salary will be defined in the pension plan.

- 15.2. If an Insured Person is partially disabled for IV purposes, the limits will be reduced in line with the percentage share of his or her entitlement to a full pension.

- 15.3. Insured Persons who are concurrently employed by one or more other employers will only be insured under these regulations on the basis of the salary paid by the employer that is affiliated to the Foundation.

- 15.4. At the request of the Insured Person, income earned elsewhere will be taken into account when calculating the pensionable salary.

### III. Pension benefits

#### A. General provisions

##### 16. Overview of benefits

The Foundation shall pay out the following benefits in accordance with these regulations:

- a) on reaching retirement age:
  - Retirement pensions Section 19
  - Retired person's child pensions Section 23
- b) upon disability:
  - Disability pensions Section 24
  - Disabled person's child pensions Section 25
  - Contribution exemption when unable to work Section 26
- c) In the event of death:
  - Spouse's pensions Section 27
  - Pensions to divorced spouses Section 27.7
  - Partner's pensions Section 28
  - Orphan's pensions Section 29
  - Lump-sum death benefits Section 30
- d) In the event of divorce:
  - Pensions for the benefit of a divorced spouse Section 46

##### 17. Retirement savings

17.1. An individual retirement savings account will be maintained for all Insured Persons for the purpose of funding old-age benefits. The account will be set up upon commencement of retirement provision.

17.2. The following items are credited to the retirement savings:

- a) Annual retirement credits
- b) Buy-ins
- c) Deposits of vested benefits from previous employment
- d) Deposits of vested benefits as well as any lump-sum settlement to be paid pursuant to a decree of divorce
- e) Buy-ins following a divorce
- f) Repayments of funds withdrawn for the promotion of home ownership
- g) Interest
- h) Additional amounts credited from non-committed funds or shares of surplus
- i) Any pension pursuant to a decree of divorce

The following amounts will be debited from the account:

- a) Funds paid out for the promotion of home ownership
- b) Vested benefits paid out pursuant to a decree of divorce
- c) Any pension to a divorced spouse

17.3. The level of annual retirement credits must be as set forth in the pension plan.

- 17.4. Interest will be calculated on the basis of the value of retirement savings as at the end of the previous year and credited at the end of each calendar year.
- 17.5. Interest will be paid pro rata for the year in question on any funds credited or debited in relation to deposits/payouts of vested benefits, or buy-ins, or repayments/withdrawals of funds for home ownership purposes.
- 17.6. Vested benefits transferred in or a pension resulting from a divorce decree will be credited to the retirement savings under the plan and to the statutory minimum retirement savings in the same proportion as charged to the pension fund of the spouse who is obliged to make the transfer.
- 17.7. If an insured event should occur or if an Insured Person exits the pension scheme after the start of the year, interest for the current year up to the date in question will be calculated proportionately with reference to the value of the retirement savings at the end of the previous year.

In the event of partial disability, the Foundation divides the retirement savings of the Insured Person in line with the percentage share of his or her entitlement to a full pension into two components: one component relating to the passive pension claim and the other component to active employment:

- 17.8. The interest rate is determined annually by the Board of Trustees in compliance with the statutory provisions and the provisions of the organisational regulations.

## **18. Calculated retirement savings**

Calculated retirement savings consist of

- a) the retirement savings accumulated by the Insured Person prior to commencement of entitlement to death or disability benefits or prior to the date of drawdown of funds for the promotion of home ownership or divorce;
- b) plus total retirement savings credited in respect of any missing years prior to retirement age, excluding interest. Retirement savings will be calculated on the basis of the Insured Person's latest pensionable salary.

## **B. Old age benefits**

### **19. Retirement pensions: in retirement age**

- 19.1. Each Insured Person becomes eligible for a life retirement pension on reaching retirement age.
- 19.2. The amount of the retirement pension is calculated by multiplying the retirement savings by the conversion rate.

The conversion rate is shown in the pension plan or Annex 1 to the Pension Fund Regulations.

Conversion rates and any changes thereto must be submitted to the foundation supervisory authority.

Adherence to statutory minimum pension benefits is thus guaranteed.

- 19.3. If the Insured Person became disabled for IV purposes immediately prior to reaching retirement age, the retirement pension payable must in all circumstances be equal to the minimum disability pension calculated under the OPA (incl. cost-of-living adjustments).

### **20. Retirement pensions: for early retirement**

The retirement pension will become payable upon cessation of gainful employment seven years at the earliest prior to reaching the retirement age. The conversion rate will be adjusted in line with the Insured Person's age.

### **21. Retirement pensions: for partial retirement**

- 21.1. On reaching the minimum age for early retirement, the Insured Person may request a payout of part of his or her old-age benefits if
  - a) his or her annual salary is significantly and permanently reduced, by at least by 20 per cent;
  - b) The partial drawdown is at least 20 per cent of the old age benefit;
  - c) the remaining salary is above the entry threshold,

- d) the share of the old age benefits drawn before the retirement age does not exceed the share of the salary reduction.
- 21.2. The Insured Person can demand a maximum of three partial drawdowns. There must be at least one year between the partial retirement increments. The third increment triggers full retirement.

## 22. Retirement pension: for deferred retirement

- 22.1. Entitlement to old age benefits can be deferred beyond the retirement age until the Insured Person reaches the age of 70 at the latest, provided he or she remains in gainful employment with the employer.
- 22.2. If the gainful employment ceases (including due to incapacity for work), the old-age benefits will be paid.
- 22.3. Deferred retirement is possible with or without an obligation to pay contributions. If deferred retirement is subject to an obligation to pay contributions, the level of retirement credits during deferred retirement will be determined in accordance with the pension plan.
- 22.4. In the event of deferral of old-age benefits, the survivors' benefits will be governed by the provisions for retirement pension recipients..

## 23. Retired person's child pensions

- 23.1. Any Insured Person who is entitled to a retirement pension is also entitled to retired person's child pensions for each child eligible to claim an orphan's pension in the event of his or her death. The provisions governing orphan's pensions apply mutatis mutandis.
- 23.2. The retired person's child pension payable annually must be as set forth in the pension plan.

## C. Disability benefits

### 24. Disability pensions

- 24.1. Upon the onset of disability, Insured Persons are entitled to a disability pension, provided that they
- are at least 40 per cent disabled for IV purposes and were insured upon the onset of any condition that caused the Insured Person's incapacity for work and resulted in his or her disability;
  - have a restricted ability to work (by at least 20 per cent but not more than 40 per cent) upon taking up employment due to a birth defect and subsequently become disabled due to a further reduction in their capacity to work, but were at the time insured at a level of not less than 40 per cent;
  - have a restricted ability to work (by at least 20 per cent but not more than 40 per cent) upon taking up employment due to the onset of a condition while still a minor and subsequently become disabled due to a further reduction in their capacity to work, but were at the time insured at a level of not less than 40 per cent.

In the circumstances described in b) and c) above, only the mandatory minimum benefits prescribed in the OPA will be paid out.

- 24.2. If an individual in receipt of benefits in excess of the statutory minimum benefits is unable to work, the Foundation may refer to any medical examination conducted by an independent medical examiner.
- 24.3. If the Insured Person becomes partially disabled, the benefits defined in respect of total disability will be granted, based on the degree of disability.

The amount of the entitlement to a disability pension will be determined in percentage shares of a full pension.

- In the event of a degree of disability of 70 per cent or more, there is an entitlement to a full pension;
- In the event of a degree of disability of 50 to 69 per cent, the percentages share corresponds to the degree of disability.
- In the event of a degree of disability of 40 to 49 per cent, the following percentage shares are applicable:

Degree of disability	Percentage share
49 per cent	47.5 per cent
48 per cent	45 per cent

47 per cent	42.5 per cent
46 per cent	40 per cent
45 per cent	37.5 per cent
44 per cent	35 per cent
43 per cent	32.5 per cent
42 per cent	30 per cent
41 per cent	27.5 per cent
40 per cent	25 per cent

- In the event of a degree of disability of less than 40 per cent, there is no entitlement to benefits

24.4. Insured Persons are eligible for disability benefits no earlier than upon the onset of the disability for IV purposes and only if there is no further entitlement to salary or benefits in lieu of salary (where benefits in lieu of salary are at least equal to 80 per cent of the latest salary previously paid). In the case of daily sickness benefits, the premiums must be funded equally in any case. Only the minimum benefits prescribed under the OPA will be payable in respect of any entitlement that, for particular reasons, existed prior to this date.

24.5. Entitlement will cease once the Insured Person is no longer disabled (subject to Article 26a of the OPA), dies or reaches retirement age.

