Newsletter of
Swisscanto Collective Foundation

Occupational Benefits News Nr. 2/2016

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Swisscanto
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Editorial

Davide Pezzetta
Managing director

Dear customer,

The reform "Pension 2020" continues to keep us at the edge of our seats at the end of 2016. We have been following the vote on the initiative "OASIplus" with great interest, as well as the final weeks of political debate on the reform "Pension 2020". Other events will now follow step by step. The parliaments will have to resolve the differences concerning the pending reform; then we will know precisely what to expect, along with the answer to another burning question: when will everything be ready to go?

In advance of voting, new regulations and statutes, numerous and opposing opinions are being formed, emotions stoked, and details hotly contested. The situation is the same with reform of pensions. Even if agreement between the National Council and the Council of States will still require a number of discussions, one thing is very clear: The reform "Pension 2020" has to come, in fact as soon as possible. The two pillars are already lacking permanent financing, and the situation will get dramatically worse in the coming years. The welcome increase in life expectancy will continue to climb. The baby-boomer generation will begin retiring in the coming years and switch from paying contributions to receiving benefits.

In terms of occupational benefit schemes, the effects are being felt from demographic imbalances and, above all, record low yields and negative interest rates on risk-free investments. On the political level, there is complete consensus on the need to act. Once Parliament has agreed on a solution, the decision will be up to us as voters.

The investment environment remains challenging. The Board of Foundation of Swisscanto Collective Foundation closely monitors the situation on a regular basis and is making all the necessary decisions. This has resulted in several adjustments to the investment strategy this year, designed to maintain the long-term stability of the Foundation and a prudent and reasonable balance between risk and yield. We will be informing you about the details of these adjustments in the annual report 2016; in the meantime, you can view our current asset allocation on our website at any time:
www.swisscanto-foundations.ch ▸ Downloads ▸ Key figures.

On page 16 of this issue of the Occupational Benefits News, you can also find out more about our new website, which is the result of our aspirations to make increased use of the digital format to provide you with information and services going forward. Please take note of our call on page 16 to provide us with your email address!

In this issue, you will also find contributions relating to the actual progress of the pension reform. We also report on conversion rates, technical interest and the interest that will be paid on old-age savings in 2017.

With this in mind, I would like to take this opportunity to thank you for entrusting us with your occupational benefit scheme and to wish you every success in 2017.

Davide Pezzetta
Managing dirctor

Products and benefits (I)

We are constantly modifying our benefits to meet the needs of our customers. In addition, effective 01.01.2017, we will have to lower our technical interest rate for risk benefits. Our currently stable risk result has enabled us to design this reduction for most customers in a premium-neutral manner.

The times are changing, and we are changing along with them

Many current developments are having an impact on occupational benefit schemes: on the one hand, of course, legislation (see "Changes to Social Insurances on 01.01.2017" on page 6), on the other, economic, social and technological changes. Until recently, no one could have imagined that we in Switzerland would have to live with prolonged negative interest rates. Careers are becoming more flexible, and the need for customised pension solutions is growing. At the same time, all relevant data need to be digitally available at all times, and reported changes have to be processed as rapidly as possible. We seek to offer simple, modern pension solutions that ideally cover all of these needs.

The right occupational benefit scheme for your employees

Employees are generally very interested in occupational benefit schemes. At the outset, the focus is on risk benefits and later on retirement benefits, so that financial coverage is assured at every age and at every stage of life. Both of these benefits can be jeopardised by career gaps.

For instance, roughly half of our insured persons have considerably fewer old-age savings than would otherwise be possible, e.g. as a result of missing years of contribution or wage increases. For this reason, it makes better sense to tie risk benefits to wages and not to the expected retirement pension. Only in this way can it be ensured that a sudden loss of income due to illness or death does not lead to financial trouble.

When was the last time you reviewed your pension fund regulations? We want to encourage you to meet with your personal advisor in order to take a critical look at the insured benefits. A conversion might make sense for you and your employees – for example, to wage-dependent benefits.

Purchase with restitution

When taking stock of insured benefits, it is worthwhile to also review whether in future a restitution on purchases should be incorporated. We recommend this option when the spouse's pension is tied to wages.

