



Newsletter of
Swisscanto Collective Foundation

Occupational Benefits News 2/2014

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Swisscanto



Davide Pezzetta
Managing director

Dear customer,

Offering an occupational benefit scheme as part of pension provision is an obligation that you have undertaken as an employer. Swisscanto collective foundation gives you comprehensive support in this regard. It is Swisscanto's core business area.

The assessment of risks is based on studying the past. Probabilities can be derived from this, e.g. when a certain event will happen to someone who is assigned to a specific group. The risks of the occupational benefit scheme must also be seen in relation to current developments in society, technology and on the financial markets, as risks and also people's needs change as a result of constant transformation. Tomorrow's generation will not be the same as today's generation. Consequently, Swisscanto constantly adapts its corporate pension solutions to such changes. It places special importance on ensuring fair treatment for the insured persons and adhering to its guiding principle: the safety of the pension fund assets it has been entrusted with.

Following these principles, the Board of Foundation has redefined the performance strategy of Swisscanto Collective Foun-

dation, setting itself a new performance target, especially in relation to the interest paid on the old-age savings. In the future, this is to be based on the technical interest rate, which is currently 3%. The positive effects that this new approach will have for insured persons will be discussed in detail on the following pages of this issue of "Occupational Benefits News". And on page 9 you can find out why we send the insurance certificates to your employees confidentially now in a sealed envelope.

Last year we reported in this publication on the "Pensions 2020" reform programme, on necessary corrections and on the political process. In the meantime, the parties and social partners have positioned themselves. The debate can begin. Now we will all be able to follow the situation with bated breath to see where the discussion will lead. We outline some of the key reform points for you under "Pensions 2020 – state of affairs" on page 7. You can also discover what changes are afoot for social insurance in the new year.

A future with changes and challenges awaits us. Let us tackle them with respect, diligence and determination. Or in the words of Albert Einstein: "The future interests me more than the past, because I expect to live there."

I wish you every success!

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

Davide Pezzetta
Managing director

Better projected returns for persons insured with Swisscanto Collective Foundation

Swisscanto Collective Foundation has redefined its performance strategy – with positive effects for its actively insured persons, i.e. for those in gainful employment.

The performance target, especially the interest to be paid on savings, will now be based on what is known as the “technical interest rate”, which is currently 3%. The LOB minimum interest rate set by the Swiss Federal Council forms the lower limit. Individuals currently receiving a retirement pension from Swisscanto will not be affected by this adjustment.

From 2015, the top governing body of Swisscanto Collective Foundation, the Board of Foundation, will be implementing the new performance strategy when setting the interest to be paid on savings. **The Board of Foundation has set the interest rate for 2015 at 3.5%.**

The new performance strategy also comes into play when it comes down to the participation of the insured persons in the performance of the investments. Due to the very healthy financial situation and the very positive development of investment markets in 2014, the Board of Foundation has decided to make a **dividend distribution as of 31 December 2014, which will be equivalent to an additional return of 1.25%.** In 2014, the interest rate under the regula-

tions amounted to 1.75%; taking account of the interest rate according to the regulations and the dividend distribution, **the total interest paid on savings in 2014 amounts to 3%.** Furthermore, the Board of Foundation is keeping open the option of making dividend distributions in the coming years if returns should clearly be much better than expected. Decisive here is strict compliance with the safety requirements of Swisscanto Collective Foundation and our estimation of the future development of investment markets.

The Board of Foundation will be taking the crucial decision in its last meeting for 2015. The same procedure will then be adopted in following years, i.e. the interest rate for 2016 will be set in November 2015 and a possible distribution of additional returns for 2016 will be carried out in November 2016 and so on. With this procedure, Swisscanto Collective Foundation continues to follow its principles of ensuring fair treatment for insured persons and of adhering to the guiding principle of the safety of the assets that it has been entrusted with. On the other hand, the Board of Foundation will be making greater use than previously of the leeway it has for setting the interest rate according to the regulations in advance and also for retrospectively determining the dividend distribution – to the benefit of the insured persons.

Changes to Social Insurances on 01.01.2015

As in previous years, we inform you about the changes to social insurances, which will take effect on 01.01.2015. The adjustments affect the pensions in the 1st and 2nd pillar in particular, which are regularly reviewed and adjusted, as well as the increase in the limiting amounts in the 2nd pillar.