If a pension awarded on the basis of pain conditions that cannot be explained organically is reduced or cancelled in application of (a)(3) of the final provisions of the amendment of 18 March 2011 to the Swiss Invalidity Insurance Act (InvlA; *Bundesgesetz über die Invalidenversicherung – IVG*), the Insured Person's entitlement to disability benefits will, by way of derogation from the OPA, be reduced or terminated as of the date on which a reduced disability insurance pension or no such pension is paid to the Insured Person.

24.6. If the level of disability increases due to the same condition once the Insured Person has left employment, the benefits payable as a result thereof will not exceed the minimum benefits prescribed under the OPA.

24.7. The full annual disability pension payable must be as set forth in the pension plan.

## **25. Disabled person's child pensions**

25.1. Any Insured Person who is entitled to a disability pension is also entitled to disabled person's child pensions for each child who would be eligible to claim an orphan's pension in the event of his or her death. The provisions governing orphan's pensions apply *mutatis mutandis*.

25.2. The disabled person's child pension payable annually must be as set forth in the pension plan. Contribution exemption

## **26. Contribution exemption**

26.1. Incapacity for work or disability results in an exemption from contributions according to the degree of disability or incapacity for work. The exemption will continue for as long as the disability subsists (subject to Article 26a OPA) but must cease to apply on reaching retirement age. In the event of incapacity to work, this exemption will continue until employment is terminated or for a period of 24 months.

26.2. The commencement and level of the contribution exemption must be as set forth in the pension plan.

## **D. Death benefits**

### **27. Spouse's pensions**

27.1. The spouses of deceased Insured Persons or Pension Beneficiaries are entitled to a spouse's pension.

27.2. Spouses are only entitled to survivors' benefits if the deceased:

- was insured on the date of death or upon the onset of any condition that caused the Insured Person's incapacity for work and resulted in his or her death;
- or had a restricted ability to work (by at least 20 per cent but not more than 40 per cent) upon taking up employment due to a birth defect, or the onset of condition while still a minor, and subsequently died due to a further reduction in his or her capacity for work, but was at the time insured at a level of not less than 40 per cent;
- or was in receipt of a retirement pension or disability pension from the Foundation at the time of death.

In the circumstances described in b) above, only the mandatory minimum benefits prescribed in the OPA will be paid out.

- 27.3. Entitlement commences upon the death of the Insured Person or Pension Beneficiary, but no earlier than the date on which any continuing salary payments cease or entitlement to a retirement pension or disability pension ceases.
- 27.4. Entitlement to the spouse's pension will cease upon the death or remarriage of the spouse. If the spouse remarries, he or she will receive a lump-sum settlement equivalent to three annual pension payments. Any pension payments made subsequent to the remarriage will be deducted proportionately from the settlement amount. There will be no further entitlement to a pension once the lump-sum settlement has been paid out.
- 27.5. The level of the spouse's pension must be as set forth in the pension plan.
- 27.6. If the spouse is more than 10 years younger than the Insured Person or marries after the age of 65, the spouse's pension will be reduced. The following reductions apply (as at 2025):
- a) The amount of spouse's pension will be reduced by one per cent for every full or part of a year by which the spouse was more than 10 years younger than the Insured Person.
  - b) If the marriage took place after the age of 65, the spouse's pension will further be reduced by 20 per cent for each full or part of a year over the age of 65.
  - c) No spouse's pension will be paid if the marriage took place after the age of 69 or if, at the time of marriage, the Insured Person was aged 65 or above and was suffering from a serious condition of which he or she was aware, which resulted in his or her death within two years of marrying.

The foregoing restrictions will not apply insofar as they would affect the minimum benefits prescribed under the OPA.

- 27.7. A divorced spouse is treated as equivalent to a widow or widower in respect of statutory minimum benefits, provided that
- a) the couple were married for at least 10 years; and
  - b) a pension was awarded to the divorced spouse in the divorce decree.
- Entitlement to survivors' benefits will continue to apply for the same period as the pension would have been payable.
  - The survivors' benefits payable by the Foundation will be reduced by the amount by which they and the OASI survivors' benefits together exceed the entitlement under the divorce decree.
  - OASI survivors' benefits will only be included in the calculation insofar as they exceed the divorced spouse's own entitlement to an IV disability pension or an OASI retirement pension.

## **28. Partner's pensions**

- 28.1. The paragraphs governing partner's pensions below only apply if the pension plan stipulates that the insurance covers partner's pensions as well as spouse's pensions.
- 28.2. If the Insured Person dies before reaching retirement age, leaving a surviving partner rather than a spouse, the surviving partner is entitled to a partner's pension equal to the level of a spouse's pension as provided for under statutory provisions.
- 28.3. Partners are only entitled to survivors' benefits if they were
- a) cohabiting with the Insured Person as his or her partner for a continuous period of five years prior to death (years of marriage are not taken into account for either partner); or
  - b) cohabiting with the Insured Person as his or her partner at the time of death and are required to provide financial support to one or more of the couple's children who are eligible to claim an orphan's pension under these regulations.

In addition, the partner may not be

- a) married;
- b) related to the Insured Person, or be the stepchild of the Insured Person; and

- c) in receipt of a spouse's pension or partner's pension under the second pillar or of a relevant lump-sum settlement.

Cohabitation is defined by a shared residence (jointly managed household with the same registered address and tax domicile) and the existence of an exclusive relationship between two people.

- 28.4. The maximum benefits paid out by the Foundation are equal to 100 per cent of the spouse's pension. The provisions governing spouse's pensions apply mutatis mutandis.

## **29. Orphan's pension**

- 29.1. The children and foster children of deceased Insured Persons or Pension Beneficiaries are entitled to an orphan's pension, provided the deceased was required to support them financially.

- 29.2. Entitlement commences upon the death of the Insured Person or Pension Beneficiary, but no earlier than the date on which any continuing salary payments cease or entitlement to the retirement pension or disability pension ceases. Entitlement will cease if the orphan dies, or once the orphan has reached the age of 18. However, entitlement will continue up to the age of 25

- a) for children in education, until they complete their education (with regard to the definition of education as well as its termination and interruption, the OASI provisions apply mutatis mutandis);
- b) for children who are at least 70 per cent disabled.

- 29.3. The level of the orphan's pension must be as set forth in the pension plan.

## **30. Lump-sum death benefits**

- 30.1. If an Insured Person dies before retirement age without survivors' benefits becoming due, the existing retirement savings will be paid out as a lump-sum death benefit. The following individuals are eligible (in equal shares, where applicable) in the following order regardless of the provisions of inheritance law:

- a) Any eligible spouse under these regulations or any eligible orphans under these regulations
- b) In the absence of any beneficiaries under a) above: individuals who have received substantial financial support from the Insured Person, any individual who has been cohabiting with the Insured Person on a continuous basis for a period of least five years prior to his or her death, or is required to support one or more of the couple's children financially
- c) In the absence of any beneficiaries under b) above: children of the deceased who do not satisfy the requirements set out in Section 29
- d) In the absence of beneficiaries under c) above: the parents or the siblings

Beneficiaries who are in receipt of a widower's or widow's pension or have received a lump-sum settlement equivalent to such an entitlement are not eligible to claim survivors' benefits.

- 30.2. The amount of any additional lump-sum death benefit must be as set forth in the pension plan. The above provisions apply mutatis mutandis. The additional lump-sum death benefit is also paid out if there is an entitlement to a partner's pension.

## **E. Common provisions governing benefits**

### **31. Benefits payable to the entry generation**

The Foundation shall pay the benefit increases prescribed by law to the entry generation and lay down rules regarding the financing of such payments.

### **32. Cost of living adjustments**

- 32.1. Survivors' and disability pensions paid out for a period of more than three years will be adjusted for the cost of living by order of the Federal Council. Individual cost-of-living allowances must be calculated on the basis of the minimum benefits payable under the OPA. Pre-mandatory or non-mandatory benefits must be included in any cost-of-living adjustments.



- 32.2. Insofar as is financially feasible, current pensions in payment must be adjusted in all other cases. The Foundation shall determine on an annual basis whether pensions will be adjusted and the scope of such adjustment. Any resolution adopted by the Board of Trustees will be noted in the annual report.

### **33. Relationship with other insurance schemes**

- 33.1. In the event of a claim under the Swiss Accident Insurance Act (AIA; *Bundesgesetz über die Unfallversicherung – UVG*) or the Swiss Act on Military Insurance (AMI; *Bundesgesetz über die Militärversicherung – MVG*), the applicable retirement, death or disability benefits will always have priority. The Foundation will, at most, pay out the minimum OPA benefits, unless the pension plan explicitly provides for benefits in the event of an accident.
- 33.2. Where the accident insurance or military insurance scheme does not pay out full disability or death benefits because the incident giving rise to the claim was not exclusively caused by circumstances covered by the scheme, the benefits stipulated in these regulations will be granted proportionately.
- If spouse's and orphan's pensions under a military insurance scheme are reduced because death did not result from an insured injury, the minimum OPA benefits may not be reduced.
- 33.3. Death benefits will be paid out upon the death, of an Insured Person who was claiming disability benefits under an accident insurance or military insurance scheme at the time. The same will apply in respect of persons suffering from a disability due to an illness who die as a result of an accident, based on the degree of disability.