If an insured person has pension gaps, they can be closed through voluntary purchases in the pension fund. Such purchases are funded with private assets and can be deducted from taxes. They increase retirement benefits. If risk benefits are tied to wages, they will not change. But since the amount of the purchase is normally used to finance a possible spouse's pension, the risk premium falls as a result of the tax-deductible purchase. In recent years, however, there has been a growing desire that the purchase amount not be used to finance the spouse's pension but rather that, in the case of death, the voluntarily paid-in private assets be disbursed in addition to the spouse's pension.

At Swisscanto collective foundation, this option can be concluded. When concluding a "purchase with restitution", purchases in the pension fund made thereafter will be separately maintained and shown in old-age savings. In the event that the insured person dies, they will be disbursed as an additional lump-sum death benefit. We recommend this option especially if the insured person desires very good risk protection.

Products and benefits (II)

Further measures to ensure the long-term stability
In July of this year, we informed you about the planned reductions in the conversion rate in the extra-mandatory area. The difficult capital market environment combined with the increasing life expectancy – and the resulting increase in the length of time for which pensions are expected to be paid – make this step necessary to ensure that the system is fair to those insured persons who are economically active. The reduction from 6.4% to 6.0% will be spread across a period of four years. For details of the resulting rates, please refer to our Information sheet at www.swisscanto-foundations.ch ▸ Downloads ▸ Key Figures.

Another important actuarial indicator is the technical interest rate: This is the expected interest rate required to fund future pension obligations. It must be based on the realities of the financial markets and there must be a sufficient degree of certainty that it can be generated in the long term. With a prudent investment strategy, we find it difficult to foresee high yields, and there is currently also no reason to assume that the interest rate level will rise substantially in the near future. For these reasons, the Board of Foundation of Swisscanto Collective Foundation has decided to lower the technical interest rate from 3.0% to 2.5% as per 01.01.2017.

Further information

- Current conversion rates are available at www.swisscanto-foundations.ch ▸ Downloads ▸ Key figures
- All relevant information, information sheets and forms for employees are available at www.swisscanto-foundations.ch ▸ I am an employee
- All relevant information, information sheets and forms for employers are available at www.swisscanto-foundations.ch ▸ I am an employer

Interest paid on old-age savings in 2017

Once again in 2016, lower interest rates and a dearth of secure investments put a strain on occupational benefit schemes. A turnaround is not expected for the foreseeable future.

As long as the European Central Bank (ECB) maintains it current policies, the monetary policy of the Swiss National Bank (SNB) will likely remain unchanged. As a result, yields on ten-year federal bonds will probably continue to stay at their historical low. As a result of these developments and the guarded forecasts for 2017, the Federal Council decided to lower the minimum interest rate for mandatory insurance to 1.0% effective 01.01.2017.

Minimal interest rate times two
The Board of Foundation of the Swisscanto Collective Foundation continues to pursue its performance strategy laid down in 2014, according to which the interest on old-age savings should be based on the technical interest rate. This is currently 2.5% (for more information on the technical interest rate, please refer to page 4). **The agreed interest rate of 2.0% for 2017 in the mandatory and extra-mandatory areas represents a continuation of this strategy;** the rate is twice as high as the minimal interest rate adopted by the Federal Council.

The projected interest rate used to forecast assumed retirement benefits is 2.5%, with a flexibility margin of +/-1%: This means that the assumed retirement benefits at the retirement age shown on the insurance certificates are calculated using a projected interest rate and a 1% higher and 1% lower value. In this way, the long-term uncertainties regarding the performance of capital markets are taken into account.

Interest paid on old-age savings in 2017

LOB old-age savings	2.0%
Extra-mandatory old-age savings	2.0%

Changes to Social Insurances on 01.01.2017 (I)

We inform you at this juncture about changes to social insurance schemes that are slated for 01.01.2017. A key change is the reorganisation of pension compensation in the event of divorce.

In future, claims under occupational benefit schemes will be divided not only among actively insured persons but also among pension recipients. The provisions relating to the amended Law on Accident Insurance are likewise taking effect, and you'll receive the most important information here.

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

OASI and DI pensions remain unchanged. OASI and IV pensions are normally adjusted every two years. The last adjustment was made on 01.01.2015. The Federal Council has resolved to leave pensions in the 1st pillar unchanged on 01.01.2017, because wage and price trends do not justify an increase.

The maximum simple retirement pension or disability pension accordingly amounts to CHF 28,200, as before.

The OASI/DI **contributions** also remain **unchanged.**

Adjustments to the 2nd pillar (LOB)
OASI and DI pensions form the basis for the limiting amounts for occupational benefit schemes. Since these are not being adjusted, the **limiting amounts for occupational benefit schemes likewise remain unchanged.**

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

The maximum insured salary for mandatory accident insurance under the LAI remains unchanged at CHF 148,200.