The joint parental responsibility for children of divorced or unmarried parents has been enshrined in the Civil Code (ZBG) as a general principle since 01.07.2014. The previous provision, according to which parenting credits for improving pensions in the 1st pillar have to be divided equally in this case, will be adjusted. Now the parenting credit will be credited to the parent who provides the majority of the care. In the case of married parents, the parenting credit will still be divided equally.

Our information sheet "Mandatory Social Insurances" gives an overview of the social insurance provisions that are valid at present and can be found at www.swisscanto-collective-foundation.ch

The most important adjustments for the 1st pillar (OASI, DI and supplementary benefits)

The OASI and DI pensions will be adjusted to wage and price development with effect from 01.01.2015. These pensions will increase by 0.4%. This means that the maximum single retirement pension and the full disability pension will increase from CHF 28,080 to CHF 28,200. The widow's and widower's pension, orphan's pension and children's pensions will also increase accordingly. The same applies for the hindrance allocations paid by the OASI and DI as well as the amount to cover general subsistence costs in the case of supplementary benefits.

There are no changes with regard to contributions.

The minimum contribution for self-employed persons and persons not in gainful employment is the same amount as before: CHF 480. This includes the contributions to the OASI, DI and income compensation regulations (IC). The maximum contribution for persons not in gainful employment is limited to 50 times the minimum contribution and is still CHF 24,000.

The lower contribution rate for self-employed persons will apply to salaries between CHF 9,400 and CHF 56,400 (previously between CHF 9,400 and CHF 56,200).

The marginal salary, from which contributions to the OASI, DI and IC are made only at the request of the employee, remains unchanged at CHF 2,300. Wages earned by persons employed in private households have not been covered by this exception for some time. Contributions have to be paid in each case here, but parliament has decided to exempt work by adolescents in private households, so-called «pocket money jobs» (e.g. babysitting), from the obligation to pay OASI contributions once again, in order to avoid unnecessary administrative expenses. Now the obligation to pay contributions of young people (under the age of 25) employed in private households earning a maximum of CHF 750 per calendar year will only apply if the employees demand it.

Adjustments to the 2nd pillar (LOB)

In conjunction with the increase in OASI pensions, the limiting amounts for the occupational benefit scheme have also been raised. The following is an overview of the amounts that will apply from 01.01.2015:

Entrance threshold	CHF 21 150
Maximum creditable LOB salary	CHF 84 600
LOB coordination deduction	CHF 24 675
Maximum LOB insured salary	CHF 59 925
Minimum LOB insured salary	CHF 3 525
Maximum insured salary for the occupational benefit scheme	CHF 846 000

The maximum insured wage in the mandatory accident insurance pursuant to the LAI remains unchanged at CHF 126,000.

LOB minimal interest rate

The LOB minimal interest rate remains unchanged at 1.75%.

Adjustment to the current mandatory survivor's and disability pensions

The first-time adjustment of a mandatory survivor's 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 01.01.2015 will therefore affect pensions that were first paid out in 2011. Further adjustments will be made at the same time as those for the retirement and survivor's pensions. This applies to pensions that were set up for the first time before 01.01.2011. The adjustment rate is determined on the basis of the Swiss Consumer Price Index (CPI).

There was a downward price development in all cases and none of the pensions are subject to any adjustment.

The following basis applies:

- For pensions that arose in 2011 and that therefore qualify for the first-time adjustment, the difference between the indexes for September 2011¹ and September 2014² applies;
- For pensions that were first paid out in 2010 or that arose before 01.01.2010, the indexes in September of the years 2008 to 2012 are used, depending on when the pension started or the last adjustment, and compared with the index in September 2014. The latter was lower than the relevant indexes of previous years, which means that no adjustments are required for pensions that arose in 2010 or earlier.

¹ September index 2011: 99.7; basis December 2010 = 100

² September index 2014: 99.1; basis December 2010 = 100

Important amendments to other social insurances

Joint parental responsibility: new rule for OASI parenting credits

Since 01.07.2014 the joint parental responsibility of divorced or unmarried parents has been enshrined in the Civil Code (ZBG) as a general principle. Until now parenting credits were divided equally in the case of joint parental responsibility. In most cases however, one parent limits their gainful activity to look after children and therefore has gaps in their OASI contributions. Now parenting credits will be assigned to the parent who mainly cares for the joint child, in order to close their contribution gaps with regard to OASI pensions. The credits will only be divided equally if the care is provided equally. In the case of married couples, parenting credits will continue to be divided equally during the marriage as a rule.

