



Newsletter of
Swisscanto Collective Foundation

Occupational Benefits News 2/2013

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Davide Pezzetta
Managing director

Dear Customer,

2013 was an important year for the occupational benefit scheme. In June, the Federal Council presented the main points of the "Pensions 2020" reform programme. It wants to take account of all essential aspects of a sustainable pension system. As the word reform suggests, adjustments are on the agenda. Certain mechanisms are no longer sufficient for today's world. Dependencies on other national economies have a different impact. Progress and prosperity allow us to grow older and become more active whilst maintaining good health, but this costs money.

What adjustments need to be made? Demographic trends and low interest rates mean that less capital is available for the coming generations of pensioners. Fewer contributors and more pensioners are reducing the OASI coffers. If the Swiss population wants to receive benefits and not increase contributions, then we will have to pay into the system earlier, retire later or do both. The pension system as a whole, with OASI, the occupational benefit scheme and private savings, is intertwined and is extremely complex with all of its rational and emotional factors and dependencies.

What adjustments need to be made? The cogs and levers in the entire system need to be checked, adjusted and perhaps

replaced, but gross errors should not be made, as the tried and trusted system must continue to function in its entirety and yet become more sustainable: OASI with the proportionate contributions system based on the solidarity principle, the 2nd pillar with the level-premium system in which employers and employees save jointly for the individual, and the 3rd pillar – ideally tax-advantaged with 3a – for all those who want and are able to additionally improve their old-age pension. Who decides what will be adjusted? Our councillors in Bern negotiate about what exactly will be taken to the vote. The Federal Council works out the details. Ultimately, however, Swiss citizens decide: namely you and I, the 18-year-old grammar school student and the 80-year-old widow, four generations, people with different social, professional and economic backgrounds.

Social partners and parties are now positioning themselves. Clear demands will follow in the next few months. 2014 will be an important year for all of us. Just remember when you hear or read something about the "Pensions 2020" reform programme that the course is being set! Think about your company, your employees and your family. Think about all of the people who have paved the way for you and all of the people for whom you are directly or indirectly responsible. Personally, I hope that the coming generations will have it as good as the majority of us do today. And I am grateful that the generations before us took responsibility for us and made the right decisions.

I wish you an exciting 2014 and a new year filled with happiness, success, good health and good decisions!

A handwritten signature in black ink, appearing to be 'DP' followed by a stylized flourish.

Davide Pezzetta
Managing Director

Interest on the old-age savings for 2014

In 2013, interest rates recovered somewhat after two years at an historic all-time low. Thus, the yield of ten-year federal bonds rose to 1.12% as of 22.10.2013.

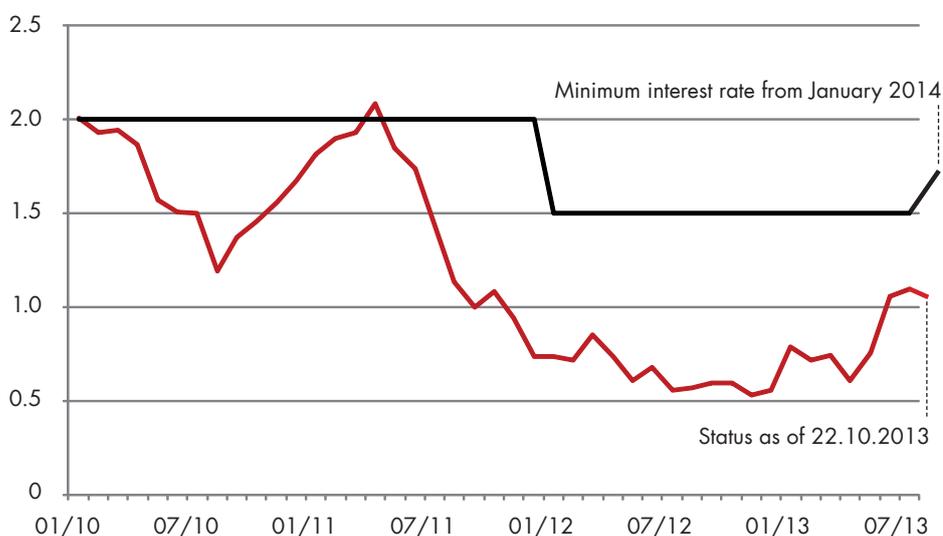
In its annual report 2013, the Bank for International Settlements calls for a slow exit from the expansive monetary policy. However, given the considerable economic challenges that still lie ahead, we can assume that the leading central banks will persist with the low key rates. The policy of low interest rates must also be continued in Switzerland, despite the corresponding risks, in order to avoid jeopardising the minimum rate against the euro. Hence, according to the National Bank, there is still a danger that imbalances on the domestic mortgage and property market will continue to increase. By contrast, the slow recovery of the global as well as the Swiss economy has continued in recent months.