Adjustment of the LOB minimal interest rate
The LOB minimal interest rate is being lowered and now amounts to 1.00%. In accordance with its performance strategy, the interest of the Swisscanto Collective Foundation will be 2.0% in 2017.

No adjustment to current mandatory survivors' and disability pensions
By law survivors' and disability pensions under the mandatory occupational benefit scheme must be periodically adjusted to take inflation into account. The adjustment is based on trends in the Swiss Consumer Price Index.

The first-time adjustment of a mandatory survivors' or disability pension to conform to price trends is generally carried out after three years, at the beginning of the following calendar year. The first-time adjustment on 01.01.2017 will therefore affect pensions that were first paid out in 2013. The adjustment will be based on the price trend indexes of September 20131 and of September 20162. Due to the negative price trends, pensions do not have to be adjusted.

Pensions that were first paid out prior to 01.01.2013 will likewise **not be adjusted,** since the **price trend was downward** in all cases.

LOB Guarantee Fund: Higher subsidies to compensate for an unfavourable age structure mean a premium adjustment is necessary
The LOB Guarantee Fund Foundation is a national institution that is responsible for various tasks. One central task is to balance out the burden for companies that have a lot of older employees and which are particularly hard hit by the staggered contributions for the old-age credits. By providing subsidies for an unfavourable age structure, the burden for particularly hard-hit companies is eased. Another important mandate is insolvency coverage. The Guarantee Fund is responsible for guaranteeing benefits in the case of the insolvency of an employee benefit institution or a pension fund affiliated with a collective or a joint foundation.

[1] September index 2013: 102.0; basis December 2015 = 100

[2] September index 2016: 100.2; basics December 2015 = 100

Changes to Social Insurances on 01.01.2017 (II)

The funds required for these tasks are collected through contributions from employee benefit institutions. These consist of an insolvency component and a component for subsidies for an unfavourable age structure. The expenses for the subsidies have risen further, and the Guarantee Fund has resolved to **increase the contribution rate** for these tasks. Starting 01.01.2017, this rate will amount to **0.10% of the salary insured under the LOB** (previously: 0.08%). The contribution for insolvency remains unchanged.

The amendment of the Law on Accident Insurance (LAI) takes effect on 01.01.2017
Modifications have long been planned in accident insurance. After Parliament rejected the first bill, the Federal Council submitted an amended version. It was approved by the National Council and the Council of States in the fall of 2015 and will now take effect on 01.01.2017. The modifications take account of the changed times, clear up uncertainties, and add greater legal security for insured persons. The changes affect insurance benefits and how they are paid out, as well as the organisation and ancillary activities of SUVA.

Important aspects of the amendment
Beginning of insurance: An employee is insured starting on the day that the employment relationship begins. As a result, insurance coverage also extends to those persons who have an employment contract but have not yet started work, as can occur where the first day of the month is a Sunday or public holiday, for example.

Ending of insurance: Insurance now ends on the 31st day after the employment relationship ends. Previously, follow-up cover was 30 days, and that was insufficient to cover the entire subsequent month in every case.

Interim accident insurance: With interim accident insurance, coverage for non-work-related accidents can be extended for a certain amount of time through an agreement. This insurance can now be concluded for up to six months. The maximum potential insurance duration was formerly 180 days, and that was unable to cover six full months.

Adjustment of life-long pensions upon reaching the normal OASI retirement age: Retired persons who have suffered an accident should not be placed in a better financial position than those who have not. For this reason, pensions under accident insurance that are paid out for life should be adjusted under certain conditions when reaching the normal retirement age. Pensions under occupational benefit schemes are not affected by this measure.

Key change: Reorganisation of pension compensation in the event of divorce
On 01.01.2000, the new law of divorce was introduced, and along with it, the pension compensation for funds in the 2nd pillar. The existing pension compensation consists of the 50-50 division of termination benefits earned during the marriage, provided that neither of the spouses has experienced an insured event (disability or retirement). Reasonable compensation is owed – without inclusion of the funds in the occupational benefit scheme – in those cases in which division is not possible. That applies in particular where one or both spouses have experienced an insured event. The current provisions have flaws that the reorganisation eliminates.