What are parenting credits?

In the Federal Law on Old-Age and Survivors' Benefit Insurance (OASI), so-called parenting credits are recognised when determining pensions. These credits are not real payments but fictitious income that is included in the pension calculation and therefore rewards time spent caring for children. The OASI grants one credit for each year spent looking after children under 16 and therefore enables the person concerned to achieve a higher pension.



“Pensions 2020” – State of Affairs

The bill on pension reform (Berset’s reform) was circulated for consultation at the end of November 2013. The parties, cantons, associations and other interested groups were able to submit their comments up to the end of March 2014. The definitive bill will be drawn up by the end of the year and submitted to parliament for debate. A referendum could be held from 2018. The planned effective date is 01.01.2020, but this deadline is very challenging.

We will show you below, focusing on the 2nd pillar, the key terms and the proposed adjustments for the reform. The reform points were discussed in the consultation process and were at times subject to a great deal of controversy. Items that would lead to – in some cases large – additional expenses were objected to and also viewed critically by the media. In the meantime, the Federal Council has indicated that, contrary to the draft consultation paper, there is to be no coordination deduction and that adjusted rates are to be applied for old-age credits in exchange.

1. Entrance threshold

The entrance threshold specifies the date from which a gainfully employed person has to be mandatorily insured in the occupational benefit scheme.

- **Until now**
¾ of the maximum OASI pension (2015: CHF 21,150)
- **After Berset’s reform**
½ of the maximum OASI pension (2015: CHF 14,100)

The entrance threshold is to be lowered, in particular so that part-time employees can also be included in the occupational benefit scheme. This adjustment, together with the new old-age credits and the waiver of the coordination deduction, attracted a great deal of criticism because of the additional costs.

2. Coordinated wage

To achieve the retirement benefits target, the benefits of the 1st and 2nd pillars are to be aligned. The relevant income that has to be insured in the occupational benefit scheme is covered by the term “coordinated wage”. Under the current system, this is calculated from the gross annual wage minus the coordination deduction. As is the case today, a coordination deduction was envisaged in the draft consultation paper,

but the Federal Council has now announced that in future the coordination deduction will be waived.

- **Until now**
Coordinated wage:
87.5% to 300% of the maximum OASI pension
(2015: CHF 24,675 to CHF 84,600)
Coordination deduction 2015: CHF 24,675
- **After Berset’s reform**
Now the coordination deduction is to be cancelled. The draft consultation paper still stipulates 25% of the annual OASI wage, but a maximum of CHF 24,675 (as at 01.01.2015).
No coordination deduction or a variable coordination deduction based on the wage is more advantageous for small wages because proportionally a larger portion of the wage is insured. In some cases, extending the insured wage will serve to compensate for the reduced conversion rate and enable part-time employees to obtain a better pension fund.

3. Old-age credits/old-age savings

The old-age savings will be accrued with the old-age credits and the investment income. The old-age credits are calculated as a percentage of the coordinated annual salary. Employers must pay at least as much in contributions as employees combined. Mandatory old-age credits will now be levied when an employee reaches 25.

- **Until now**
7% for 25- to 34-year-olds
10% for 35- to 44-year-olds
15% for 45- to 54-year-olds
18% from 55 years of age
- **After Berset’s reform¹**
5% (7%) for 25- to 34-year-olds
9% (11.5%) for 35- to 44-year-olds
13% (17.5%) from 45 years of age

¹ Figures in brackets correspond to the rates that were specified in the draft consultation paper and are based on an insured wage with the coordination deduction. The Federal Council has now announced that the coordination deduction will be scrapped and the rates for old-age credits will be adjusted downwards accordingly.

Between the ages of 35 and 54, the old-age credits (amounts in CHF of the insured wage) are higher than now. From the age of 55, they are somewhat lower. The higher old-age credits in some cases, together with the adjusted wage basis, are supposed to provide a cushion against the reduction in the conversion rate and provide some relief for older employees.