### **34. Conditions applying to reductions and coordination**

- 34.1. If the death and disability benefits payable by the Foundation (incl. the old-age benefits replacing them), together with qualifying statutory benefits or income result in an income greater than 90 per cent of the annual salary used as a basis for calculating the insurance benefits, the benefits payable by the Foundation will be reduced by the amount exceeding 90 per cent.

The Foundation reduces the disability pension in proportion to the Insured Person's reduced degree of disability during the continued cover and maintenance of the benefit claim according to Article 26a of the OPA; however, only insofar as the reduction is offset by additional income of the Insured Person.

The Foundation is under no obligation to compensate the claimant for any shortfall where benefits of the OASI/IV scheme, mandatory accident insurance or federal military insurance benefits have been refused or reduced. In such circumstances, the full amount of benefits is used as a base in the calculation of the reduction.

The Foundation may reduce its benefits by an equivalent amount if the OASI/IV scheme reduces or withholds its benefits, or declines to pay out benefits, because the death or disability was caused through serious negligence on the part of the claimant or the claimant has refused IV rehabilitation measures.

If the benefits payable by the Foundation are reduced due to a drawdown of funds, e.g. for the promotion of home ownership, the full amount of benefits must be included in the calculation of the reduction.

If, in the event of a divorce, a disability pension is to be split, the share of pension awarded to the eligible spouse will still be included in the calculation of any reduction in disability pension (incl. the old-age benefits replacing it) due to the Insured Person.

The provisions of the Swiss Federal Act on General Aspects of Social Security Law (GSSLA; *Bundesgesetz über den Allgemeinen Teil des Sozialversicherungsrechts – ATSG*) apply.

- 34.2. In the event of any reduction in disability benefits prior to the Insured Person reaching retirement age, the Foundation takes into account the following benefits and income from survivors' benefits:
- a) Survivors' and disability pensions (including the old-age benefits that replace these) which other social insurance schemes and pension institutions pay the beneficiary on account of the event giving rise to injury; lump-sum benefits are credited at their pension conversion value
  - b) Daily benefits from mandatory insurances
  - c) Daily benefits from voluntary insurances if the employer pays for at least half of the premiums
  - d) Plus any gross income from employment and income from employment or replacement income that could reasonably be earned in future by a disability pension claimant

The value of the pension is factored into lump-sum benefits.

The Foundation is not permitted to take the following benefits and income into account:

- a) Helplessness and impairment allowances, lump-sum settlements, personal assistance allowances and similar benefits
- b) Additional income that is earned during participation in any IV rehabilitation measures

Survivors' benefits payable to spouses and to orphans are added together.

The Foundation may review the conditions for and the scope of a reduction at any time and may adjust its benefits if circumstances change significantly.

The Foundation is not required to compensate the Insured Person for benefits which are reduced upon his or her reaching the retirement age or are reduced or withheld due to negligence on his or her part.

The sum total of the reduced benefits paid by the pension fund and the payments under the AIA, AMI and comparable foreign benefits may not be lower than the full amount of the minimum OPA benefits.

- 34.3. Benefit claimants shall assign to the Foundation any claims that they may have against liable third parties to the full extent of any benefits the Foundation is obliged to pay.
- 34.4. Any advance payment that the Foundation is required to pay must not exceed the minimum benefits prescribed under the OPA after the coordination deduction.

Claimants must provide evidence that they have notified their benefit claims to all the relevant pension and insurance schemes.

The Foundation reserves the right to obtain additional documents and information, including documents and information from third parties. The Insured Person shall make every effort to ensure that any payment of benefits required by the Foundation is kept to a minimum. If the Insured Person fails to comply with any of the foregoing requirements, the Foundation may reduce or reclaim payments accordingly.

- 34.5. If the disability or death is caused by some deliberate act by the claimant, only the mandatory minimum benefits under the OPA will be paid out. The foregoing provision will also apply if the disability or death was caused by the Insured Person's active involvement in war, hostilities or civil unrest, other than a war waged by Switzerland or hostilities in which Switzerland is involved.

## **35. Payout of pensions**

- 35.1. Pensions due under these regulations must generally be paid in advance on the first working day of the respective month. The pension is paid in full for the month in which the claim expires.
- 35.2. Withholding tax may be deducted.

## **36. Lump-sum settlements**

- 36.1. Upon reaching retirement age or in the event of early or deferred retirement, Insured Persons may draw down all or part of their retirement savings in the form of a one-off lump-sum payment. The Insured Person must notify the Foundation of this in writing at the latest before reaching the early or regular retirement age and, if married, signed by the spouse – the Foundation will check the signature and may request further proof from the Insured Person if necessary. Insured Persons who fail to meet this deadline or fail to provide evidence requested by the Board of Trustees are not entitled to a lump-sum withdrawal of their old-age benefits..
- 36.2. The tax implications of lump-sum withdrawals in the individual partial retirement increments must be clarified by the Insured Person with the relevant tax authority in advance.
- 36.3. Beneficiaries of spouse's or partner's pensions can request an offer from the Foundation for a full or partial lump-sum payment of their pension entitlement if death occurs before retirement age is reached. Beneficiaries shall notify the Foundation to this effect in writing prior to the first pension payment.
- 36.4. If, at the time of drawdown, the annual retirement pension or disability pension payable in respect of total disability is less than 10 per cent, the spouse's pension less than six per cent and any child's pension less than two per cent of the basic minimum OPA retirement pension, an equivalent lump-sum amount must in all circumstances be payable in lieu of the pension, which has to be calculated in accordance with actuarial rules.

36.5. With the payout of the entire or partial retirement savings, any further entitlement to benefits from the Foundation expires to the relevant extent, in particular also the entitlement to spouse's/partner's and child's pensions, and the regulatory retirement savings as well as the statutory minimum retirement savings are reduced proportionately if necessary in the event of a lump-sum settlement.

36.6. Withholding tax may be deducted.

### **37. Reimbursement of benefits wrongly received**

37.1. Any benefits wrongfully received must be reimbursed. The right to claim a refund may be waived if the beneficiary acted in good faith and the repayment of benefits would cause significant hardship.

37.2. A right to claim a refund will expire three years after the Foundation becomes aware of the wrongful payment, but no later than five years after the benefits were paid out. In the event that a repayment is claimed by reason of a criminal offence and a longer limitation period is prescribed under criminal law, the statutory limitation period will apply.

37.3. No interest is payable on reimbursements unless benefits were wrongfully received. If the wrongful receipt of benefits is due to an error on the part of the Foundation, no interest will be charged.

Interest at the rate of one per cent above the OPA minimum interest rate will be applied to wrongfully received benefits.

### **38. Measures in the event of failure to fulfil maintenance obligation**

38.1. If the Insured Person falls into arrears with at least four monthly payments payable on a regular basis, the specialist office designated by cantonal law can report this to the pension fund.

38.2. The consequences of the report will take effect once processed, but no later than five working days after being sent.

38.3. The Foundation must inform the specialist office immediately on maturity of the following claims of the Insured Person reported to it:

- a) Disbursement of benefit as one-off lump-sum payment of at least CHF 1,000.00
- b) Cash disbursement of at least CHF 1,000.00
- c) Early withdrawal for promotion of home ownership

38.4. It must also report the pledging of the Insured Person's pension assets and the realisation of these pledged assets to the specialist office.

38.5. The notices must be made in writing by registered post or by any other means against acknowledgement of receipt.

38.6. The Foundation may undertake a transfer no sooner than 30 days after sending the notice to the specialist office.

### **39. Reinsurance**

39.1. The Foundation may enter into a cooperative life insurance contract with a life insurance company to cover the risks of old age, death and disability. All rights and obligations under the cooperative life insurance contract will accrue exclusively to the Foundation and the insurance company. Beneficiaries will have no direct rights or claims against the life insurance company concerned.

39.2. The Foundation may pass on data to the insurance company for processing, insofar as such information is required by the insurance company for the purpose of concluding contracts, assessing applications, implementing contracts and settling claims (names, dates of birth, medical records, insurance decisions, etc.). The Insured Person shall assist the Foundation and any insurance company in obtaining information and documents.