The new statutory provisions leave unchanged the principle of division of termination benefits earned during the marriage for actively insured persons and also provide the following:

- The applicable duration of the marriage is now determined by the **date on which divorce proceedings are initiated.** This enables claims to be determined in advance and does away with the multiple calculations that were often necessary in the past. In addition, the duration of the marriage can no longer be influenced by the spouses.
- For actively insured persons, the calculation is in principle undertaken like today. However, termination benefits must now be transferred in the ratio that mandatory old-age savings bear to all old-age savings. The credit for the entitled spouse is made in the same ratio. Previously, this approach was not mandated by statute. Not included in the division are purchase amounts financed during the marriage from own assets. By contrast, advance withdrawals for home ownership continue to be subject to equal division.

Changes to Social Insurances on 01.01.2017 (III)

Sample calculation of the termination benefit to be divided[1]

	CHF
Termination benefit at time of divorce	250 000
Less termination benefi at time of marriage, plus interest earned until time of divorce	–55 822
Assets earned during marriage (and thus to be divided)	**194 178**
Thereof share of mandatory assets (CHF 175 000 of 250 000 = 70%)	135 925

[1] Basis for the sample calculation:
- Marriage on 01.08.1998
- Termination benefit upon marriage: CHF 35 000
- Initiation of divorce proceedings: 28.02.2017
- Termination benefit upon divorce: CHF 250 000, thereof LOB CHF 175 000

- With regard to persons who receive a disability pension, **the termination benefit earned during the marriage** must likewise be divided prior to reaching the statutory retirement age. To do so, the termination benefit to be used is the one that the insured person would have had absent disability **(hypothetical termination benefit).** The calculation is performed in the same way as for actively insured persons. However, in the case of full disability, advance withdrawals made during the marriage for promotion of home ownership are exempt from division. In Swisscanto's benefit plans, a reduction of old-age savings has no impact on a disability pension currently being paid. The disability pension is not reduced. Upon reaching retirement age, however, it is replaced by a retirement pension, which is then correspondingly lower due to the reduction in old-age savings.

- **Upon reaching the statutory retirement age, retirement pensions** or, as the case may be, **disability pensions** paid for life are **likewise divided.** Entitled spouses receive a life-long pension from the employee benefit institution of the insured spouse or alternatively a corresponding capital settlement. In this regard, the court rules on the division of the pension, taking into account the duration of the marriage and the benefit needs of the spouses.

The Federal Social Insurance Office (FSIO) has developed tools for courts that help them determine the pensions to be divided, using age at the time of marriage and age at the time of retirement. Once it determines the pension to be divided, the court instructs the employee benefit institution to divide the current pension. The effective amount of the entitled spouse's pension must in each case be recalculated by the employee benefit institution since the pension is not decisive for the effective division but rather the capital from the pension fund underlying the pension. Likewise included in the calculation are the age and gender of the entitled spouse. This normally means that the pension is not equal to the amount by which the pension of the obligated spouse is reduced. The way the calculation is performed, is specified in the regulation. Any children's pensions that being paid are not affected by the division. Special rules apply to life-long disability pensions that are cut on account of excess compensation.

- **The pension is paid** directly to the entitled spouse if he or she is already drawing retirement benefits or could draw them based on age. If this is not yet the case, the pension must be paid over to the employee benefit institution or a vesting institution of the entitled spouse. Alternatively, the Substitute Occupational Benefit Institution can also receive the funds.

Also, when dividing pensions, the LOB share of the pension is determined in the same way as for actively insured persons.

The transitional provisions provide that under certain conditions, compensation awarded in the form of a pension under previous law can be converted into a life-long pension within one year after the effective date of the law. In order to convert, a corresponding application has to be filed with the divorce court by the end of December 2017.

Changes to Social Insurances on 01.01.2017 (IV)

Employee benefit institutions now have to notify the 2nd pillar central office about all insured persons with benefit credits in the 2nd pillar. Previously, the obligation to notify was limited to forgotten credits. The aim of this rule is to ensure that all credits are included in the division in the event of divorce.

A further modification concerns advance withdrawals of funds for home ownership. In addition to the spouse's written approval for the advance withdrawal or pledging, all subsequent grants of mortgage now require the spouse's written approval as well.

Additionally, spousal consent is now required for all lump sum capital distributions, including for vested benefit accounts and policies.