4. Minimal conversion rate

The conversion rate is the percentage by which the old-age savings are converted into an annual life-long retirement pension at the time of retirement. The level of the conversion rate is only prescribed by law for the mandatory part of the pension benefits. A reduction can be offset by higher old-age credits, a longer savings process or increasing the insured wage.

- **Until now**
6.8% for men with the retirement age of 65, for women with the retirement age of 64
- **After Berset's reform**
Reduction in four stages to 6.0% at the age of 65 for men and women

The reduction of the conversion rate is a very important step from an actuarial point of view so that the demographic conditions and the situation on the investment markets can be taken into account. However, the proposed rate is still too high, and the currently existing cross-subsidisation between active contributors and pensioners will continue. The Federal Council is aware that deficits could arise despite the lower conversion rate. To compensate for this, there will be scope for levying additional contributions. The minimal conversion rate must be set based on actuarially correct principles. The cross-subsidisation between active contributors and pensioners and the burden caused by additional contributions are unsustainable in the long term – for employers too.

What you as an employer must note in particular

- The increase in the entrance threshold for the occupational benefit scheme from CHF 21,060 to CHF 21,150.

5. Retirement age

The retirement age determines the date from which a full pension can be drawn and when retirement with a higher or lower pension is possible.

- **Until now**
The normal retirement age under the occupational benefit scheme and in the OASI is 64 for women and 65 for men. Under the occupational benefit scheme, retirement can be set in the pension fund regulations between the age of 58 at the earliest and 70 at the latest. In the pension fund regulations of the Swisscanto collective foundations, the statutory leeway is fully utilised. With the OASI, the pension can be drawn up to two years earlier or deferred for up to five years.
- **After Berset's reform**
In the OASI and in the occupational benefit scheme, the reference age is to be defined uniformly at 65 for women and men. Now it will be possible in both pillars to draw a pension between the ages of 62 and 70. In the occupational benefit scheme, the reduction or increase in the pension will virtually be automatic, in that the insured person will pay in for a shorter or longer period and the conversion rate will depend on the corresponding age. In the OASI, rates are defined for the reduction or increase. The currently applicable rate of reduction of 6.8% for each year of early withdrawal for employees on a low and medium income (annual incomes up to CHF 50,000 and at most CHF 60,000 are specified) is to be reduced if the person in question already paid OASI contributions at the age of 18, 19 and 20.

Further information

- Leaflets for OASI/DI/IC at www.ahv-iv.info (available in German, French and Italian)
- Federal Social Insurance Office: information on all social insurance schemes at www.bsv.admin.ch
- Information sheet "[Mandatory Social Insurances](#)"
- LOB Guarantee Fund Foundation at www.sfbvg.ch

Changes in sending out insurance certificates

Insurance certificates are now sent directly to the insured persons

Swisscanto is changing its practices for sending out insurance certificates. The reason for this is a ruling by the Federal Administrative Court. The plaintiff was the Data Protection Commissioner.

The employee benefit scheme and data protection

A contract exists between the Group Foundation for Employee Pensions and the company for the execution of the employee benefit scheme. Besides this contract, the collective foundation also manages a separate policy for each employee. Until now we have always combined management processes relating to the company as a whole and handled them via the company, i.e. the employer. Such a process is the registration and billing phase. In it, the new salaries are recorded, the risk, cost and savings contributions for the new year are calculated and the insurance certificates are issued for the employees. The result of this process is the group statement, the invoice and the insurance certificates. All of this was previously sent to the customer (employer) in one package.

The ruling of 10.04.2012 (A-4467/2011) relates to the principle of proportionality of data processing. It follows from this that only persons who require it to carry out their work should have access to the data of the insured persons. The open forwarding of insurance certificates to the employer could, for example, lead to line managers of the insured person or their colleagues, being able to access information that they do not need. Therefore, it must be ensured when distributing the insurance certificates that this is not possible. If it is necessary to send the insurance certificates in a sealed envelope, this expense must be accepted. In the ruling, the Federal Administrative Court expressly stated that only personal data that is objectively necessary for the tasks of the employer falling within the scope of the occupational benefit scheme may be forwarded to the employer. In future the collective foundation may no longer send the insurance certificates to the employer in such a manner that they are clearly visible.

