



# **Pensionskasse Alcan Schweiz Regulations**

**Valid from January 1, 2010**

## OVERVIEW OF THE BENEFITS AND FINANCING ARRANGEMENTS

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## TERMS AND ABBREVIATIONS USED IN THE REGULATIONS

<b>Foundation</b>	Pensionskasse Alcan Schweiz
<b>Pensionskasse</b>	The pension scheme operated by the foundation in accordance with these regulations
<b>Company</b>	Alcan Holdings Switzerland AG and those companies which are closely connected to it commercially or financially and have joined the Pensionskasse
<b>Employees</b>	Employees who are in an employment relationship with the Company
<b>Insured individuals</b>	Employees who have been admitted into the Pensionskasse
<b>Retirement age</b>	The age on the first day of the month after the 65 <sup>th</sup> birthday
<b>Registered partnership</b>	within the meaning of the law governing partnership, known as the "PartG"
<b>AHV</b>	The Swiss insurance scheme for retirement and dependent provision
<b>IV</b>	The Swiss insurance scheme for disability provision
<b>BVG</b>	The Swiss law governing occupational provision for old age, dependents and disability
<b>FZG</b>	The Swiss law governing free movement in occupational provision

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# I. General provisions

## Art. 1 The foundation

- 1 The name "Pensionskasse Alcan Schweiz" is used to denote a foundation within the meaning of Art. 80 ff. of the Swiss Civil Code, Art. 331 of the Swiss Law of Obligations and Art. 48 of the BVG. This foundation is based in Zurich.
- 2 The purpose of this foundation is to make provision for the employees of the company in retirement and in the event of disability, as well as to make provision for dependents of the employee after that employee's death. The foundation operates the obligatory professional retirement, dependent and disability provision in accordance with the BVG, and has entered its name into the register of occupational provision for this purpose.
- 3 The foundation operates a pension fund on its own account and at its own risk in accordance with the requirements of these regulations. It can reinsure individual risks with one of the insurance companies properly covered by the supervisory authorities for insurance.
- 4 In all cases, the Pensionskasse guarantees to provide at least the minimum statutory benefits according to the BVG. For this purpose, it operates a "control account" (a shadow account), showing the accumulated BVG retirement credit and minimum entitlement for each insured individual at any given time.

## Art. 2 Admission into the scheme

- 1 Employees will be admitted into the Pensionskasse when their annual salary (Art. 4 Para. 2) is greater than the minimum salary set out in the Appendix, subject to the reservations listed in Para. 2. Admission takes place when the employment relationship begins, but not until the individual's 17<sup>th</sup> birthday at the earliest.
2. The following employees will not be admitted into the Pensionskasse:
  - a) Employees who have already reached the age of retirement.
  - b) Employees who are already covered by obligatory insurance for a primary employment from another source, or who are self employed in their primary employment.
  - c) Employees who are at least 70% disabled according to the IV.
  - d) Employees whose contract of employment is concluded for a maximum of three months. If the contract is extended to a total duration of more than three months at a later date, the duty of insurance will begin from the time at which the extension was agreed.
  - e) Employees who are not permanently employed in Switzerland, or who do not expect to be permanently employed in Switzerland, and who are sufficiently covered by insurance in a different country, if they apply for release from their admission into the Pensionskasse.
  - f) Employees on a training contract whose annual salary is not greater than the coordination contribution according to the BVG, and who have not reached their 24<sup>th</sup> birthday on 1<sup>st</sup> January.
  - g) Employees who draw a full retirement pension from the Pensionskasse, and who are therefore deemed to be fully retired.

The Pensionskasse will not accept the voluntary insurance of staff members who are employed by more than one employer (Art. 46 BVG).

### **Art. 3 Medical examination**

- 1 All employees must complete a questionnaire about their medical status before they can be admitted into the Pensionskasse. The administrators of the scheme will decide on a case-by-case basis whether employees should be examined by a doctor nominated by the foundation's Board of Trustees, and provide a certificate of health to the Pensionskasse, at the cost of the Pensionskasse itself.
- 2 If the medical status is found to be unsatisfactory, the Pensionskasse is entitled to apply reservations to those disability and death benefits that exceed the minimum statutory benefits according to the BVG, and to restrict the insured benefits. If an insured event should occur during the period of reservation, the restrictions applicable to those benefits that exceed the obligatory benefits will be lifelong.
- 3 The benefit provisions acquired in conjunction with the withdrawal benefits yielded by the scheme may not be reduced by a new health reservation. The period of any reservation completed while with the previous benefits organisation will be included in the calculation for the new reservation period.
- 4 The maximum duration of any declared reservation is five years.
- 5 If an insured event should occur before the medical examination takes place, and the cause of the insured event existed before admission into the Pensionskasse, only those benefits purchased by the withdrawal benefit carried forward into the scheme (subject to a minimum level of the statutory benefits according to the BVG) will be provided.
- 6 If any person is not fully able to work before or at the time of their admission into the Pensionskasse, but not so incapacitated as to be disabled within the terms of the BVG, and if the cause of this inability to work leads to disability or death within the period specified by the BVG, that person is not entitled to benefits according to these regulations.

### **Art. 4 Insured salary**

- 1 The insured salary corresponds to the defining annual salary in accordance with Para. 2, minus the co-ordination contribution in accordance with Para. 3.
- 2 The defining annual salary corresponds to the fixed annual salary that is subject to AHV obligations, including regular supplements, and will be notified to the Pensionskasse by the company. Family and child supplements and any benefits of a one-off or sporadic nature will not be included in the calculation. In the case of any insured individuals whose employment status and level of income changes substantially, the average defining annual salary of the relevant professional group will apply.
- 3 The co-ordination contribution will be established in accordance with the following formula:  
$$K = A + 1/5 * JE1 + 1/9 * JE2$$
where JE1 is the portion of the defining annual salary up to the threshold values G1 and JE2 is the portion of the defining annual salary between G1 and G2. The rates for A, G1 and G2 applicable at any particular time are set out in the Appendix.
- 4 The G2 threshold value corresponds to the maximum of the annual salary that is defining for the determination of the insured salary.

- 5 In the case of insured individuals who work part-time or who are partially disabled, the co-ordination contribution and the maximum defining annual salary will be determined on the basis of the defining annual salary converted to 100%, and reduced by the level of employment or the entitlement to disability pension.
- 6 The insured salary will be determined for the first time at the time of admission. Any changes to the defining annual salary will be taken into account from the time they become valid.
- 7 If the defining annual salary of an insured individual is reduced, the individual's insured salary may therefore also be reduced. However, this will not actually take place if the insured individual and the company are willing to continue to pay their contributions at the same level as before. However, if this willingness is absent or ceases, the insured salary will be adjusted to the reduced level of defining annual salary in accordance with the above provisions. This will inevitably also lead to an adjustment of the insured benefits.
- 8 If the defining annual salary is temporarily reduced as a result of illness, injury, unemployment, maternity leave or other similar reasons, the previously insured salary will, in principle, continue to be valid for as long as the company is obliged to continue payment of salary. However, the insured individual can request a reduction in the insured salary.
- 9 Any increase in the co-ordination contribution will not lead to the reduction of the insured salary.

#### **Art. 5 Insurance against risk and comprehensive insurance**

- 1 If insured individuals enter the scheme before 1 January of the calendar year in which they reach their 25<sup>th</sup> birthday, they will only be insured against the risk of death or disability (insurance against risk).
- 2 Comprehensive insurance begins from 1 January of the calendar year in which insured individuals reach their 25<sup>th</sup> birthdays. From this time forward, insured individuals are insured against the risks of age, death and disability.