The reorganisation by 01.01.2017 in overview

Pension compensation **prior** to reaching the statutory retirement age		Pension compensation **after** reaching the statutory retirement age
	New:	**New:**
Actively insured persons	**Recipients of disability pensions**	**Recipients of pensions**
Division of termination benefit **earned up to initiation of divorce proceedings**	**Division of the hypothetical termination benefit** to which the person who is receiving a disability pension would have had a claim absent the disability pension	**Division of the pension** The entitled spouse receives **a life-long pension** from the employee benefi institution of the obligated spouse or, alternatively, the capital.

Pension 2020 – status of work (I)

In the editions 2/2014 and 2/2015 of "Occupational Benefits News" already, we described the status of the reform "Pension 2020" to you. We continue further with this chronology here.

Following the deliberations by the Council of States last fall, the National Council took up the matter in September 2016 on the basis of preparatory work done by its committee. Through its rapid work, Parliament showed that it is aware of the great importance of this reform for the future of the 1st and 2nd pillars.

As the second council, the National Council took up the bill in the fall session of 2016. In doing so, it relied on the preparatory work of its committee. The National Council and the Council of States are in agreement on key points, such as on the retirement age and on lowering the conversion rate. But they differ on other aspects. Among other things, the National Council once again took up the highly controversial adjustment of the widow's pension in the 1st pillar. The National Council's plan not to relinquish the so-called "intervention mechanism" (debt break) for OASI was quite controversial. However, the National Council decided to uncouple this point from the reform package. The bill is now being returned to the Council of States to resolve the differences. The target date for implementation is still 01.01.2018.

In the following, we show you the **proposed modifications following deliberation by the National Council,** focused on the 2nd pillar. Both Councils generally approve a holistic consideration of the 1st and 2nd pillars. They also support the requirement that the benefit level be preserved. But there are differences here about the type and manner of compensation.

1. Retirement age

The retirement age establishes when a full pension can be drawn and when retirement is possible with a higher or lower pension.

- ***To date***
  Under occupational benefit schemes and OASI, the normal retirement age is 64 for women and for men it is 65. Under occupational benefit schemes, the pension fund regulations may set retirement between age 58 at the earliest and age 70 at the latest. In the pension fund regulations of the Swisscanto Collective Foundations, the statutory discretion is exploited in full. Under OASI, a pension can be drawn up to two years earlier or postponed for up to five years.

- ***Federal Council***
  The reference age under OASI and occupational benefit schemes is to be set at age 65 for women and men alike. Now, under both pillars, it is to be possible to draw a pension between ages 62 and 70. Under occupational benefit schemes, pensions are reduced or increased virtually automatically in that pay-in times are shorter or longer, and the conversion rate is dependent on the corresponding age. The rates for reduction or increase are stipulated under OASI. The reduction rate applicable today – 6.8% per advance withdrawal year for workers with low and middle incomes (stated are annual incomes up to CHF 50,000, at most CHF 60,000) – is to be lowered, provided that the relevant individual paid OASI contributions at ages 18, 19, and 20.

- ***Council of States***
  The reference age is approved. For the increase of the retirement age for women to age 65, the Council of States establishes a three-year rather than the six-year deadline proposed by the Federal Council. In the 2nd pillar, the employee benefit institutions are given the ability to provide for retirements also prior to age 62 under certain conditions. By contrast, the lowering of the reduction in the event of early retirement is rejected for low and middle incomes under OASI.

- ***National Council***
  The National Council follows the Council of States.

2. Entrance threshold

The entrance threshold establishes when an employed person is obligated to be insured under an occupational benefit scheme.

- ***To date***
  ¾ of the maximum OASI pension
  (2016: CHF 21'150)

Pension 2020 – status of work (II)

- ***Federal Council***
  ½ of the maximum OASI pension
  (2016: CHF 14'100)

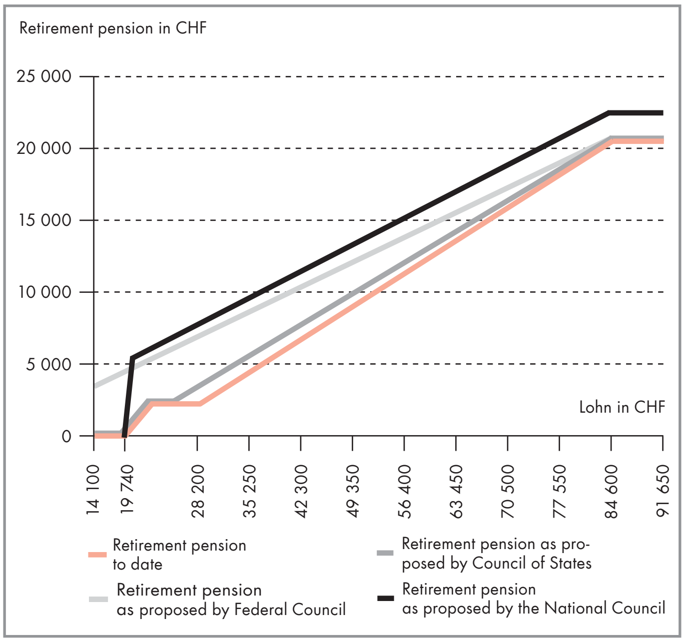
  The Federal Council proposes lowering the entrance threshold in order to grant part-time employees a better pension. Along with the new old-age credits and the abandonment of the coordination deduction, this modification met with great criticism.