39.3. The Foundation may delegate the process of sourcing and using the necessary information to its insurer to review enrolment in the Foundation, to manage the insurance contract and to determine any benefit entitlement. The insurer may process the data, including any highly sensitive data, within this context and may forward the information to its reinsurers where necessary. Compliance with Swiss data protection regulations is guaranteed at all times.

#### **IV. Promotion of home ownership**

##### **40. Promotion of home ownership**

- 40.1. Insured Persons may either pledge their rights by way of security or make an early withdrawal of funds and use these directly for the promotion of home ownership for their own use.
- 40.2. The promotion of home ownership scheme may be used to purchase or build owner-occupied residential property, invest in owner-occupied residential property (purchase shares in cooperative residential associations, etc.), meet mortgage redemption obligations or repay existing mortgages on a voluntary basis.
- 40.3. Owner-occupied residential property means an apartment or single-family home which is solely owned or co-owned or owned jointly by the Insured Person and his or her spouse, or for which an independent and permanent building lease has been granted.
- 40.4. Own use means that the Insured Person occupies the owner-occupied residential property at his or her place of residence or usual place of abode. If the Insured Person is temporarily unable to use the owner-occupied residential property, the property may be let for the period in question.

##### **41. Early withdrawal**

- 41.1. Early withdrawal of the funds is possible up to three years prior to becoming eligible to claim old-age benefits under the plan; where applicable, the Insured Person must obtain the written consent of his or her spouse. The Foundation shall verify the signature and may require further evidence from the Insured Person where necessary. If it is not possible to obtain consent, or consent is withheld without good reason, the Insured Person may bring the matter before the courts.

- 41.2. In addition, early withdrawals of funds may only be made every five years and at least CHF 20,000.00 must be withdrawn. No minimum amount applies to investments in owner-occupied residential property.

Where buy-ins have been undertaken, no benefits in the form of a lump-sum payment may be withdrawn from the occupational pension benefits over the next three years. Buy-ins for OASI bridging pensions are excluded.

- 41.3. The amount available for the early withdrawal is generally equal to the vested benefit, but – if the Insured Person has already reached the age of 50 – is limited to the vested benefit at the age of 50 or to half of the vested benefit, if this amount is higher.

- 41.4. In the event of an insured event, the early withdrawal results in a proportional reduction of the death and disability benefits (early withdrawal amount in relation to the calculated retirement savings) and the old-age benefits.

In the event of an early withdrawal, retirement savings under the plan and the statutory minimum retirement savings will be reduced proportionately. Any repayments will also be credited proportionately.

At the time of an early withdrawal, the Foundation shall inform the Insured Person of the new and reduced benefits. The benefit reductions are cancelled to the extent of any amount repaid.

Additional insurance may also be arranged, other than through the Foundation, to cover any gaps in coverage. The Foundation offers or arranges additional insurance in this case.

- 41.5. In the event of an early withdrawal, the Foundation shall pay the funds required for the promotion of home ownership directly to the Insured Person's creditor or payee concerned within six months of receipt of the application from the Insured Person.

- 41.6. The pension objective of the funds withdrawn early will be secured by making a note to this effect in the land register or depositing cooperative share certificates with the Foundation. The note in the land register may be deleted

- a) when entitlement to old-age benefits arises under these regulations;
- b) following the occurrence of any other insured event;
- c) in the case of cash disbursements of the vested benefits;
- d) on production of evidence that the amount invested in the owner-occupied residential property has been transferred to the Insured Person's foundation or vested benefits institution.

- 41.7. On making any early withdrawal, the Insured Person shall immediately pay the appropriate tax. In the event that the early withdrawal is reversed, the Insured Person may request that the tax authorities refund any tax paid at the time without interest. The Foundation shall prepare the official certifications required for such purpose within the time limits prescribed by law.
- 41.8. The Insured Person, or the heirs to his or her estate, must repay to the Foundation any amount withdrawn in advance if
- a) the owner-occupied residential property is sold;
  - b) rights to the owner-occupied residential property are granted which are equivalent to a sale in economic terms; or
  - c) no pension benefits are payable upon the death of the Insured Person.

The transfer of title may only be effected in the land register once the repayment has been made.

If the Insured Person again intends to use the proceeds of any sale of owner-occupied residential property, equal to the amount of the early withdrawal, for the promotion of home ownership within a period of two years, he or she may transfer the amount concerned to a vested benefits institution.

The obligation to repay only extends to any proceeds of sale. The proceeds of sale are deemed to be the purchase price, less any mortgage debt owed and any taxes or duties the seller is required to pay by law. Any loan commitments incurred within two years of the sale must have been required for the purpose of financing owner-occupied residential property; loans for any other purpose will be disregarded.

- 41.9. The Insured Person also has the option of repaying the amount withdrawn in advance on a voluntary basis until he or she becomes eligible to claim old-age benefits under the plan, unless another insured event has occurred or a cash disbursement of vested benefits is required. The minimum amount that may be repaid is CHF 10,000.00; the Foundation shall prepare the official certifications required for such purpose within the time limits prescribed by law.

## **42. Pledge**

- 42.1. Assets may be pledged up to three years prior to becoming eligible to claim old-age benefits; where applicable, the Insured Person must obtain the written consent of his or her spouse. If it is not possible to obtain consent, or consent is withheld without good reason, the Insured Person may bring the matter before the courts.
- 42.2. The amount available for the pledge is generally equal to the vested benefit, but – if the Insured Person has already reached the age of 50 – is limited to the vested benefit at the age of 50 or to half of the vested benefit, if this amount is higher.
- 42.3. The pledge will take effect once the Insured Person has notified the Foundation of the pledge by registered letter, indicating the pledgee concerned. The Foundation shall thereupon assess whether all requirements for the pledge have been met.
- 42.4. The consent of the pledgee must be obtained if, following divorce, the sum pledged is affected by any cash disbursement of vested benefits, a disbursement of pension benefits or the transfer of a share in pension benefits to the other spouse's pension institution.
- 42.5. In the event that the pledge is enforced, the same effects as an early withdrawal will ensue.
- 42.6. The pledge will be extinguished within three months of notification by the pledgee that the conditions of pledge have ceased to apply.

## **V. Divorce**

### **43. Transfer of vested benefits**

- 43.1. In the event of divorce, the court decides on the settlement of the claims acquired during the marriage up to the time of the initiation of the divorce proceedings.
- 43.2. In principle, the vested benefits and pension portions are divided.
- 43.3. If the marriage is divorced before the occurrence of an insured event, the early withdrawal will be deemed a vested benefit.

Where there has been an early withdrawal during the marriage, the capital outflow and the loss of interest will be charged proportionately to the pension assets accumulated before the marriage and thereafter until the early withdrawal.

- 43.4. Upon request, the Foundation shall provide the Insured Person or the divorce court with information on the principles used for this calculation.

### **A. Insured Persons subject to obligation to divide pension rights**

#### **44. Active Insured Persons**

- 44.1. If the Insured Person has reached retirement age when divorce proceedings are initiated and has deferred his or her claim to old-age benefits, the pension assets available at the time will be divided in the same way as the vested benefits.
- 44.2. The retirement savings are reduced by the amount to be transferred in accordance with the pension fund regulations.
- 44.3. If the Insured Person does not make additional buy-ins, the Foundation shall notify the Insured Person of the new, reduced benefits at the time of transfer. Buy-ins to the benefits are possible within the framework of the statutory and regulatory provisions.

#### **45. Claimants of disability pensions**

- 45.1. The passive retirement savings used to finance the old-age benefits are reduced by the amount to be transferred in accordance with the pension fund regulations. In the case of partial disability, it is withdrawn primarily from the retirement savings of the active part. Retirement savings under the plan and the statutory minimum retirement savings will be reduced proportionately.
- 45.2. If a share of the hypothetical vested benefits is transferred to the divorced spouse, a current disability pension and the relevant OPA minimum pension will be reduced, provided that the retirement savings acquired up to the start of the entitlement are included in the calculation of the disability pension in accordance with the pension fund regulations.
- 45.3. Future child's and survivors' pensions will be calculated on the basis of the reduced disability pension.
- 45.4. If a disability pension is reduced due to concurrent payments under accident or military insurance schemes, the amount payable may not be used for the purpose of dividing pension rights in the event of divorce prior to reaching retirement age, unless a disability pension would not be reduced in the absence of any entitlement to child pensions.

#### **46. Claimants of retirement pensions**

- 46.1. The current retirement pension will be reduced by the portion of the pension awarded to the eligible spouse.
- 46.2. If child's pensions are in payment when divorce proceedings are initiated, neither they nor any orphan's pensions that replace them will be reduced. Future retired person's child's pensions and survivors' pensions will be calculated on the basis of the reduced retirement pension.