The current future prospects have prompted the Swiss Federal Council to increase the LOB minimal interest rate for 2014 by 25 basis points to 1.75%, despite the low interest rates.

Swisscanto Collective Foundation provides the LOB minimal interest on LOB old-age savings. Swisscanto gives top priority to the security of the clients' assets at any time. The outlined economic trend gives reason for cautious optimism. Therefore Swisscanto is also increasing the guaranteed interest for the extra-mandatory insurance from 1.5% to 1.75%.

The projected interest rate that is used for the extrapolation of the assumed retirement benefits remains at 2.0%.

Yield in %



Yields on ten-year federal bonds (monthly average) compared to the minimum interest for mandatory old-age savings since 2010

— Minimum interest rate for mandatory insurance (%)
 — Yield of ten-year federal bonds

Market and social insurances

Important groundwork will be laid for the 1st and 2nd pillar in the near future.

Important groundwork will be laid for the 1st and 2nd pillar in the near future. The Federal Council approved the key points of the "Pensions 2020" reform programme in the summer and wants to release a corresponding draft of the reform for consultation by the end of the year. In doing so, a holistic approach is being followed so that the 1st and 2nd pillar can be optimally harmonised. The most important objective of the reform is to ensure sustainable financing of the pension system whilst retaining the benefit level of the two pillars.

- The reference retirement age for men and women is to be harmonised at 65 years, and from the age of 62 a flexible transition from work to retirement is to be facilitated.
- LOB minimum conversion rate: Over a period of four years, the LOB minimum conversion rate will be reduced by 0.2 percentage points per annum from 6.8% to 6.0%. To retain the level of benefits, various measures are being looked at (e.g. beginning the savings process at an early stage, adjusting the old-age credits, reducing the coordination deduction as well as additional funding to maintain the level of benefits for the intermediate generation).
- LOB minimal interest rate: This is to be redefined at the end of each year when the achieved performance of investments is known (until now this was carried out in late autumn for the following year).
- Reduced reduction for advance withdrawal of the OASI pension: Persons with a low and medium income (annual income up to CHF 50,000.00 or CHF 60,000) who have already paid OASI contributions at 18, 19 and 20 years are to be allowed to make an advance withdrawal on their OASI pension with or without a reduced reduction.
- OASI survivors' benefits: The orphan's pensions are to be increased and, in return, the pensions of widowed women with children are to be cut. Pensions for widows without children are to be abolished.

Only very limited changes will arise for social insurances in 2014. We will be supporting you this year by providing the appropriate information.

No adjustments to the 1st pillar (OASI, DI and supplementary benefits)

No major changes to the 1st pillar have been reported for 2014. Following adjustments to the OASI and DI pensions with effect as of 1 January 2013, the next adjustment date has been set for 1 January 2015.

Adjustments to the 2nd pillar (LOB)

Adjustment of the LOB minimal interest rate

The LOB minimal interest rate will be raised to 1.75%.

No adjustment to the current mandatory survivors' and disability pensions

By law the survivors' and disability pensions under the mandatory occupational benefit scheme must be periodically adjusted to take account of inflation. The adjustments are based on the development of the Swiss Consumer Price Index.