## II. Financing arrangements

### Art. 6 Contributions

- 1 The contributions for risk and comprehensive insurance to be paid by the company and by the insured individual are set out in the Appendix. In addition to the ordinary contributions, extra payments will be required for any loans that have been raised and (in certain circumstances) for contributions to cover additional insurance following a WEF purchase (advance payment for home purchase) (Art. 27).
- 2 The insured individual's contributions will be deducted by the company from the salary in monthly instalments, and transferred monthly to the Pensionskasse.  

The company's contributions will be transferred with the insured individual's contributions to the Pensionskasse, or charged to a reserve fund for employer's contributions where applicable.
- 3 The duty to contribute starts at the time of admission into the Pensionskasse, but on 1<sup>st</sup> January after employees reach their 17<sup>th</sup> birthday at the earliest. In the event of entry into the scheme up to and including the 15<sup>th</sup> of any month, the contributions will be charged for the whole month. In the event of later entry, the duty to contribute begins from the next month. The duty to contribute ends (subject to the proviso contained in Para. 4), when the insured individual:
  - a) Reaches the age of retirement,
  - b) Terminates the employment relationship,
  - c) Falls below the minimum salary threshold as specified in the Appendix.
- 4 In the event of injury, illness, maternity leave or military service, the duty to contribute remains for as long as the salary is paid.
- 5 Dispensation from contributions in the event of disability begins when a disability pension is first claimed from the Pensionskasse. It remains in force for as long as there is an entitlement to a disability pension from the Pensionskasse, but until the age of retirement is reached at the latest. The insured salary applicable at the beginning of the period of inability to work and entitlement to disability pension is definitive.

### Art. 7 Entry payment, lump sum purchase

- 1 The withdrawal benefit from previous benefits arrangements must be transferred into the Pensionskasse in the form of an entry payment. The entry payment will be used to buy insurance years, using the cash value table shown in the Appendix. Whole years and months can be purchased by this means. Any portion of the withdrawal benefit not used for the purchase of insurance years will be credited to the savings account (ref. Art. 16).
- 2 The entry payment is due at the time of admission into the Pensionskasse.
- 3 The insured individual must allow the Pensionskasse to see the settlements relating to withdrawal benefit obtained from previous benefits arrangements.
- 4 The insured individual must notify the Pensionskasse of previous membership of any vested benefits organisation, as well as the form of the benefits protection involved. The vested benefits organisation must transfer the benefits capital to the Pensionskasse when the insured individual is admitted into the Pensionskasse.

- 5 If the insured individual is fully able to work, he/she can make additional lump sum purchases at any time, until the maximum retirement pension of 65.6% of the insured salary and the maximum savings account status has been achieved. The maximum value of a lump sum purchase is reduced by those Pillar 3a credits that exceed the threshold defined in Art. 60a Para. 2 BVV2, and by any vested benefits credits not submitted into the Pensionskasse by the insured individual.
- 6 If any advance payments have been made for home purchase purposes, voluntary lump sum purchases may only be made after the advance payments have been repaid, with the exception of further purchases following divorce or legal separation of a registered partnership (Art. 27 Para. 1). Lump sum purchases may be made once the age threshold for repayment in accordance with Art. 27 Para. 7 have been passed. The maximum lump sum purchase then possible will be reduced by the advance payments.
- 7 In the case of people who have joined from other countries, and who have never previously been members of any benefits arrangement in Switzerland, the annual lump sum purchase may not exceed 20% of the insured salary in the first 5 years after entry into a Swiss benefits organisation. Once the 5 years have passed, lump sum purchases may be made in the same way as described in the provisions above.
- 8 The company can take over the insured individual's lump sum purchases.

### III. Insurance benefits

#### Art. 8 Insurance benefits, information provided to the insured individual

- 1 The Pensionskasse provides the following benefits for the insured individual and/or their dependents:
  - a) Retirement pension, retirement capital, pensions for children (Art. 9)
  - b) Bridging pension (Art. 10)
  - c) Benefits in the event of a temporary inability to work (KEV) (Art. 11)
  - d) Disability pension, supplemented by pensions for children (Art. 12)
  - e) Pension or settlement for spouse / pension for partner (Art. 13)
  - f) Pensions for orphans (Art. 14)
  - g) Death in service capital (Art. 15)
  - h) Savings capital, payable upon retirement, death or disability (Art. 16)
- 2 Every year, each insured individual will receive an insurance certificate, showing the insured salary, the contributions, the insured benefits and the withdrawal benefit. The Pensionskasse will advise the insured individual in a suitable manner on an annual basis about its organisation and financing, and about the members of the Board of Trustees.
- 3 The above insurance benefits will be granted with the express reservations contained in Art. 19 Para. 6, Art. 23, Art. 24 and Art. 25. The payment provisions detailed in Art. 18 will also apply. The minimum benefits according to the BVG will be guaranteed in every case (ref. Art. 1 Para. 4).

#### Art. 9 Retirement pension, retirement capital, pensions for children

- 1 The entitlement to retirement benefits arises when the employment relationship is terminated after the 60<sup>th</sup> birthday has been reached, and the insured individual does not have any entitlement to the disability benefits of the Pensionskasse, subject to the provisions contained in Art. 19 Para. 2. Entitlement to retirement benefits arises when the age of retirement is attained, at the latest, subject to Paragraph 6.
- 2 The insured retirement pension amounts to 1.6% of the insured salary for each purchased insurance year that would be possible up to the age of retirement subject to Art. 30 Para 1. The possible maximum is 41 insurance years, or a pension rate of 65.6%. In the event of early or late retirement, the retirement pension is based on an actuarial calculation.
- 3 If the employment grade of an insured individual changes, the insurance will be recalculated. The withdrawal benefit in accordance with Art. 20 Para. 1 at the time of the change will then be used to purchase insurance years. Any unused portion will be credited to the savings account.
- 4 The insured individual can claim the payable retirement pension in full or in part as retirement capital. If any lump sum purchases are made within the last three years before retirement, the resulting benefits may not be taken in the form of capital. The extent of any claim for capital must be notified to the Pensionskasse in writing, and co-signed and certified by the spouse/registered partner, by six months before retirement at the latest, otherwise the insured individual will forfeit this right. Such a declaration can be modified up to six months before the date of retirement.

- 5 If insured individuals reduce their employment relationship after reaching their 60<sup>th</sup> birthday, in agreement with the company, they are entitled to claim a partial pension. The provisions outlined here will apply in a similar manner to the partial retirement pension/partial retirement capital.

The portions of the insurance corresponding to the reduced employment relationship will continue to apply in accordance with Art. 5. The insured salary will be determined according to Art. 4 in relation to the annual salary that is achieved from that time forward. The contributions and the duty to contribute are based upon Art 6.

- 6 If insured individuals remain in an employment relationship with the company beyond their age of retirement, in agreement with the company, they can either claim the due retirement pension in accordance with Para. 1 to the extent of their continued employment, or they can use it to increase the retirement pension due upon later retirement, in accordance with Para. 1, up to their 70<sup>th</sup> year of age at the latest.
- 7 The recipient of a retirement pension is entitled to a child's pension of 4% of the current retirement pension for each child that would be entitled to an orphans' pension (Art. 14) upon his/her death.

### **Art. 10 Bridging pension**

- 1 As long as they have not yet reached the ordinary AHV age of retirement applicable to them, retirement pensioners can claim a bridging pension up to the ordinary AHV age of retirement, where the amount of the bridging pension may not exceed the maximum AHV retirement pension.
- 2 The bridging pension will be financed by the available savings account (Art. 16) or by a life-long reduction in the insured retirement pension (Art. 9), using the tariffs in the Appendix.