#### **47. Reaching the retirement age during the divorce proceedings**

- 47.1. If an Insured Person retires during the divorce proceedings, the Foundation will reduce the share of the vested benefits to be transferred and the retirement pension. The reduction represents the amount by which any pension payments made in the period up to the date of the decree absolute of divorce would have been

reduced if the relevant calculation had been based on the reduced percentage of retirement savings resulting from the share of vested benefits transferred. The reduction will be divided equally between the two spouses, subject to any court ruling to the contrary. In addition, the retirement pension is permanently adjusted from the time the divorce decree becomes final on the basis of the retirement savings still available after the division of the pension rights.

- 47.2. Where the Insured Person draws a disability pension and reaches retirement age during the divorce proceedings, the pension fund may reduce the vested benefits as well as the pension. The reduction must not exceed the amount by which any pension payments made in the period between the date on which retirement age is reached and the date of the decree absolute of divorce would have been reduced if the relevant calculation had been based on the reduced percentage of savings resulting from the share of vested benefits transferred.

## **B. Insured Persons entitled to divide pensions rights**

### **48. Active Insured Persons**

- 48.1. Any vested benefit, lifetime pension or lump-sum settlement received for the lifetime pension will be credited to the mandatory and non-mandatory component of the retirement savings in the proportion in which it was debited to the occupational pension benefits of the spouse subject to the obligation to divide pension rights.
- 48.2. From the age of 60, the Insured Person may request that the Foundation pay out an awarded lifetime pension. The Insured Person may request that it be transferred to his or her pension fund if a buy-in is still possible under its regulations.

### **49. Claimants of disability pensions**

- 49.1. The passive retirement savings used to finance the old-age benefits will be increased by any incoming amount.
- 49.2. In the case of partial disability, it is credited primarily to the retirement savings of the active part.
- 49.3. If there is an entitlement to a full disability pension, payout of an awarded lifetime pension may be requested from the pension fund of the spouse liable to divided pension rights.
- 49.4. If, in the event of a divorce, a disability pension is to be split, the share of pension awarded to the eligible spouse will still be included in the calculation of any reduction in disability pension due to the Insured Person.

### **50. Claimants of retirement pensions**

- 50.1. A settlement claim is paid out by the pension fund of the spouse liable to divide pension rights.
- 50.2. It may be used to increase the current regulatory retirement pension of the Foundation.

### **51. Transfer of a lifetime pension**

- 51.1. If the Foundation has to transfer a lifetime pension, the spouse entitled to divide pension rights may request a transfer of a lump-sum amount in writing and irrevocably before the first pension transfer in its place.
- 51.2. The capitalisation is calculated in accordance with the Foundation's actuarial assumptions valid at the time the divorce decree becomes final. The transfer in the form of capital settles all claims of the spouse entitled to divide pension rights against the Foundation.
- 51.3. If the spouse entitled to divide pension rights is entitled to a full disability pension or has reached the minimum age for early retirement, the Foundation will pay him or her the lifetime pension upon request.
- 51.4. Where the spouse entitled to divide pension rights has reached the reference age as per the OPA, the lifetime pension will be paid to him or her in accordance with Article 124a of the CC. He or she may request that it be transferred into his or her own pension fund if that fund's regulations allow for the buy-in of additional benefits.
- 51.5. No further claims to benefits, in particular no survivors' benefits, may be derived from the lifetime pension.



## **VI. Contributions**

### **52. Obligation to pay contributions**

- 52.1. The obligation to pay contributions commences on the date of enrolment with the Foundation.
- 52.2. The obligation to pay contributions ceases upon
- a) the death of the Insured Person;
  - b) complete or partial early retirement (to the extent of the partial retirement);
  - c) reaching retirement age or deferment of old age benefits with retirement credits;
  - d) early exit from the Foundation due to termination of employment; or
  - e) the likelihood that the Insured Person will earn less than the minimum salary required for mandatory insurance on a permanent basis.

The foregoing is without prejudice to any contribution exemption in the event of disability or incapacity.

- 52.3. If the pension plan provides for the continued accumulation of the retirement provision with retirement credits even after reaching retirement age, the Insured Person can choose upon reaching retirement age whether he or she only wishes to defer the retirement provision (without retirement credits) or would also like to continue to contribute to the retirement provision. Irrespective of this decision, the retirement savings will continue to accrue interest in any case.
- o Upon reaching retirement age, if the Insured Person only requests deferment of the old age benefits (without retirement credits), subsequent additional accumulation of the retirement provision is no longer possible and no further contributions are collected for retirement credits, risk premiums or administrative costs. Neither from the employer nor from the Insured Person.
  - o If the Insured Person opts for deferment of old age benefits as well as for accumulation of the retirement provision, the employer and the Insured Person also make the contributions for retirement credits and administrative costs. The Insured Person is entitled to request termination of the accumulation of the retirement provision at the end of each month. Subsequently, it is no longer possible to resume accumulation of the retirement provision. Deferment of old age benefits (without retirement credits) can nevertheless continue.
- 52.4. Contributions will be calculated on a daily basis and payable pro rata temporis in relation to the month of enrolment or exit.
- 52.5. The employer shall deduct any contributions payable by the Insured Person from the salary or any allowance replacing salary in equal instalments. The employer shall transfer the total contributions to the Foundation annually and within 30 days. If the employer is more than three months in arrears with the payment of contributions, he or she shall inform the Board of Trustees immediately. The Board of Foundation shall report any outstanding contributions older than three months to the competent supervisory authority.
- 52.6. The employer shall pay the employer contributions from the employer's own funds or from accrued contribution reserves previously set aside for such purpose which will be shown separately in the financial statements of the Foundation.

### **53. Buy-ins for early retirement**

- 53.1. The Insured Person may, prior to the occurrence of any insured event, purchase additional cover to offset any shortfall in benefits on taking early retirement, provided that the Insured Person has purchased full benefits under the plan. Interest is also payable on any additional buy-ins in line with retirement savings. The maximum buy-in permitted to offset any shortfall in benefits on taking early retirement is equal to
- a) the total savings contributions, without interest, that would have been payable from the selected retirement age up to reaching retirement age;
  - b) plus the sum of the insured retirement pensions to be drawn (from the selected retirement age until reaching retirement age).
- 53.2. If, notwithstanding any additional buy-in in respect of early retirement, the Insured Person continues to be gainfully employed beyond the retirement age selected, no further savings contributions may be collected, once the Insured Person has reached the earliest possible retirement age, for as long as the available



retirement savings exceed the maximum retirement savings permitted. In addition, a stop on interest payments may be applied. The target benefits under the plan may be exceeded by not more than five per cent as at the actual date of retirement. Any surplus retirement savings will revert to the Foundation.

- 53.3. Except as otherwise provided herein, the provisions governing enrolment and increases to benefits apply mutatis mutandis.

#### **54. Contribution levels**

- 54.1. The annual contributions must be as set forth in the pension plan.
- 54.2. Monthly deductions must be equal to one-twelfth of the annual contribution due from the Insured Person.
- 54.3. An Insured Person whose salary is reduced by no more than half after reaching the age of 58 and who has requested to continue the occupational pension benefits for the previous annual salary or pensionable salary shall finance the difference in contributions between the previous and the reduced pensionable salary himself or herself. The employer shall transfer all contributions to the Foundation.

## **VII. Termination of employment**

### **55. Vested benefits: entitlement**

- 55.1. Any Insured Person who leaves employment with the employer without claiming any retirement, death or disability benefits of the Foundation, as described in these regulations, is entitled to vested benefits.

### **56. Vested benefits: amount**

- 56.1. The amount of vested benefits will, in all cases, be equal to the total retirement savings accumulated from employee and employer contributions. Any contributions not applied towards retirement savings will be used to fund risk insurance cover, administration costs as well as the consulting fee and support compensation.
- 56.2. If, upon enrolment with the Foundation, the Insured Person undertook to pay a proportion of the enrolment lump sum himself or herself, that portion will be factored into the calculation of vested benefits even if it was not paid or paid only in part. However, any unpaid portion, plus interest, will be deducted from the vested benefits.
- 56.3. The vested benefits may not, however, be less than the level of entitlement calculated in accordance with the statutory provisions..
- 56.4. Vested benefits will be payable upon exiting the Foundation. If the vested benefits are not transferred within 30 days of the Foundation receiving the necessary information, default interest must be paid from the end of that period at the rate set by the Federal Council. Prior to the end of the aforementioned period, interest must be paid at the rate indicated in the OPA.
- 56.5. The foregoing interest also applies in the event of the termination of affiliation agreements.