The first-time adjustment of a mandatory survivors' or disability pension to price developments is generally carried out after three years, at the beginning of the following calendar year. The first-time adjustment as of 01.01.2014 will therefore affect pensions that were first paid out in 2010.

The adjustment will be based on the price development indexes of September 2010¹ and of September 2013². The level of these two indexes is the same, which means that no adjustment is needed.

¹ September Index 2010: 99.2; basis December 2010 = 100

² September Index 2013: 99.2; basis December 2010 = 100

Further adjustments will be made at the same time as those for the retirement and survivors' pensions. This applies to pensions that were set up for the first time before 01.01.2010. An adjustment will be made to these pensions again on 01.01.15 at the earliest.

LOB Guarantee Fund: reduction in contributions for insolvency benefits

The main task of the LOB Guarantee Fund is to guarantee the benefits in the case of the insolvency of an employee benefit institution or a pension fund affiliated to a collective or a joint foundation. Lower expenses and existing reserves have enabled the LOB Guarantee Fund to halve the contribution for insolvency benefits. The corresponding contribution will also be reduced for Helvetia's customers. The new contribution amounts to 0.006% of the old-age savings.

The contribution for the granting of subsidies for companies who employ large numbers of older workers remains unchanged at 0.08% of the insured wage under the LOB.

Limits under the occupational benefit scheme

The limits under the occupational benefit scheme remain unchanged compared to the previous year. The following is an overview of the amounts that will apply for 2014:

Entrance threshold	CHF 21 060
Maximum creditable LOB salary	CHF 84 240
LOB coordination deduction	CHF 24 570
Maximum LOB insured salary	CHF 59 670
Minimum LOB insured salary	CHF 3 510
Maximum insured salary for the occupational benefit scheme	CHF 842 400

Important amendments to other social insurances

In the case of unemployment insurance, a solidarity surcharge of 1% was introduced as of January 2011 on parts of wages between the maximum insured earnings (CHF 126,000) and two and a half times this amount (CHF 315,000). This contribution serves to reduce the debts of this social insurance. The currently applicable upper limit has been abolished to speed up the debt clearance. Consequently, the solidarity contribution now applies to the entire part of the wage that exceeds the maximum insured earnings.

What you as employer must note in particular:

- Unemployment insurance: abolishing of upper limit for solidarity percentage

Further information

- Information sheets for OASI/DI/IC at www.ahv-iv.info
- Federal Social Insurance Office: information on all social insurance schemes at www.bsv.admin.ch
- LOB Guarantee Fund at www.sfbvg.ch

New strategic direction for the Swisscanto Collective Foundation

Changes as of 01.01.2014

In autumn 2012 the board of trustees of the Swisscanto Collective Foundation decided on a fundamental reorientation for the foundation. The changes as resolved will position the Swisscanto Collective Foundation consequently as a semi-autonomous foundation in the occupational pension market.

Retirement pensions will now be paid out by Swisscanto

Since its foundation in 1973, Swisscanto Collective Foundation reinsured not only death and disability risk with Helvetia Insurances but also those cases in which a person draws a pension longer than the retirement funds he or she accumulated during his or her working life would allow. This is to say that old-age pensions are guaranteed for life, regardless of whether the paid-in capital is sufficient. The insurance sector talks about a "life expectancy risk" in this context.

This constellation of reinsuring the life expectancy risk is rather unusual for a semi-autonomous collective foundation of Swisscanto Collective Foundation's size. The new constellation, in which Swisscanto Collective Foundation carries the life expectancy risk itself, offers new possibilities, which the board of trustees already made use of when deciding on a new investment strategy by increasing the proportion of shares to approximately 28%. This enables the Foundation to aim at a higher yield of 3.4% annually in a legitimate way and in accordance with risk-carrying capacity of the Foundation.