### **Art. 11 Temporary incapacity for employment (KEV)**

- 1 Insured individuals who, as a result of illness, injury or disability, do not earn any income from employment once the contractual employment benefits cease, and for whom the company pays KEV contributions (see Appendix), are entitled to claim KEV benefits. If the temporary incapacity for employment has been caused by neglect or gross negligence, the KEV benefits may be reduced in part or in full.
- 2 The KEV benefits are paid as a supplement to the daily allowance and pension benefits from all the other social and occupational benefits provisions. Specifically, they therefore supplement the company's daily allowance benefits, the AHV/IV, SUVA and private insurance schemes – where the company has financed at least 50% of the premiums – as well as any pensions or capital benefits from the AHV/IV, SUVA or the Pensionskasse. Capital settlements will be credited using the pension conversion value according to the applied actuarial principles.
- 3 In the event of complete incapacity for work or employment, the KEV benefits plus all the other insurance benefits according to Paragraph 2, expressed as a percentage of the last definitive annual income, will amount to:
- 85% from the termination of payment of salary to the end of the current calendar year
  - 85% in the 2<sup>nd</sup> calendar year
  - 80% in the 3<sup>rd</sup> calendar year
  - 70% in the 4<sup>th</sup> calendar year

Insured individuals are entitled to

- a) full KEV benefit if they have an incapacity level of at least 70%;
- b) three quarter benefit if they have an incapacity level of at least 60%;
- c) half benefit if they have an incapacity level of at least 50%;
- d) quarter benefit if they have an incapacity level of at least 40%.

An incapacity level of less than 40% does not produce any entitlement to KEV benefits.

- 4 All insured individuals have a duty to facilitate the implementation of all measures undertaken to integrate them into employment. If they do not comply with their duty to cooperate, the KEV benefits may be temporarily or permanently reduced or withheld from them.
- 5 The entitlement to all the current KEV benefits expires when the capacity for work returns, when the age of retirement is attained, or at the end of the contractual period in the case of insured individuals with a fixed term contract.
- 6 The maximum benefit rate of 85% may be applied for a maximum period of 24 months to any insured individual, while all other rates according to Paragraph 3 will apply for a maximum of 12 months. In the event of repeated insurance claims, the previous claim period will be credited pro rata. The entitlement to supplementary KEV benefits will expire completely after a total claims period of 48 months.
- 7 If the KEV benefits claimants obtain retrospective entitlements to benefits from other insurance schemes (e.g. the IV or SUVA), they will be liable to repayment of the claimed supplementary KEV benefits to the amount of the retrospective entitlements. The retrospective entitlements will be settled directly with the social insurance provider (IV or SUVA) where possible.
- 8 It will not be possible to continue the KEV insurance after termination of the employment relationship with the company.

## **Art. 12 Disability pension, pensions for children**

- 1 Disability exists when it can be proven objectively by medical evidence that insured individuals can no longer pursue their profession or an alternative form of paid employment suitable to their position in life, their knowledge and their skills, or are disabled within the meaning of the IV, in full or in part, as a result of illness (including mental or physical breakdown) or injury.
- 2 The decision of the IV is definitive in the recognition of disability and the establishment of the level of disability.

If special circumstances apply, the Pensionskasse can arrange for medical status and capacity for work to be evaluated by a doctor nominated by the Pensionskasse. In such cases, the loss of income caused by the disability, measured against the previous salary, will be definitive for the determination of the level of disability. Nevertheless, the level of disability determined by the Pensionskasse must correspond to that established by the IV, at the least.

- 3 Insured individuals are entitled to a disability pension if they
  - a) Are disabled to a level of at least 40%, and were insured by the Pensionskasse at the time of onset of the incapacity for work, the cause of which led to the disability;or

- b) Were incapacitated for work to a level of at least 20% but less than 40% at the time they began their employment, as the result of a birth defect, and that they were insured at the time the incapacity for work, the cause of which led to the disability, increased to a level of at least 40%; or
  - c) Became disabled before they reached the age of majority, and were therefore incapacitated for work to a level of at least 20% but less than 40%, and that they were insured at the time the incapacity for work, the cause of which led to the disability, increased to a level of at least 40%.
- 4 Insured individuals are entitled to
- a) full disability benefit if they have a disability level of at least 70%;
  - b) three quarter benefit if they have a disability level of at least 60%;
  - c) half benefit if they have a disability level of at least 50%;
  - d) quarter benefit if they have a disability level of at least 40%.
- 5 The full disability pension corresponds to the insured retirement pension at the beginning of the time of incapacity for work.
- 6 The disability pension will be paid up to the time of death, or until the disability no longer applies.
- 7 The recipient of a disability pension is entitled to a child's pension of 15% of the current disability pension for each child that would be entitled to an orphans' pension (Art. 14) upon his/her death. When the recipient of a disability pension reaches the age of retirement, the payable child's pensions will simultaneously be replaced by child's pensions in accordance with Art. 9 Para. 7.
- 8 If insured individuals who are entitled to a partial disability pension from the Pensionskasse leave the Pensionskasse, they will continue to receive the partial disability pension, including any associated child pensions. In addition, a withdrawal benefit in accordance with Art. 20 will also be paid for the active portion of any withdrawal benefit. The dependents' benefits still insured will be assessed in accordance with the partial disability pension.

### **Art. 13 Pension or settlement for the spouse / pension for partner**

- 1 If an insured individual or recipient of a retirement pension or disability pension who is married dies, the surviving spouse is entitled to a spouse's pension, as long as that spouse
- a) is responsible for the support of one or more children, or
  - b) has passed his/her 45<sup>th</sup> birthday and the marriage has lasted for at least five years at the time of the death.
- If the surviving spouse does not fulfil either of these two conditions, he/she is entitled to a one-off settlement to the amount of three times the annual total of the spouse's pension. The duration of any partnership (see Para. 6) will be included in the length of the marriage.
- 2 The spouse's pension amounts to 60% of the insured retirement pension or 60% of the current disability pension or retirement pension at the time the death occurs.
- 3 If the spouse is more than 10 years younger than the deceased insured individual, retirement pensioner or disability pensioner, the spouse's pension will be reduced by 3% of its full amount for each additional full year.

- 4 If a marriage is dissolved after the pension begins, the spouse will only be insured to the level of the statutory minimum pension for spouses in accordance with the BVG.
- 5 The divorced spouse of a deceased insured individual is entitled to claim against the Pensionskasse for a spouse's pension to the level of the statutory minimum pension for spouses in accordance with the BVG, as long as
  - a) A pension or capital settlement to provide a life-long pension has been awarded in the divorce decree,
  - b) The marriage lasted for at least 10 years, and
  - c) The surviving divorced spouse is either responsible for the support of one or more children, or has passed his/her 45<sup>th</sup> birthday.

If the last condition is not met, the surviving divorced spouse is only entitled to a one-off settlement to the amount of three times the annual pension at the level of the statutory minimum pension in accordance with the BVG. The benefit provided by the Pensionskasse will, however, be reduced by the amount by which it, in conjunction with the benefits provided by the other insurance schemes (particularly the AHV or IV), exceeds the entitlement resulting from the divorce decree.

- 6 The partner of the same or different gender nominated by the insured individual or recipient of a retirement pension or disability pension is entitled to a pension for dependents to the amount of the spouse's pension under the same conditions as the spouse's pension, as long as
  - a) The partner has been in uninterrupted cohabitation with the deceased insured individual in the last five years up to that individual's death, or is responsible for the support of one or more joint children, and
  - b) The partner does not receive a widow or widower's pension (Art. 20a BVG), and
  - c) The foundation has been notified of the partnership during the lifetime of the insured individual.
- 7 The entitlement to a spouse's pension/partner's pension begins in the month following the death, but after the end of payment of the full salary at the earliest. It expires when the spouse/partner marries. At the time of remarriage, the surviving spouse is entitled to a one-off settlement to the level of three times the annual amount of the spouse's pension.
- 8 Surviving registered partners have the same legal status as surviving spouses. If a registered partnership is dissolved, the surviving ex-partners have the same legal status as surviving divorced spouses.