### **57. Vested benefits: statement**

- 57.1. The Foundation shall prepare a statement of vested benefits for the Insured Person upon termination of employment. Such statement shall indicate
- a) the calculation of the vested benefits;
  - b) the minimum amount under the VBA;
  - c) the amount of the OPA retirement savings upon exit, at the time of marriage and at age 50;
  - d) the amount of the vested benefits at age 50 and at the time of marriage or on 1 January 1995 (for Insured Persons who married before 1 January 1995);
  - e) whether and to what extent the vested benefits were withdrawn or pledged in advance in connection with the promotion of home ownership, as well as the amount of the vested benefits before the early withdrawal or pledge;
  - f) the repayments of owner-occupied residential property including interest;
  - g) the amounts that have been transferred and credited in connection with the division of pension rights upon divorce, including interest;
  - h) the amount of the vested benefits and the pension portions transferred as part of a division of pension rights in the event of divorce.
- 57.2. Upon exiting the Foundation, any existing health exclusion will be noted on the vested benefits statement for the attention of the new pension institution.
- 57.3. Upon exiting the Foundation, any early withdrawal, or amount pledged, of funds in connection with the promotion of home ownership will be noted on the vested benefits statement for the attention of the Insured Person's new pension institution.
- 57.4. When an Insured Person leaves the company, the Foundation must provide any new pension scheme or vested benefits institution with the information on the receipt of retirement and disability benefits that is required for Insured Persons who are drawing or have drawn a retirement benefit or a partial disability pension. This information is necessary for
- a) calculation of the buy-in options or the pensionable salary subject to compulsory insurance; and
  - b) compliance with the maximum number of payments in the form of lump-sum payments.

## **58. Maintenance of cover for occupational pension benefits**

- 58.1. The Foundation shall maintain the Insured Person's vested benefits for the purposes of pension provision and transfer such benefits to the Insured Person's new pension institution. In the event that the Foundation is obliged to pay out benefits subsequently, the Insured Person's new pension institution shall refund vested benefits to the extent required to meet such payments. Any vested benefits previously paid will otherwise be taken into account in the event of any subsequent obligation on the part of the Foundation to pay out benefits.
- 58.2. If the vested benefits cannot be transferred to the Insured Person's new pension institution, the Insured Person shall determine the form in which cover for occupational pension benefits should be maintained, subject to the available options prescribed by law (vested benefits policy or vested benefits account), which the Foundation will disclose to the Insured Person on termination of employment.
- 58.3. If the Insured Person has not given any indication as to how his or her vested benefits should be appropriated within the time period specified by the Foundation, the Foundation shall transfer the vested benefits, including interest, no earlier than six months and no later than two years thereafter to the Substitute Occupational Benefit Institution.

## **59. Cash disbursement**

- 59.1. Cash disbursements of vested benefits may only be made
- a) to Insured Persons who leave Switzerland permanently;
  - b) to Insured Persons who become self-employed and are no longer subject to the mandatory occupational pension scheme;
  - c) if the value of vested benefits is less than a single annual contribution payable by the Insured Person.

Cash disbursements may only be made to married Insured Persons if written consent has been obtained from their spouse. If it is not possible to obtain consent, or consent is withheld without good reason, the Insured Person may bring the matter before the courts.

- 59.2. Insured Persons may not require a cash disbursement under 1a) above if they
- a) continue to be covered by mandatory insurance against the risks of age, death and disability under the legislation of a European Union member state;
  - b) continue to be covered by mandatory insurance against the risks of age, death and disability under Icelandic or Norwegian legislation;
  - c) are resident in Liechtenstein.

The above provisions a and b only apply to the extent of the minimum OPA retirement savings acquired.

- 59.3. Any request for a cash disbursement must be submitted to the Foundation together with supporting documents. The Foundation shall verify entitlement and may require further evidence from the Insured Person where necessary.
- 59.4. Withholding tax may be deducted.

## **60. Continued coverage**

- 60.1. Upon terminating the pension relationship, the Insured Person will continue to be covered against death and disability risks, to the extent of the benefits available under the plan, until he or she takes up new employment at a new employer or new pension arrangements commence, for a maximum period of one month from the date of exit without collection of the corresponding risk premiums.
- 60.2. If an insured event occurs during the period of continued coverage, any vested termination benefits previously paid must be refunded to the extent required to meet the relevant benefit payout. Otherwise the Foundation otherwise reserves the right to offset such amounts against any insurance benefits due.

## **VIII. Organisation of the Foundation**

### **61. Governing bodies**

The governing bodies of the Foundation are

- a) the Board of Trustees;
- b) the pension fund commissions of the respective pension funds;
- c) the auditor;
- d) the recognised expert for the occupational pension plan;
- e) the Executive Board.

### **A. Board of Trustees**

#### **62. Composition and term of office**

- 62.1. The Board of Trustees consists of six members.
- 62.2. It has an equal number of employee and employer representatives.
- 62.3. Members hold office for a term of five years. Re-election is permitted.
- 62.4. The provisions of the Organisational Regulations apply to the election of the Board of Trustees.

#### **63. Constitution**

- 63.1. The Board of Trustees will elect its own officers. It elects a Chairman and a Vice-chairman from among its members; one of these must be an employer representative and the other an employee representative. Re-election is possible.
- 63.2. The Board of Trustees shall be chaired alternately by the Chairman or the Vice-chairman each year.
- 63.3. The vote of the Chairman is not counted twice in Chairman and Vice-chairman elections or re-elections. In the event of a tie vote, the procedure will fall in line with Article 51(4) of the OPA, whereby the accredited occupational pension actuary is appointed as a neutral expert.

#### **64. Meetings**

The Chairman convenes meetings of the Board of Trustees at least 10 days in advance by sending its members a written invitation, which includes the agenda. If all members of the Board of Trustees have given their consent thereto, the 10-day period may be waived. A meeting of the Board of Trustees must also be convened if one-third of its members call for a meeting.

#### **65. Adoption of resolutions**

- 65.1. The Board of Trustees has a quorum if the majority of its members are present.
- 65.2. Decisions and resolutions are adopted by a simple majority of the votes cast by the members present. In the event of a tie vote, the casting vote decides. Entitlement to the casting vote alternates annually between the Chairman and the Vice-chairman.

Resolutions may also be adopted by way of a circular resolution if no member requests an oral discussion of the resolution. Circular resolutions must be unanimously adopted.
- 65.3. All resolutions must be recorded in minutes to be signed by the Chairman and the secretary. The minutes record all resolutions and all key discussions. Members of the Board of Trustees may request that their vote be recorded verbatim.

#### **66. Signing authority**

- 66.1. Every member of the Board of Trustees is authorised to sign jointly with another member of the Board of Trustees.
- 66.2. The Board of Trustees may confer signing authority on other persons.

## **67. Duties and powers**

- 67.1. The Board of Trustees is responsible for the overall management of the Foundation and its compliance with statutory requirements. It determines the Foundation's strategic objectives, the principles which it should follow and the means of ensuring that this occurs. The Board of Trustees defines how the Foundation should be organised, ensures that it is financially stable and monitors the conduct of business (which is carried out by the Executive Board on its behalf and in accordance with its instructions). It represents the Foundation in dealings with third parties.
- 67.2. The Board of Trustees manages the assets with a view to ensuring that investments are safe and generate adequate returns, that risks are spread appropriately and that projected cash requirements are met.
- 67.3. In particular, the Board of Trustees has the following non-transferable and inalienable powers:
- a) Establishing the financing system
  - b) Establishing performance targets and pension plans as well as the policy for the appropriation of non-committed funds
  - c) Issuing and amending regulations
  - d) Issuing pension plans (the Board of Trustees shall ensure that only pension plans certified by experts in occupational pension schemes in accordance with Article 52e of the OPA are used)
  - e) Defining the investment pools available to the pension funds and approving the investment strategies of the investment pools (PRO and PULSE compartments)
  - f) Checking and prior approval of the investment strategy chosen by a pension fund (FLEX and INDIVIDUA compartments)
  - g) Overseeing customised investments at pension fund level (FLEX and INDIVIDUA compartments)
  - h) Monitoring annual performance (all compartments)
  - i) Preparing and approving the annual financial statements on 31 December of each year
  - j) Defining the level of the technical interest rate and the other technical assumptions
  - k) Defining how the Foundation should be organised and specifying the persons who should be granted signing authority
  - l) Appointing and dismissing members of the investment commission (provided this does not fall within the remit of the pension fund commission)
  - m) Selecting other external experts such as, for example, investment controllers, to assist the Board of Trustees in performing its management tasks
  - n) Appointing and dismissing the Executive Board
  - o) Selecting and dismissing the accredited occupational pension actuary and the auditors
  - p) Determining the system of accounting
  - q) Ensuring Insured Persons are provided with information
  - r) Taking measures to ensure that the members of the Board of Trustees receive training and professional development
  - s) Making decisions regarding total or partial reinsurance of the Foundation and selecting a reinsurer where applicable
  - t) Deciding on reasonable remuneration for its members' and the investment commission's attendance at meetings and training courses
  - u) Defining the objectives and principles of asset management as well as implementing and monitoring the investment process
  - v) Conducting periodic reviews to ensure that the investment of the Foundation's assets is consistent with its obligations over the medium and long term
- 67.4. The Board of Trustees may delegate the preparation and implementation of its resolutions or its transaction monitoring to committees or individual members of committees.