This change will not bring any curtailments for pensioners, on the contrary: the conversion rate for pensions in the extra-mandatory area will be raised to 6.4% as of January 1, 2014. From then on, old-age pensions are no longer paid out by the reinsurer, Helvetia Insurances, but directly by the foundation. To this end, Helvetia Insurances transfers all reserves for currently paid-out old-age pensions of the Swisscanto Collective Foundation back to the foundation.

This structural adjustment to the foundation significantly augments the foundation's financial stability, since the capital outflow from the foundation due to retirements will take place in a more regular and even manner instead of in one swoop at the date of retirement.

Coverage rate on the pension funds level

With the introduction of the product option "coverage rate on the pension funds level" the Swisscanto Collective Foundation offers a real novelty for the Swiss market. Due to the increased risk exposure, this innovative product is only available to customers with a corresponding risk capacity.

The option "coverage rate on the pension funds level" opens up attractive possibilities to eligible companies:

- The pension funds schemes can participate in a more direct manner in the performance of the foundation.
- A coverage rate of 100% for the pension fund scheme at the time of affiliation remains explicitly in effect, even if Swisscanto should incur underfunding.
- The influence of affiliation or dissolutions of pension funds schemes on the coverage rate of Swisscanto Collective Foundation is lessened.
- On condition of an adequate risk capacity, pension funds can affiliate with Swisscanto without the realisation of losses on the level of individual vested benefits, even if they come from pension plans with a coverage rate below 100%. For massively underfunded pension fund schemes there is a standardised plan in accordance with regulations to gradually close the gap.

Your pension expert at Swisscanto or your Cantonal Bank will be happy to answer your queries regarding these topics!

A new design for www.swisscanto-collective-foundation.ch

The website of the Swisscanto Collective Foundations has been adapted to the new requirements of the different user groups.

As of December 2013 the Swisscanto Collective Foundations website will show a new structure: The changes reflect the requirements of the different user groups, in particular those of employers and employees.

For a first impression of the new www.swisscanto-collective-foundation.ch web pages, please have a look at the screen shots below.

For employers:

The screenshot displays the Swisscanto website interface in a Mozilla Firefox browser. The page title is 'Swisscanto | Swisscanto Collective Foundation / Admissions to Pension Scheme'. The URL is 'www.swisscanto.ch/ch/en/berufliche-vorsorge/sammelstiftungen/sammelstiftung/arbeitgeber/formulare/formulare1.htm'. The page features a navigation menu with 'Occupational Pensions' selected. The main content area is titled 'Forms and Leaflets' and includes a sub-menu with 'Admissions to Pension Scheme' highlighted. Below this, there is a text prompt: 'Please print out the completed form and sign it by hand before sending it to us by post.' A section titled 'Forms and Information on:' lists two forms: 'Application for Occupational Benefits Insurance LOB / Notification of entry' and 'Supplementary Information for Risk Assessment (Form)'. Each form has language selection icons for 'de', 'fr', 'it', and 'en'. The footer contains four columns of links: 'Funds for private investors', 'Products for Institutional investors', 'Sustainability', and 'Contact'.

For employees:

The screenshot shows the Swisscanto website interface. The browser address bar displays the URL: www.swisscanto.ch/en/berufliche-vorsorge/sammelstiftungen/sammelstiftung/arbeitnehmer/formulare/formulare2.htm. The website header includes the Swisscanto logo and navigation links: Private investors, Institutional investors, Occupational Pensions, Products, and About Swisscanto. A search bar is also present.

The main content area is titled "Forms and Leaflets" and features a navigation menu with the following options: [Joining a Company](#), [During Employment](#), [Leaving a Company](#), and [Retirement](#). The "During Employment" link is highlighted with a red box. Below the navigation menu, there is a section for "Purchase of Additional Pension Funds" with a table of links for different languages (de, fr, it, en) and a "Print" button.

	de	fr	it	en
Voluntary Purchase of Additional Benefits Funds				
Application to buy into pension fund				

Below this, there is a section for "Family and Partnership" with a table of links for different languages (de, fr, it, en).