#### **Art. 14 Pensions for orphans**

- 1 If an insured individual or recipient of retirement or disability pension dies, each of his/her children is entitled to an orphan's pension. This will be paid until the child's 18<sup>th</sup> birthday. The entitlement to pension continues until the 25<sup>th</sup> birthday at the latest for children who are still in education, or who are partially or fully unfit for employment as a result of physical or mental disability.
- 2 Foster children are only entitled to an orphan's pension if the insured individual was substantially responsible for their maintenance.
- 3 The orphan's pension amounts to 15% of the disability pension insured at the time of death in accordance with Art. 12, or of the current disability or retirement pension, for a child who has lost one parent. For each child who has lost both parents, the orphan's

pension amounts to 30% of the retirement pension insured at the time of death in accordance with Art. 12, or of the current disability or retirement pension.

### **Art. 15 Lump sum upon death in service**

- 1 If an insured individual dies in service, a lump sum will be paid to those entitled to claim.
- 2 The lump sum upon death in service corresponds to the withdrawal benefit of the insured individual minus the savings account, which will be paid out separately in accordance with Art. 16, but to a maximum total of two insured annual retirement pensions.
- 3 Independently of the law of inheritance, those entitled to claim are (in the following order):
  - a) The spouse and those children of the deceased who are entitled to claim an orphan's pension from the Pensionskasse,
  - b) In the absence of beneficiaries according to lit. a), those individuals who have been supported to a substantial degree by the deceased or the individual who has been cohabiting continuously with the deceased for the five years leading up to his/her death, or who is responsible for the maintenance of one or more joint children, assuming that they do not receive a widow or widower's pension (Art. 20a, Para. 2 BVG),
  - c) In the absence of beneficiaries in accordance with lit. a) and b), the other children, the parents or the siblings of the deceased.

Individuals in accordance with lit. b) are only entitled to claim if they have been registered with the Pensionskasse by the insured individual during his/her lifetime.

- 4 The insured individual can change the beneficiary groups described in Paragraph 3 at any time, by means of a written notification to the Pensionskasse, to the following extent:
  - a) If individuals according to Para. 3 lit. b exist, the insured individual can pool the beneficiaries according to Para. 3 lit. a and b together.
  - b) If no individuals according to Para. 3 lit. b exist, the insured individual can pool the beneficiaries according to Para. lit. a and c together.

The notification must have been received by the Pensionskasse during the lifetime of the insured individual.

- 5 The insured individual can specify the entitlements of the beneficiaries within a group of beneficiaries (Paras. 3 and 4) at will by written notification to the Pensionskasse. If no such notification has been received from the insured individual, all the beneficiaries within a beneficiary group will be entitled to share the lump sum upon death in service in equal portions. The relevant notification must have been received by the Pensionskasse during the lifetime of the insured individual.
- 6 In the absence of any individuals in accordance with Paragraph 3, the lump sum upon death in service will pass to the Pensionskasse.

### **Art. 16 Savings account**

- 1 An individual savings account will be administered for each insured individual. The savings account may be used in the form of a lump sum at the time of retirement, to fund a bridging pension (Art. 10) up to the age of retirement or to increase the level of

the lifelong pension. In the event of death or disability, it will be paid out in the form of a lump sum, in addition to the disability/dependents benefits.

- 2 The balance in the savings account comprises
  - a) The credited savings in accordance with the Appendix, including interest,
  - b) The entry payments not used for the purchase of retirement benefits, including interest,
  - c) The voluntary lump sum purchases not used for the purchase of retirement benefits, including interest,
  - d) The portion of the withdrawal benefit not used for the purchase of retirement benefits upon a change in employment grade according to Art. 20 Para. 1,
  - e) Minus any payments for house purchase or resulting from a divorce or the legal dissolution of a registered partnership, including interest.
- 3 The following provisions apply to the administration of the savings account:
  - a) The rate of interest normally corresponds to the technical interest rate and will be established in advance by the Board of Trustees for the full calendar year (see Appendix).
  - b) Interest will be calculated on the status of the savings account at the end of the preceding year, and credited to the savings account at the end of each calendar year. The savings credits in the calendar year in question will be added to the savings account exclusive of interest.
  - c) If a deposit is credited from an entry payment or lump sum purchase, this will be subject to the addition of interest from the date of entry of the payment in the relevant calendar year.
  - d) If an insured event occurs (retirement, age or disability) or if an insured individual withdraws from the Pensionskasse during the calendar year, the interest for the current calendar year will be credited on the status of the savings account at the beginning of the year for the time that has passed since then. The credited savings corresponding to the period of insurance that has passed within the relevant calendar year are also added.
- 4 In the event of partial disability, the savings balance available at the beginning of the entitlement to claim a disability pension from the Pensionskasse and the insured salary at the beginning of the incapacity for work will be assigned according to the entitlement to disability pension. The savings account corresponding to the disability portion will be paid out according to Para. 1 and the savings account corresponding to the active portion will continue to be administered in the same way as for an insured individual who is fully capable of employment. These regulations will apply in an analogous manner in the event of semi-retirement.

## **Art. 17 Using free funds, adapting pensions in view of price changes**

- 1 The Board of Trustees will decide upon the use of the free funds of the Pensionskasse within the parameters of the available financial resources. The free funds must be determined in accordance with professional principles and evaluated by experts in occupational provision.

- 2 The pensions will be adapted in view of price changes in accordance with the financial resources of the Pensionskasse, in that the Board of Trustees will decide upon the possible options on an annual basis, subject to Art. 36 Para. 1 BVG. The Pensionskasse will set out the resolutions reached by the Board of Trustees in its annual accounts or its annual report.

### **Art. 18 Payment provisions**

- 1 The pensions will be calculated in the form of annual pensions. They will be paid to those entitled to claim in 12 instalments, each rounded to whole Swiss Francs, at the end of each month. Payments will be made by post or bank transfer to a payment location within Switzerland nominated by the entitled person. If payment is made to a location outside Switzerland, the additional costs for transfer will be charged to the insured individual. The full monthly amount will continue to be paid out for the month in which the entitlement to pension expires.
- 2 The Pensionskasse will provide a one-off capital settlement instead of the pension if the retirement or disability pension is less than 10%, or the spouse's pension is less than 6%, or the orphan's pension is less than 2% of the minimum AHV retirement pension (see Appendix) at the time the pension starts. The capital settlement will be calculated on an actuarial basis in accordance with the technical principles of the Pensionskasse. Any other claims against the Pensionskasse from the insured individual or his/her dependents will expire upon payment of this capital settlement.
- 3 When the entitlement to pension expires, the pension due for the current month will be paid as a last instalment.
- 4 In the event of the disability or death of an insured individual, payment of the pension will be postponed as long as the company is still paying the salary or resulting benefit.

## **IV. Termination of the benefits relationship**

### **Art. 19 Due date, insurance coverage at a later date, repayment**

- 1 The benefits relationship ends when the employment relationship finishes, unless there is an entitlement to benefits for retirement, dependents or disability. In the case of an existing employment relationship, the benefits relationship ends if the annual salary drops below the minimum salary according to the Appendix, and is expected to stay permanently below that level, but the death in service and disability benefits are not due, subject to continued coverage in accordance with Paragraph 5.
- 2 If the employment relationship is terminated after the 60<sup>th</sup> birthday and if the insured individual takes up self-employment or other employment, or is registered as unemployed, an application may be made for termination of the benefits relationship.
- 3 If the benefits relationship ends, the insured individual will leave the Pensionskasse and will be entitled to a withdrawal benefit in accordance with the following provisions.
- 4 The withdrawal benefit is due at the time of withdrawal from the Pensionskasse. From that time, interest must be applied in accordance with the BVG (see Appendix). If the Pensionskasse does not transfer the withdrawal benefit within 30 days after it has received the necessary details, interest must be applied from that time at the interest rate for arrears established by the Swiss government (see Appendix).
- 5 The insured individual will still be insured against the risk of disability and death for one month after the benefits relationship is terminated, but only until entry into a new benefits arrangement at the latest.
- 6 If the Pensionskasse is obliged to provide benefits for dependents or disability after it has transferred the withdrawal benefit, the withdrawal benefit will have to be repaid to it to the extent that is necessary to pay the benefits for dependents or disability. The benefits for dependents or disability will be reduced until repayment has been made.