It ensures that its members receive adequate reports.

- 67.5. It ensures that the Foundation's internal controls are appropriate for its size and complexity.
- 67.6. Any powers that the law, the Foundation Deed or the regulations do not expressly reserve to other bodies of the Foundation, to the employers or Insured Persons will reside in the Board of Trustees.

## **B. Pension fund commissions**

- 67.7. The Foundation sets up a dedicated pension fund for each affiliate of the Foundation. All pension funds are independent from one another organisationally and economically.

## **68. Composition**

- 68.1. The pension fund commission for each pension fund is composed of equal numbers of employer and employee representatives as follows:

- a) Employer representatives appointed by the employer
- b) An equal number of employee representatives who have been elected from among the Insured Persons with consideration given to the categories of employees

The Board of Trustees shall verify that the employee representatives elected to the pension fund commissions meet the definition of an employee.

- 68.2. Members will cease to be a member of the pension fund commission in the event that their employment contract with the employer is terminated, in the event of dismissal (by the employee representatives for the pension fund) or at the determination of the employer (for the employer representatives). In such cases a new member should be appointed to the vacancy.
- 68.3. The provisions of the Organisational Regulations apply to the election of the pension fund commission.

## **69. Constitution and term of office**

Each pension fund commission constitutes itself and elects a Chairman from among its members. The Chairman's term of office is five years. Re-election is possible.

## **70. Duties and powers**

- 70.1. The pension fund commission represents the interests of the pension fund in relation to the Board of Trustees and manages the employer's pension fund in accordance with the Foundation Deed and applicable regulations; specifically, this means
- a) administering the individual pension funds;
  - b) implementing pension plans;
  - c) providing information to the Insured Persons;
  - d) checking to ensure that the employer supplies the documents and reports provided for in the affiliation agreement;
  - e) assisting in obtaining the documents required to substantiate a claim in the case of an insured event;
  - f) passing resolutions on the appropriation of the pension fund's non-committed funds in accordance with the Foundation's purpose and the principle of equal treatment; and
  - g) obtaining consent to dissolve affiliation agreements for all Insured Persons where an absolute majority is required.

Additional duties and authorities for customised investment strategies (INDIVIDUA compartment):

The following additional authorities apply with regard to pension funds with their own investment strategy:

- h) Investment strategy and the ranges for this submitted to the Board of Trustees and the institute entrusted with asset management for approval in accordance with the investment provisions

- i) Application regarding the formation of provisions and reserves for the pension fund submitted to the Board of Trustees for approval
  - j) Application regarding necessary restructuring measures and the undertaking of statutory information duties in the event of an underfunding of the pension fund submitted to the Board of Trustees for approval
  - k) Decision-making as to retirement savings interest rate
  - l) Application regarding the conversion rate applicable to the pension fund submitted to the Board of Trustees for approval in line with the provisions of the pension fund regulations
- 70.2. The pension fund commission may inspect any documents that the Foundation has in its possession which it needs to carry out its tasks.

## **71. Meetings and resolutions**

- 71.1. Each pension fund commission holds meetings as often as the business of the pension fund requires it, but at least once a year in the case of cooperative investments and four times a year for custom investments.
- 71.2. The pension fund commission is convened by the Chairman or, on their behalf, by the Vice-chairman, at least 10 days in advance by written notice, stating the items on the agenda. If all members of the pension fund commission have given their consent thereto, the 10-day period may be waived. The pension fund commission may also be convened at the request of one of its members.
- 71.3. Meetings are presided over by the Chairman or, in their absence, by the Vice-chairman.
- 71.4. The pension fund commission passes resolutions by simple majority. In the event of a tie vote, the Chairman has the casting vote. Pension fund commissions that consist of only two members can only adopt resolutions unanimously.
- 71.5. Where the above provision applies, the pension fund commission will set proceedings itself. It may form committees for special tasks and enlist experts in an advisory capacity.

## **72. Recording of the minutes**

- 72.1. Minutes must be kept of the resolutions and signed by both an employer and an employee representative. Copies of the minutes must be submitted to the Foundation.
- 72.2. Where appropriate, resolutions must be notified to the Insured Persons; however, in such cases, the Board of Trustees' consent must first be obtained.
- 72.3. Every member of the pension fund commission may request that his or her vote be recorded in the minutes. The minutes and the related files must be available to the members of the pension fund commission for inspection at all times.
- 72.4. Copies of all the minutes must be submitted to the Board of Trustees within 14 days from the date of the meeting or the decision and without prior request.

## **73. Signature arrangements**

- 73.1. Unless the pension fund commission has decided otherwise, correspondence with the Foundation must be signed jointly by both an employer and an employee representative.

## **C. Executive Board**

### **74. Duties and obligations**

- 74.1. The Executive Board has the duties and powers that are delegated to it by the Board of Trustees. A schedule of tasks may be drawn up for these purposes.
- 74.2. Under the framework of the statutory provisions, in particular the provisions governing proper pension fund accounting, the Executive Board manages the financial reporting and the conducting of the annual audit, the preparation of the annual financial statements, consisting of the balance sheet, operating statement and the notes, and the preparation of the annual financial report.
- 74.3. In addition, the tasks assigned to the Executive Board include the following:

- a) Preparing and implementing the resolutions of the Board of Trustees
- b) Attending meetings of the Board of Trustees in an advisory capacity
- c) Dealing with the authorities as part of day-to-day management
- d) Handling any correspondence that arises
- e) Providing information to the Insured Persons
- f) Handling any other problems related to the objects and purpose of the Foundation
- g) Informing the Supervisory Board of any employers that have not transferred their regulatory contributions within three months of the agreed due date

74.4. Those persons who perform the tasks of the Foundation's Executive Board must demonstrate that they have extensive knowledge of both the practical and theoretical aspects of occupational pension schemes.

74.5. The Executive Board is subject to the instructions and oversight of the Board of Trustees.

#### **D. Auditor and expert in occupational pension schemes**

##### **75. Duties and obligations**

75.1. The Board of Trustees appoints the auditor for the annual review of the conduct of management, accounts and investments. The auditor performs these tasks in accordance with the statutory provisions.

75.2. The Foundation must commission an accredited actuary who is an expert in occupational pension schemes annually to review whether

- a) the Foundation, compartments or pension funds offer security to ensure that they can meet their obligations at all times; and
- b) the regulations on actuarial provisions governing payments and financing meet the statutory requirements.

75.3. If the auditor or expert discover shortcomings in the management of the Foundation, they must inform the Board of Trustees and, where necessary, the supervisory authority and propose suitable measures for rectifying the issues.

#### **E. Common provisions**

##### **76. Confidentiality**

The members of the Board of Trustees, the pension fund commissions and the persons entrusted with the management of the pension fund shall maintain strictest secrecy with regard to the personal and financial circumstances of the beneficiaries and their dependants of which they become aware in this capacity, in particular also with regard to the medical information received, both externally and vis-à-vis employees.

##### **77. Data protection**

77.1. The Foundation is required to comply with the statutory provisions (Articles 85a et seqq of the OPA and the Swiss Federal Act on Data Protection FADP) regarding the use of personal data.

77.2. The bodies entrusted with the implementation, control and supervision of the implementation of the OPA are authorised to process or commission others to process personal data, including particularly sensitive data and personality profiles, which they require in order to fulfil the tasks assigned to and required of them by law.

77.3. In addition to the Foundation, other bodies, service providers, employers, vested benefits institutions, other insurers, medical service providers, etc., are involved in the implementation of occupational benefits. Personal data, in particular that of beneficiaries, is therefore not only processed by the Foundation; the Foundation may also enlist third parties to process such data, insofar as this assists in the fulfilment of the duties assigned to it under the OPA. Personal data in this sense may be processed at the behest of the Foundation by an external management body, an external administrative body, experts in occupational pension schemes, external asset managers, external service providers for sales, external service providers for communication, external partners for case management, external consultants, external IT companies, financial institutions, insurance companies and reinsurance companies.