	de	fr	it	en
Occupational Benefits Partner Pension				
Leaflet on Swisscanto Supra Partner Pension				
Announcement of partner's pension				
Disolution of a Partnership				
Information on the Swiss Federal Law Governing Registered Partnerships of Same-Sex Couples				
Occupational Benefits and Divorce				

Below this, there is a section for "Your Documents" with a table of links for different languages (de, fr, it, en).

	de	fr	it	en
Your Insurance certificate				
Occupational Benefits				
Swiss Federal Law Governing Occupational Benefits (2013)				
Occupational Benefits Modules				
Demand-Actuated Solutions for Occupational Benefits				

Below this, there is a section for "Good to Know" with a table of links for different languages (de, fr, it, en).

	de	fr	it	en
Mandatory Social Insurances				
Unpaid leave, what happens to your occupational benefit scheme?				
Unpaid leave				
Leaflet: Promotion of Home-Ownership with Occupational Benefits Funds				
Promotion of Home-ownership / Early Withdrawal or Pledging of Pension / Benefits for Home-Ownership				
Funding ratio, under- and overfunding				

The simple and self-explanatory menu navigation leads employers as well as employees through the various case scenarios with regard to occupational benefits which could become relevant in the course of employment, such as joining or

leaving a company as well as various insured events. Background information for the respective topics is available at the same time via links to the appropriate leaflets.

Useful and important facts concerning Swisscanto Collective Foundations:

Swisscanto Collective Foundation - Mozilla Firefox

www.swisscanto.ch/en/berufliche-vorsorge/sammelstiftungen/sammelstiftung/intro/sammelstiftung/start.fontSize-small.htm

Swisscanto

About Swisscanto | Extranet | A A A | de | fr | it | en | mySwisscanto

Private investors | Institutional investors | **Occupational Pensions** | Products | About Swisscanto

Swisscanto Collective Foundations

Collective Foundation / Supra Collective Foundation

Collective Foundation

Supra Collective Foundation

Employers

Employees

Contact and Service

Swisscanto Collective Foundation

Print

Key Figures | Employee Benefits Regulations | Annual Reports | Board of Foundation

Since its foundation in 1973 Swisscanto Collective Foundation has become one of the most important Swiss bank foundations in the realm of employee benefits.

Flexible mandatory occupational benefits solutions in line with demand are given first priority.

Occupational benefits with advantages

... among collective foundations

- Individual offers tailored exactly to your specific needs
- Transparent and easy-to-understand benefits plans thanks to a modular concept
- No interest for late payments: saving contributions are only due at the end of the year

... for enterprises with their own foundation

- Facilitating management and administration of the foundation
- Competent advice and assistance
- Modular structure of services for easier outsourcing of employee benefit plans

... for private customers

- Attractive conditions for the management of vested benefits accounts

Information

- Key Figures
- Employee Benefits Regulations
- Annual Reports
- Board of Foundation

In the menu bar or the box marked "Information" you can find all key figures such as the current coverage rate, asset allocation or current interest rates. You can also see the compo-

sition of the board of trustees and have access to the pension fund regulations as well as all the recent annual reports.

Important dates and links

Important dates 2014

in January	New annual account statement
30 January	Deadline for submitting salary lists 2014
31 January	Due date for risk premium 2014
7/8 May	Specialized Fair 2 nd pillar (Fachmesse 2. Säule), Kongresshaus Zurich
end of May	Annual report 2013 of Swisscanto Collective Foundation
June	Annual report 2013 of Swisscanto Supra Collective Foundation
November	Salary lists and provisional contribution statement 2015 (based on the processed salary changes 2014)
31 December	Due date for savings premium 2014

Links

- Information sheets on benefit scheme subjects and forms for employers at www.swisscanto.ch/ch/en/berufliche-vorsorge/sammelstiftungen/sammelstiftung/arbeitgeber/formulare/formulare1.htm
- Information sheets on benefit scheme subjects and forms for employees at www.swisscanto.ch/ch/en/berufliche-vorsorge/sammelstiftungen/sammelstiftung/arbeitnehmer/formulare/formulare1.htm

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