### **Art. 20 Level of withdrawal benefit**

- 1 The withdrawal benefit corresponds to the cash value of the benefits acquired (Art. 16 FZG) plus the savings account, but to at least the minimum amount according to Art. 17 FZG. Contributions or back-payments owed but not paid by the insured individual will be deducted.
- 2 If the company has taken over lump sum purchases in accordance with Art. 7 in full or in part, the corresponding amount will be deducted from the withdrawal benefit. The deduction is reduced by a tenth of the amount taken over by the company for every full contribution year achieved. The unused portion will be credited to the company's reserve for employer's contribution.
- 3 In any event, the withdrawal benefit will at least comprise the retirement credit according to the BVG at the time of withdrawal from the Pensionskasse.

### **Art. 21 Use of the withdrawal benefit**

- 1 If the insured individual joins a new benefits organisation, the Pensionskasse will transfer the withdrawal benefit to the new benefits organisation.
- 2 Insured individuals who do not join a new benefits organisation must notify the Pensionskasse whether the withdrawal benefit should be transferred into a personal movable credit (vested benefits) account or a vested benefits policy.

In the absence of this notification, at a time between 6 months and 2 years after the case of vested interest occurs, the withdrawal benefit, including interest, will be transferred into the substitute scheme.

- 3 Insured individuals can request cash payment of the withdrawal benefit if
- a) They leave Switzerland or the Principality of Liechtenstein permanently (subject to Para. 4), or
  - b) They become self-employed and are no longer subject to the obligatory occupational benefits system, or
  - c) The withdrawal benefit is less than their annual contribution.

Cash payments are only permissible to insured individuals who are married, or insured individuals who are in a registered partnership if the spouse/registered partner provides a written and certified agreement. If any lump sum purchases have been made with the last three years before withdrawal, the resulting benefits will not be paid out in cash, but will be transferred to a personal movable credit account or a vested benefits policy.

- 4 Insured individuals who are leaving Switzerland or the Principality of Liechtenstein permanently can not demand cash payment of the BVG retirement balance if they are still subject to obligatory insurance against the risks of retirement, death or disability according to the statutory provisions of a member state of the EU or Iceland or Norway.

## **Art. 22 Leave of absence**

- 1 If an insured individual is taking leave of absence, his/her insurance cover continues to be in force and unaltered, as long as the contributions continue to be paid by the employee and by the company during the period of leave.
- 2 On the other hand, if the contributions cease, insurance cover still exists during the first month of the leave. If the insured event occurs after the end of this month but before work is re-started, there is an entitlement to the withdrawal benefit, calculated to the time at which the leave began and increased by the interest for the time expired since then.
- 3 If contribution payments are re-started after the end of the period of leave, the withdrawal benefit plus interest will be used to purchase insurance benefits in the same way as for a new entry.
- 4 Upon application by the insured individual, the insurance will be continued with or without the duty to contribute, on the basis of a particular agreement with the Pensionskasse, after the employment relationship is terminated, as long as all the following conditions are fulfilled:
  - a) The insured individual is not subject to obligatory insurance according to the BVG.
  - b) The insured individual has already reached his/her 55<sup>th</sup> birthday or has been delegated to a business outside Switzerland that is closely connected financially or commercially to an associated company for a period that is expected to be temporary.
  - c) The insured individual has been insured by the Pensionskasse for at least five years.

## V. Special provisions

### Art. 23 Allowance for third party benefits, reduction in benefits, advance payment obligations

- 1 If the benefits provided by the Pensionskasse together with other allowable incomes for the insured individual and his/her children/dependents upon the disability or death of an insured individual or disability pensioner produce more than 90% of the presumed lost definitive annual salary in accordance with Art. 4 Para. 2 and 4 plus any due child allowances, the pensions to be provided by the Pensionskasse must be reduced such that the specified limits are no longer exceeded. The provisions are also applied in an analogous manner to the Pensionskasse's capital benefits.

The incomes of the surviving spouses/registered partners/partners and orphans will also be taken into account.

- 2 Allowable incomes include benefits of the same type and purpose paid to the person entitled to claim on the basis of the detrimental event, such as:
- a) AHV/IV benefits (and/or social insurance schemes in Switzerland and other countries), with the exception of compensation for helplessness;
  - b) Benefits from military insurance schemes and obligatory accident insurance;
  - c) Benefits from other insurance schemes where at least half the premiums have been paid by the company;
  - d) Benefits from benefits organisations and personal movable arrangements

In addition, the calculation for those claiming disability benefits will also include any earned or replacement income that is still being achieved or that can reasonably be expected to be achieved. It is a fundamental principle that the determination of the income that can still reasonably be expected to be achieved is based on the disability income according to the IV decision.

One-off lump-sum benefits will be converted on an actuarial basis into pensions in accordance with the technical principles of the Pensionskasse. Reparations and other similar settlements are an exception, and will not be included in the calculation.

In any event, however, those benefits that must be provided according to the BVG and its charging regulations will be provided as a minimum.

- 3 The reduction in pensions will be examined on a regular basis by the Pensionskasse.
- 4 In cases of hardship or progressive inflation, the Board of Trustees can moderate or completely revoke a pension reduction.
- 5 The Pensionskasse can reduce its benefits to the appropriate extent if the AHV/IV reduces, withdraws or refuses a benefit because the person entitled to claim caused the death or disability by serious neglect, or has opposed an IV rehabilitation measure. The Pensionskasse does not have a duty to compensate for any refusal or reduction to benefits from accident or military insurance schemes.
- 6 The Pensionskasse can demand that applicants for a dependents' or disability benefit assign their claims to damages against a liable third party to the Pensionskasse, up to the level of their liability.
- 7 If there is a challenge to the provision of pensions by the accident/military insurance scheme or the occupational retirement, dependents' or disability provision according to the BVG, the person with the entitlement to claim can request an advance payment from the Pensionskasse. If it is not clear which benefits arrangement is liable when the

entitlement to dependents' or disability pension occurs, the person with the entitlement to claim can request an advance payment from the pension fund with which they were most recently insured. The Pensionskasse will make advance payments within the parameters of the statutory minimum provisions according to the BVG.

- 8 If the case is taken on by a different insurance provider or other benefits organisation, this provider or organisation must reimburse the advance payments as part of its liability.

#### **Art. 24 Safeguarding the benefits of the Pensionskasse**

- 1 As far as is permitted within the law, the benefits of the Pensionskasse are free of the duty of compulsory execution. The entitlement to Pensionskasse benefits can neither be assigned nor ceded before they become due, subject to Art. Art. 27. Any agreements to the contrary are invalid.
- 2 Any Pensionskasse benefits that have been claimed illegitimately will be offset against future claims or must be repaid.

#### **Art. 25 Offsetting by claims**

Any claims against an insured individual or pensioner assigned by the company to the foundation may not be offset against Pensionskasse benefits, except for contributions owed by the insured individual.