- 77.4. The Foundation and any service providers process personal data primarily in connection with the conclusion and processing of affiliation contracts with employers and managing the corresponding OPA solutions for the beneficiaries. This includes, in particular, the admission of Insured Persons, commercial and actuarial administration, the examination and settlement of benefit cases and case management. In addition, the Foundation may process data for internal purposes, for the purposes of communication with employers and beneficiaries, to safeguard its rights and to fulfil its legal obligations.
- 77.5. The Foundation and its service providers process personal data almost exclusively in Switzerland. One exception to this is the disclosure of personal data abroad in connection with a benefit case involving the Insured Person (with the data only being disclosed directly to the Insured Person or Pension Beneficiary or to persons and institutions designated by them). The Foundation and its service providers also use IT services and IT solutions that may involve data flows and data processing outside Switzerland, although these countries generally have an adequate level of data protection or the protection of personal data is otherwise ensured in an appropriate manner.

## **78. Surpluses from insurance contracts**

Any surpluses from insurance contracts will be passed on to the Insured Persons through an appropriately higher interest rate on retirement savings after the corresponding technical provisions have been sufficiently created and the decision has been taken by the Board of Trustees concerning cost- of-living adjustments for pensions.

## **79. Underfunding**

- 79.1. The Board of Trustees shall decide on measures to remedy any underfunding if the Foundation, a compartment or a pension fund within a compartment is found to be underfunded on the basis of a review by the expert in occupational pension schemes.

The expert in occupational pension schemes shall submit a restructuring plan to the Board of Trustees for this purpose, indicating the measures to be taken and the expected duration for remedying the gap in coverage.

- 79.2. In the event of a shortfall in funding, the expert in occupational pension scheme must, specifically

- propose a restructuring plan;
- assess the restructuring plan decided on by the Board of Trustees;
- review the effectiveness of the restructuring plan annually;
- inform the supervisory authority if the Board of Foundation does not follow its recommendations for restructuring measures and the financial security of the Foundation, a compartment or pension fund appears to be at risk;
- inform the supervisory authority immediately if restructuring using available or reasonable restructuring measures is not possible within 10 years.

- 79.3. Measures to eliminate a gap in coverage are in particular:

a) **Restructuring contributions**

The Foundation has the authority to levy (non-repayable) restructuring contributions from the employers and the Insured Persons to remedy the underfunding for the duration of the underfunding.

The Foundation may also levy a restructuring contribution from Pension Beneficiaries in accordance with the statutory provisions, provided that voluntary pension increases have been made during the last 10 years. However, the initial pensions with the statutory pension increases built in since then must not be diminished.

b) **Reduced interest rate**

In accordance with the statutory provisions, the Foundation has the authority to grant a lower interest rate than the OPA interest rate for the duration of the underfunding if the collection of restructuring contributions proves to be insufficient.

In the case of retirement savings in accordance with the OPA, an interest rate lower than the OPA interest rate may only be applied for the duration of the underfunding, for a maximum of five years.

The interest rate for determining the minimum benefit upon termination of employment according to Article 17 of the VBA may also be reduced to the same extent.

The interest rate may be determined for the calendar year in question upon presentation of the annual results.

c) Reduction of future benefits

The Foundation may reduce future entitlements, so-called vested rights, in the non-mandatory area in general or for a limited period of time.

d) Suspension of early withdrawal

The option of early withdrawal for the repayment of mortgage loans may be limited in terms of time and amount by the Board of Trustees in the event of underfunding.

- 79.4. In the event of underfunding, the employer may make deposits into a separate reserve account for employer's contributions with a declaration of renounced use, and also transfer funds from the regular reserve of employer's contributions to such account.

Funds deposited may not exceed the amount of the underfunding and no interest is payable. Deposits may not be used for benefit payments, pledged, assigned or reduced by any another means.

Once the underfunding has been eliminated completely, the reserve of employer's contributions with a declaration of renounced use must be dissolved and transferred to the regular reserve of employer's contributions. Early dissolution of part of the reserve is not permitted.

In the event of underfunding, the Foundation shall inform the supervisory authority, the employer, the Insured Persons and the Pension Beneficiaries of the extent and causes of the underfunding and of the measures taken.

- 79.5. The Board of Trustees shall prepare a circular letter to be sent to Insured Persons and Pension Beneficiaries setting out in full what the gap in coverage is, the measures being taken and the relevant implications. Throughout the period of underfunding, the Board of Trustees shall prepare such a circular letter not less than once a year following presentation of the annual financial statements.

- 79.6. The expert in occupational pension schemes shall review the effectiveness of the restructuring measures defined on an annual basis. As part of conducting such review, the expert in occupational pension schemes shall prepare an annual report to be submitted to the supervisory authority. If, during the review, it is established that the objective defined in the restructuring plan has not been achieved, the Board of Trustees shall determine what further measures should be taken to eliminate the gap in coverage.

## **IX. Concluding provisions**

### **80. Place of performance**

For the fulfilment of their claims, the beneficiary must provide the Foundation with a bank or post office account in his or her name in Switzerland, an EU or EFTA state or another state with which any bilateral state treaty exists. In the absence of such an account, the place in which the Foundation's registered office is located will be the place of performance. The right to payment overseas is reserved if an Insured Person domiciled abroad provides evidence that they cannot set up a bank or post office account in Switzerland.

### **81. Place of jurisdiction**

The place of jurisdiction is the defendant's registered office or place of residence in Switzerland or the location of the company at which the Insured Person was employed.

### **82. Assignment and pledge of assets**

Entitlements to benefits of the Foundation may not be assigned or pledged before they fall due. The foregoing is without prejudice to the promotion of home ownership scheme, or any transfer to spouses of shares in retirement savings in the event of divorce.

### **83. Limitation period**

- 83.1. Benefit claims are not subject to any limitation period, provided that the Insured Person is still a member of the Foundation at the time the insured event occurs.
- 83.2. Claims relating to regular contributions and benefits become time-barred after five years and other claims after 10 years. The relevant provisions of the CO apply.

### **84. Partial liquidation**

The procedure applying to partial liquidation will be defined in separate regulations

### **85. Relationship to EU law**

Where applicable, the following provisions take precedence for Insured Persons and members of their families in relation to benefits falling within the scope of these regulations:

- a) The terms of Agreement between the European Community and its Member States, of the one part, and the Swiss Confederation, of the other, on the free movement of persons dated 21 June 1999 (Agreement on the Free Movement of Persons) (*Abkommen vom 21. Juni 1999 zwischen der Schweizerischen Eidgenossenschaft einerseits und der Europäischen Gemeinschaft und ihren Mitgliedstaaten andererseits über die Freizügigkeit; Freizügigkeitsabkommen*) as this relates to the coordination of social security systems.
- b) The terms of Agreement dated 21 June 2001 amending the Convention establishing the European Free Trade Association of 4 January 1960 (revised EFTA Convention) (*Abkommen vom 21. Juni 2001 zur Änderung des Übereinkommens vom 4. Januar 1960 zur Errichtung der Europäischen Freihandelsassoziation; revidiertes EFTA-Abkommen*) as this relates to the coordination of social security systems.

### **86. Omissions in the regulations**

If any provision, or provisions, regarding specific situations have been omitted from these regulations, the Board of Trustees shall adopt provisions that are compatible with the object of the Foundation.

### **87. Amendments to the regulations**

The Board of Trustees may amend the regulations, in particular to reflect changes to legislative provisions and regulatory rules, at any time. In amending the regulations, the Board of Trustees shall ensure that the accrued entitlements of Insured Persons are safeguarded. Any amendments to the regulations must be notified to the supervisory authority.

**88. Entry into force**

These regulations were approved by the Board of Trustees on 6 December 2024 and will enter into force on 1 January 2025. They supersede all previous provisions.

**89. Transitional provisions**

- 89.1. If any amendment to the regulations results in an increase in benefits, the new higher level of benefits only applies to Insured Persons who are or were 100 per cent able to work at the time the amendment was made and in the preceding 12 months.
- 89.2. These regulations do not apply to retirement, survivors' and disability pensions for which entitlement accrued prior to the date on which these regulations come into force. This does not apply to revisions to changes in legislative provisions and regulatory rules (in particular revisions in the area of divorce law and the rules on reductions).
- 89.3. The transitional provisions set out in the OPA, as amended, on 19 June 2020 (further development of IV) apply to the adjustment of current disability pensions for Pension Beneficiaries who have not reached the age of 55 on 1 January 2022 or the non-adjustment of current pensions of Pension Beneficiaries who have reached the age of 55 on 1 January 2022.

Schwyz, 6 December 2024

Telco pk

Board of Trustees

In case of differing interpretations, the German text is authoritative.