The following changes will apply to employers and employees with immediate effect regarding delivery of the insurance certificate

- Customers must check, update and complete the addresses of their employees on the salary adjustments.
- The insurance certificates will be addressed confidentially by the collective foundation and sent to the addresses of the insured persons in sealed envelopes. The accompanying letter goes into the importance of the insurance certificate and the reason why it has been sent directly and confidentially. The addressee is informed about the information sheet "Notes on the insurance certificate" on the Internet and requested, if they have any queries, to contact their employer or the board of trustees at the company.
- Insurance certificates that cannot be sent to the private address by the collective foundation are addressed confidentially to the employees concerned and sent to the employer in a sealed envelope.
- The employer must forward these envelopes to the respective employees unopened.

The customer (employer) will continue to receive the group statement and the invoice for their company's employee benefit scheme after the salary adjustments have been processed. Insurance certificates that are issued due to voluntary purchase, advance withdrawal for residential property or division of old-age savings due to a divorce, etc. will be sent, as before, to the insured person directly with a specific accompanying letter from the collective foundation.

Further information

- The information sheet "[The insurance certificate](#)" explains questions relating to the insurance certificate using examples:
at www.swisscanto-collective-foundation.ch
- The ruling by the Federal Administrative Court (A-4467/2011) of 10.04.2012
at www.edoeb.admin.ch (available in German)

Reelection of the Board of Foundation

The Board of Foundation of the Swisscanto Collective Foundation shall be reelected for the period of office 2016 to 2020

The reelection of the Board of Foundation of Swisscanto Collective Foundation will be held in October 2015. The Federal Law on Occupational Benefit Schemes prescribes a jointly composed board as the supreme governing body of an employee benefit institution. In the case of Swisscanto Collective Foundation, this is the Board of Foundation, which has ten members, five of whom are employee representatives and five employer representatives.

Der Stiftungsrat als oberstes Organ der Stiftung ist nicht zu verwechseln mit den Vorsorgekommissionen der angeschlossenen Unternehmen. Die Mitglieder der jeweiligen Vorsorgekommissionen vertreten die Interessen des Personals und des Arbeitgebers ihrer Firma in Bezug auf die Personalvorsorge; **sie sind von diesen Wahlen nicht betroffen.**

Elections conducted online for the first time

For the first time, the election proceedings will be conducted online. As a customer and company affiliated to Swisscanto Collective Foundation, you will receive an information letter regarding this during the 2nd half-year 2015. In it you will find two letters for the attention of the employee and employer representatives of your board of trustees. The letters will include the login details for the online election platform as well as all other necessary information about the election, the election proceedings and the dates. In addition to the existing members of the Board of Foundation and the candidates recommended by the Board of Foundation, **members of the boards of trustees from the group of affiliated companies can make themselves available for the election as additional candidates.**

All members of your board of trustees for the respective election category "employer representatives" or "employee representatives" are also **entitled to vote.**

The **election process** will consist of several steps in a two-stage procedure:

- 1a) Submit candidate proposals online
- 1b) Verification of candidate proposals by the electoral office
- 2a) Description of election with all candidates by the electoral office
- 2b) Casting of votes
- 2c) Confirmation and publication of the election with the names of the elected board members on internet.

The dates and time window for this election procedure can be found in this magazine on the following page.

Please therefore forward the letters with the information on the election to members of your board of trustees immediately after receipt in the 2nd half-year 2015. This means they have the opportunity to recommend candidates for election to the Board of Foundation and can subsequently elect the new Board of Foundation of Swisscanto Collective Foundation with their vote!

The five-year period of office for the new Board of Foundation starts on 01.01.2016.

Important dates

Important dates 2015

In January	New annual account statement
30 January	Deadline for submitting salary lists 2015
31 January	Due date for risk premium 2015
End of May	Annual report 2014 of Swisscanto Collective Foundation
In June	Annual report 2014 of Swisscanto Supra Collective Foundation
In 2nd half-year	Dispatch of information letter concerning the election of the Board of Foundation
In September	Deadline for submission of candidate proposals for the election of the Board of Foundation in the online tool
In October	Start of election and deadline for casting votes for the election of the Board of Foundation
In November	Confirmation of election of the Board of Foundation for the period of office 2016 to 2020 and publication of results
In November	Salary lists and provisional contribution statement 2016 (based on the processed salary changes 2015)
31 December	Due date for savings premium 2015

Links

- Information sheets on benefit scheme subjects and forms for [employers](#) and [employees](#) at www.swisscanto-collective-foundation.ch

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