#### **Art. 26 Duty of information and notification**

- 1 Insured individuals must provide the Pensionskasse with truthful information, without being specifically asked to do so, about any circumstances relevant to their insurance, particularly about their health status when they are admitted into the Pensionskasse and about any changes to their marital status and family circumstances.
- 2 Individuals who are entitled to a pension must provide a certificate of existence when requested by the Pensionskasse. Disabled persons must provide notification of their income from pensions and employment from other sources, as well as any changes in their level of disability. Insured individuals undertake to allow the Pensionskasse access to the decisions of the IV.
- 3 Insured individuals and those entitled to claim have a duty to provide the Pensionskasse with the necessary information and documents as requested, as well as the documents relating to benefits, curtailments or refusals from the alternative insurance providers or third parties mentioned in Art. 23.
- 4 Insured individuals with several insurance arrangements, where the sum of their AHV-liable salaries and incomes exceeds the threshold according to Art. 79c BVG, must inform the Pensionskasse of their overall benefits arrangements and the salaries and income insured therein.
- 5 The foundation rejects any liability for any adverse consequences for insured individuals or their dependents arising from the violation of the above obligations. If the Pensionskasse suffers any damage from any such violation of duty, the Board of Trustees can hold the person at fault responsible for this damage.

## **Art. 27 Home ownership assistance: advance payment, pledging, duty of information**

- 1 Insured individuals can claim an amount (at least CHF 20,000) for ownership of a home for their own use (acquisition and preparation for home ownership, participation in home ownership or repayment of mortgage loan) up to six months before their planned retirement date, but up to six months before they reach the age of retirement at the latest. "Own use" is regarded as the use by insured individuals at their place of residence or their normal location. They can also pledge this amount or their entitlement to benefit provisions for the same purpose.
- 2 Insured individuals may claim or pledge a sum up to the level of their withdrawal benefit until they are aged 49. Insured individuals aged 50 or over may claim a maximum of the withdrawal benefit they could claim when they were aged 49, or half the withdrawal benefit at the time the claim is made. If any voluntary lump-sum purchases have been made within the past three years, the benefits resulting from these may not be paid in advance.
- 3 Upon written request, insured individuals can obtain information about the amount available to them for home ownership, and the reduction in benefits that would be associated with such a payment. The Pensionskasse will then arrange or offer additional insurance to cover the resulting insurance gap and will draw the attention of the insured individuals to the taxation liability.
- 4 If insured individuals take advantage of the advance payment or pledging option, they must present the contract documentation relating to the acquisition or preparation of home ownership or amortisation of mortgage loans, the regulations and/or rental or loan contract in the case of share certificates with the relevant housing provider and the relevant documents in the case of similar investments. In the case of insured individuals who are married or insured individuals in a registered partnership, the written and certified agreement of the spouse/registered partner must also be provided.
- 5 The Pensionskasse will pay the advance payment within 6 months after the insured individual has validated the application, at the latest. The Pensionskasse can limit or completely refuse an advance payment for repayment of a mortgage loan in terms of time or amount, for as long as cover is insufficient. The Pensionskasse must inform the insured individual about the duration of the measures undertaken.
- 6 If the liquidity of the Pensionskasse is challenged as a result of advance payments, the Pensionskasse can postpone execution of the requests. The Board of Trustees will set an order of priority for execution of the requests.
- 7 In the case of advance payments, the first priority will be for the savings account to be reduced by the amount of the advance payment. If this is insufficient, the insurance benefits will be reduced in accordance with an actuarial calculation appropriate to the amount of the advance payment. Any (partial) repayment of the advance payment amount is permissible up to six months before retirement/the age of retirement. The repaid amount will be treated in a similar manner to a lump-sum purchase in accordance with Art. 7.
- 8 The Pensionskasse can claim reimbursement of the administration costs involved in handling the application for advance payment/pledging from the insured individual. The insured individual must bear the costs for the land registry entry him/herself.

## **Art. 28 Divorce**

- 1 If the marriage of an insured individual is dissolved and the Pensionskasse has to transfer part of the withdrawal benefit earned during the marriage to the benefits or-

ganisation of the divorced spouse as a result of the judicial adjudication, the savings account and, if necessary, the insured retirement pension, disability and dependents' pension of the insured individual will be reduced by any remaining amount. The insured benefits will similarly be reduced in relation to the remaining amount, in accordance with Art. 27 Para. 7. The insured individual can arrange for an investment to be made in accordance with Art. Art. 7 to the amount of the transferred portion of the withdrawal benefit at any time.

- 2 If an insured individual receives the withdrawal benefit of his/her divorced spouse (on the basis of a decision of the court), this will be handled in the same way as a lump-sum purchase in accordance with Art. 7.
- 3 The provisions relating to divorce apply in a similar manner in the event of the legal dissolution of a registered partnership.

### **Art. 29 Partial liquidation**

- 1 In the event of partial liquidation of the Pensionskasse, the provisions contained in Art. 23 FZG, Art. 53d BVG, Art. 27g and Art. 27h BVV2 (the Swiss ordinance on occupational benefits) are definitive.
- 2 The situation of partial liquidation applies
  - a) If a contract of association is dissolved, as long as at least 2% of the insured individuals then leave the Pensionskasse, or
  - b) If a company is restructured, as long as the following numbers of insured individuals then have to leave an associated company involuntarily
    - at least 2 insured individuals in companies with up to 5 employees
    - at least 3 insured individuals in companies with 6 to 10 employees
    - at least 4 insured individuals in companies with 11 to 25 employees
    - at least 5 insured individuals in companies with 26 to 100 employees
    - at least 5% of insured individuals in companies with more than 100 employees.
 A restructuring situation applies when the previous areas of activity of the company are merged, discontinued, sold, outsourced or changed in some other way.
  - c) If the workforce is reduced, as long as at least 10% of the insured individuals in an associated company consequently leave the Pensionskasse for economic reasons within about 12 to 24 months.  
If the downsizing plan itself is expected to extend over a longer or a shorter interval, this interval will prevail.
- 3 If at least two insured individuals transfer as a group into the same new benefits organisation, this will be regarded as a collective withdrawal. All other cases are individual withdrawals.
- 4 The Board of Trustees will determine the definitive time or period for the establishment of the affected group, depending on the event and the withdrawals of the insured individuals. The definitive accounting date for a partial liquidation is the end of the calendar year closest to the start date for the implementation of the state of liquidation.
- 5 The basis for the determination of the free funds is formed by the actuarial and commercial balance (annual accounts and balance, company accounts and Appendix) together with any additional reserves (ongoing), from which the real financial position of the Pensionskasse with regard to realisable values (market values) can be deduced. Assessment of the asset values, obligations and the conformation of provisions and reserves is undertaken in accordance with professional principles, continuously applied. The annual account examined by the auditor on the reference date for partial liquidation is definitive.

- 6 There is an individual entitlement to free funds in the event of individual withdrawal, while a collective entitlement to free funds applies in the event of a collective withdrawal. The free funds are determined as a percentage of the benefits capital. The share of the free funds assigned to withdrawing insured individuals and pensioners is calculated by applying this percentage rate to their withdrawal benefit or their benefits capital. Entry payments and lump-sum payments/repayments made within the past 12 months will not be taken into account in the calculation of the share in the free funds. WEF advance payments and payment resulting from divorce in the past 12 months will be included in the calculation of the share in the free funds.
- 7 In the event of a collective withdrawal, there is a collective, proportional entitlement to the reserves and equalisation reserves. However, this entitlement only exists in so far as actuarial risks are also transferred. The contribution made by the withdrawing collective to the formation of the reserves and equalisation reserves will also be taken into account. The entitlement to equalisation reserves corresponds proportionally to the entitlement to the withdrawal/benefits capital. The entitlement to the reserves and equalisation reserves will be transferred collectively. The Board of Trustees will determine the form and type of resources to be transferred into the new benefits organisation.
- 8 Wherever possible, the collective withdrawal will be governed by a transfer contract. The provisions contained in Art. 21 apply in a similar manner with regard to the transfer of free funds in the case of individual withdrawals.
- 9 If the assets or liabilities change appreciably (by more than 5%), between the reference date for partial liquidation and the transfer of funds, the reserves, equalisation reserves and free funds to be transferred will be adjusted accordingly.
- 10 If, taking into consideration the current actuarial balance, a deficit in accordance with Art. 44 BVV2 exists on the reference date for partial liquidation, this may be proportionately and individually deducted from the withdrawal benefit, as long as it does not result in a loss to the retirement credit according to the BVG. If the withdrawal benefit has already been transferred without any deduction, the insured individual will have to reimburse the deduction. The deficit will be established as a percentage of the actuarial reserve and the benefits capital. The share in the deficit of the withdrawing insured individuals and the withdrawing pensioners corresponds to this percentage rate applied to their withdrawal benefit/benefits capital. Entry payments and lump-sum payments made within the past 12 months will not be taken into account in the calculation of the share in the deficit. WEF advance payments and payment resulting from divorce in the past 12 months will be included in the calculation of the deficit in withdrawal benefit.
- 11 The Pensionskasse will inform the insured individuals and pensioners in good time about the partial liquidation, and, in particular, will allow them access to the redistribution plans. They will have the right to raise objections to the decision of the Board of Trustees within 30 days of receipt of the information. These objections must be made in writing and reasons must be provided. The Board of Trustees will issue a decision regarding the objections within a reasonable period. The insured individuals and pensioners have the right to examine and decide upon the conditions, procedure and redistribution plan at the offices of the responsible supervisory authority within 30 days of receipt of the information. An appeal against the decision of the supervisory authority will only have the effect of postponement if the President of the responsible department of the Federal Administrative Court or the instructing judge so disposes, officially or upon the request of the complainant. If no complaints have been lodged with the supervisory authority, the redistribution plan will be carried out. The auditors will confirm the orderly implementation of the partial liquidation process in their report, in accordance with Art. 32 Para. 1.

### **Art. 30 Shortfall in cover**

- 1 In the event of a shortfall in cover, the Board of Trustees will establish appropriate measures to correct the shortfall in collaboration with a recognised expert in occupational benefits. If necessary, and in particular, the interest rate applied to the savings accounts (Art. 16), the interest rate on the cash value of the benefits secured, the financing, the benefits and (following agreement with the Cantonal supervisory authorities) those current pensions that exceed the benefits according to the BVG may be adapted in line with the available funds.

The minimum sum according to Art. 17 FZG will also be calculated using the interest rate on the savings account for as long as the shortfall exists and the interest rate on the savings accounts is less than the minimum BVG interest rate.

The adaptation of the interest rate in accordance with the cash value of the secured benefits is achieved by an appropriate reduction in the benefits to be secured during that business year. This will be achieved by means of a reduction in the savings account, or (if that is insufficient) in the insurance years as set out in Art. 9 Para. 2. This reduction is based on an actuarial calculation in accordance with an interest differential established by the Board of Trustees.

If other measures do not achieve the target, the Pensionskasse may raise contributions from the insured individuals, the company and the pensioners to correct the shortfall, for the duration of the shortfall.

The contribution made by the company must be at least as large as the sum of the contributions made by the insured individuals. The contribution made by the pensioners may only be raised on that part of the current pension that was produced in the last 10 years before the introduction of this measure by increases that were not stipulated by statutory or regulatory decree. It may not be raised on the minimum insurance benefits for retirement, death or disability of the obligatory provisions. The level of the pensions at the time the entitlement occurred will remain guaranteed. The pensioners' contribution will be offset against the current pensions.

- 2 If the measures according to Para. 1 prove to be insufficient, the Pensionskasse can drop below the minimum interest rate according to the BVG for the duration of the shortfall, but for five years at the most. The drop below this level may amount to 0.5 percent at the most.
- 3 In the event of a shortfall, the company can invest in a special employer's contribution reserve with waiver of use account, and can transfer funds from the ordinary employer's contribution reserve into this account. These investments may not exceed the amount of the shortfall and will not be subject to interest.
- 4 The Pensionskasse must inform the supervisory authority, the company, the insured individuals and the pensioners about the shortfall and the appointed measures.

## VI. Organisation

### Art. 31 Board of Trustees

- 1 The Board of Trustees is the uppermost organ of the foundation. It comprises at least six members, of which at least three are chosen by the company and by the insured individuals from amongst their number.
- 2 The foundation will ensure that the members of the Board of Trustees receive initial and ongoing training, so that they can carry out their management tasks.
- 3 The period of office of the Board of Trustees is four years. Re-election is permitted. The members elected by the insured individuals will leave the Board of Trustees when their employment relationship ends. A replacement member will be elected for the remaining duration of office in accordance with the procedure set out in Paragraph 1. The company can remove the members it has elected from office at any time, and replace them by new members.
- 4 The Administrative Board of the founding company will nominate one of the members elected by itself as President. The Vice President will be appointed from amongst the representatives of the insured individuals. If the President is absent, the Vice President will take his/her place.
- 5 Those people who are paid a pension by the foundation have the right to elect an associate member of the Board of Trustees. The associate member will take part in the meetings in an advisory capacity.
- 6 The Board of Trustees will meet as often as is necessary to manage its affairs, but at least once a year. Any member of the Board of Trustees or the manager can ask for a meeting to be called, by contacting the President in writing.
- 7 The Board of Trustees is quorate if more than half of its members, including the President or Vice President, are present. An absent member can appoint a representative by written authority. The Board of Trustees passes its resolutions by a simple majority of the members or representatives who are present. Circular resolutions are permitted as long as no member requests that the matter should be dealt with at a meeting.
- 8 Minutes must be prepared of the meetings of the Board of Trustees, and must be signed by the President or Vice President and the person keeping the minutes. Circular resolutions must be included in the minutes for the next meeting.
- 9 The Board of Trustees will manage the business of the foundation in accordance with the statutory regulations, the provisions of the foundation's charter and regulations and the instructions of the supervisory authority. The Board of Trustees will take all the decisions that are necessary to achieve the aims of the foundation. It will decide upon the direction of benefits and settlements to the beneficiaries or their dependents, applying the regulations issued by itself.
- 10 The Board of Trustees will represent the foundation to the outside world. To this purpose, it will nominate those individuals who will represent the foundation legally, with a joint power of signature by pair. Those individuals who hold the power of signature do not need to be members of the Board of Trustees.

- 11 The Board of Trustees will nominate the manager of the foundation. The Board of Trustees can appoint committees or instruct individual people to carry out particular tasks. These do not have to be members of the Board of Trustees.
- 12 Any individuals involved in the administration, auditing or supervision of the Pensionskasse must preserve confidentiality with regard to third persons.

### **Art. 32 Auditing**

- 1 The Board of Trustees will nominate the auditor for the foundation (Art. 53 Para. 1 BVG). The auditor must check the management, accounts and asset investments of the foundation on an annual basis, and report the findings to the Board of Trustees in writing. The annual report and the balance sheet must be forwarded to the cantonal supervisory authorities, along with the auditor's report.
- 2 The Board of Trustees will nominate recognised experts in occupational benefits (Art. 53 Para. 2 BVG). Arrangements must be made for an actuarial balance to be carried out by the recognised experts in occupational benefits at least once every three years, with the appropriate notification to the Cantonal supervisory authorities.

### **Art. 33 Accounts; Asset investments**

- 1 The calendar year is also used as the business year. The Pensionskasse's accounts will be closed on 31<sup>st</sup> December each year. The annual accounts and the annual report must be prepared by six months after the end of the accounting year at the latest.
- 2 The assets of the Pensionskasse will be administered by the Board of Trustees. They must be administered in accordance with recognised principles, particularly adherence to the statutory regulations for investments. In addition to striving for the security of the investments, efforts must also be made to achieve appropriate profits, and account must be taken of the Pensionskasse's liquidity requirements. The Board of Trustees can delegate the investment of assets to third parties.
- 3 The Board of Trustees will issue investment regulations.

## **VII. Final provisions**

### **Art. 34 The application and revision of the regulations**

- 1 The Board of Trustees will decide upon questions that are not determined by these regulations, or not fully determined by these regulations, within the meaning of the foundation's charter. In special cases, it can deviate from the provisions of these regulations, if their application would cause hardship to the affected person/persons, and the deviation is appropriate to the sense and aims of the Pensionskasse.
- 2 The German text of these regulations is definitive in the event of any doubt.
- 3 These regulations can be amended at any time by the Board of Trustees, while still maintaining the entitlements acquired. Provisions that require additional benefits from the company can not be enacted without the agreement of the company.

### **Art. 35 Dissolution of contracts of association, dissolution of the foundation**

- 1 Dissolution by the employer of a contract of association will be carried out in agreement with the staff, or representatives of the employees if available. The Pensionskasse must notify the responsible compensation desk at the AHV of the dissolution. The provisions contained in Art. 53b, Art. 53d and Art. 53e BVG, Art. 23 FZG and Art. Art. 29 of these regulations are definitive.
- 2 In the event of the complete dissolution of the foundation, the provisions contained in Art. 53c and Art. 53d BVG and Art. 23 FZG are definitive.

### **Art. 36 Disputes**

The Cantonal insurance court will decide upon disputes between an insured individual or person with an entitlement to claim and the foundation when the disputes can not be settled internally. The place of jurisdiction is the Swiss location or place of residence of the respondent or the location of the business at which the insured individual was employed. Any further action is subject to the provisions of the BVG.

### **Art. 37 Date of effectiveness; transitional provisions**

- 1 These regulations, including the Appendix, take effect on 1<sup>st</sup> January 2010 and replace the 2008 Regulations.
- 2 There will be no change to the pensions already in force on 31<sup>st</sup> December 2009 or the dependents included in the insurance provision. The regulations valid at the time of the insured event will be definitive in such cases.
- 3 The regulations that were effective at the beginning of the incapacity for work, the cause of which led to the relevant disability, will be definitive in the calculation of the level of disability pension and the entitlement to disability pension.

Zurich, September 11, 2009

The Board of Trustees

## APPENDIX TO THE REGULATIONS

### 1 Level of contributions

(See Art. 6 of the regulations)

The insured individual and the company will pay the following annual ordinary contributions, which are expressed as a percentage of the insured salary:

Age	Ordinary contributions		Savings credits		Total	
	Insured individual	Company	Insured individual	Company	Insured individual	Company
– 24	1.6	2.4	-	-	1.6	2.4
25 – 65	7.7	9.9	1.0	2.0	8.7	11.9

0.5% of each ordinary contribution is designated for the financing of KEV benefits.

The age of the insured individual is produced by the difference between the current calendar year and the year of birth. The changeover to the next highest contribution level takes place on 1<sup>st</sup> January in each case.

Additional payments must be made in the event of any increase in the insured salary after the 25<sup>th</sup> birthday is reached. The insured individual must pay 20% of the increase in the insured salary as a supplementary payment. This increased amount will be due at the time the definitive salary is increased, and will be deducted from the salary in monthly instalments up to the end of the calendar year.

The company will pay a supplementary payment to the amount of the difference between the required supplement to the benefits capital (cash value of the acquired benefit) and the employee's supplementary payment, unless the Pensionskasse is using free funds for this purpose, as a result of a resolution reached by the Board of Trustees. In any event, the company will make a supplementary payment corresponding to the sum of the supplementary payments made by the insured individual.

### 2 Savings credits

(See Art. 16 of the regulations)

The annual savings credit for the savings account amounts to 3% of the insured salary for insured individuals aged between 25 and 65. The age of the insured individual is produced by the difference between the current calendar year and the year of birth.

### 3 Purchase of additional benefits and benefit cash values

(See Art. 7 of the regulations)

The level of additional lump-sum purchases correlates to the costs of buying the difference between the maximum possible 41 insurance years and those already purchased and possible up to the age of retirement. The age of the insured individual will be calculated to the exact month, though the month of birth will not be included in the calculation. The costs are determined in line with the following cash value table:

Age	Cash value factor	Age	Cash value factor
Up to 20	5.502		
21	5.620		
22	5.742		
23	5.868		
24	5.998		
25	6.132	45	9.506
26	6.269	46	9.707
27	6.411	47	9.912
28	6.556	48	10.121
29	6.705	49	10.335
30	6.858	50	10.553
31	7.013	51	10.776
32	7.172	52	11.004
33	7.334	53	11.239
34	7.498	54	11.481
35	7.666	55	11.729
36	7.837	56	11.986
37	8.010	57	12.253
38	8.186	58	12.530
39	8.366	59	12.824
40	8.548	60	13.137
41	8.733	61	13.474
42	8.922	62	13.837
43	9.113	63	14.234
44	9.308	64	14.671
		65	15.157

The cash value table is based on BVG 2005 actuarial principles with a technical interest rate of 3.5%.

In addition, the insured individual can also buy lump-sum purchases to the level of the difference between the maximum savings account total according to the following table and the available sum in the savings account:

Age	Maximum amount as a percentage of the insured salary at the time of purchase	Age	Maximum amount as a percentage of the insured salary at the time of purchase
25	0	45	73
26	3	46	77
27	6	47	82
28	9	48	87
29	12	49	91
30	16	50	96
31	19	51	101
32	22	52	106
33	26	53	111
34	29	54	116
35	33	55	122
36	37	56	127
37	40	57	133
38	44	58	138
39	48	59	144
40	52	60	150
41	56	61	156
42	60	62	162
43	64	63	168
44	69	64	175
		65	181

The age of the insured individual on 1<sup>st</sup> January of any year is produced by the difference between the current calendar year and the year of birth.

#### 4 Financing arrangements for the bridging pension

(See Art. 10 of the regulations)

Depending on the chosen claim period, the cost of an annual bridging pension of CHF 1 up to the AHV pension age is as follows:

Claim period for bridging pension, in years	Cost of an annual bridging pension of CHF 1
5	4.601
4	3.743
3	2.855
2	1.936
1	0.985
0	0.000

Zurich, September 11, 2009

The Board of Trustees

## Definitive amounts for 2010

<b>a)</b>	<b>Benchmark values for the insured salary</b> (Art. 4)		
	<b>Minimum salary</b>	<b>CHF</b>	<b>14,364</b>
	<b>A</b>	<b>CHF</b>	<b>10,944</b>
	<b>G1</b>	<b>CHF</b>	<b>82,080</b>
	<b>G2</b>	<b>CHF</b>	<b>164,160</b>
	<b>Maximum of the insured salary</b>	<b>CHF</b>	<b>127,680</b>
<b>b)</b>	<b>Interest rate on savings balance</b> (Art. 16 Para. 3)		<b>1.00 %</b>
<b>c)</b>	<b>Minimum AHV retirement pension</b> (Art. 18 Para. 2)	<b>CHF</b>	<b>13,680</b>
<b>d)</b>	<b>Minimum rate of interest according to BVG</b> (Art. 19 Para. 4)		<b>2.00 %</b>
<b>e)</b>	<b>Rate of interest on arrears</b> (Art. 19 Para. 4)		<b>3.00 %</b>
<b>f)</b>	<b>Interest rate on the cash value of the benefits secured during the rescue period</b> (Art. 30 Para. 1)		<b>1.00 %</b>