- ***Council of States***
  The Council of States rejects the lowering of the entrance threshold and leaves it at the previous value, i.e. at ¾ of the maximum OASI pension (2016: CHF 21,150).

- ***National Council***
  The National Council follows the Council of States.

The adjacent chart shows clearly that with the lowering of the entrance threshold and the dispensing with the coordination deduction, the proposal of the Federal Council entails significant improvements, particularly in the area of low wages, with corresponding effects on costs. The solution of the Council of States is much closer to the current solution.

Retirement pension comparison with maximum contribution period (interest 0%)



3. Coordinated salary

In order to achieve the pension objective, the benefits under the 1st and 2nd pillars are coordinated. The relevant income that must be insured under an occupational benefit scheme is called the "coordinated salary". Under the current system, this is determined from gross annual salary less the coordination deduction.

- ***To date***
  Coordinated salary: annual OASI salary, which ranges from 7/8 to three times the maximum OASI pension (2016: CHF 24,675 to CHF 84,600)
  Coordination deduction: 2016: CHF 24,675
  Minimum insured salary: 1/8 of the maximum OASI pension (2016: CHF 3,525)

- ***Federal Council***
  The coordination deduction is to be dispensed with, the upper salary limit is to remain unchanged at three times the maximum OASI pension (2016: CHF 84,600). The extension of the insured salary is intended to contribute to offsetting the lowered conversion rate and enable a better pension for part-time employees.

- ***Council of States***
  The proposal of the Federal Council is rejected. The coordination deduction is to be retained at a lower level and be adjusted for part-time employees to conform to the degree of occupation. In addition, the minimally insured salary is to be increased. The Council of States established the following threshold values: Coordinated salary: annual OASI salary, which ranges from ¾ to three times the maximum OASI pension (2016: CHF 21,150 to CHF 84,600).
  Coordination deduction: ¾ of the maximum OASI pension (2016: CHF 21,150), with corresponding adjustment to conform to the degree of occupation for part-time employees.
  Minimum insured salary: 1/8 of the maximum OASI pension (2016: CHF 4,700).

- ***National Council***
  The National Council rejects the version of the Council of States and adopts the proposal of the Federal Council.

Pension 2020 – status of work (III)

4. Old-age credits/old-age savings

Old-age savings are augmented with old-age credits and investment income. Old-age credits are calculated as a percentage of the coordinated annual salary.

- ***To date***
  7% for 25- to 34-year-olds
  10% for 35- to 44-year-olds
  15% for 45- to 54-year-olds
  18% starting at 55

- ***Federal Council***
  5% for 25- to 34-year-olds
  9% for 35- to 44-year-olds
  13% starting at 45

  Together with the adjusted salary basis, the sometimes higher old-age credits are intended to cushion the lowering of the conversion rate and provide some relief for older employees.

- ***Council of States***
  The proposal of the Federal Council is based on the salary basis without coordination deduction. The Council of States provides for an increase over today for the rates for the old-age credits on the basis of a coordinated salary in the age group of 35- to 54-year-olds, and the savings process to be moved up to age 21. The old-age credits amount to:

  5% for 21- to 24-year-olds;
  7% for 25- to 34-year-olds;
  11% for 35- to 44-year-olds;
  16% for 45- to 54-year-olds;
  18% starting at 55

  The increasing of old-age credits and the moving up of the savings process are designed to help preserve the benefit level.

- ***National Council***
  The National Council wants to increase old-age credits in younger years and proposes maintaining only two tiers. The proposals are closer to the version of the Federal Council:
  9% for 25- to 44-year-olds
  13.5% starting at 45

5. Minimal conversion rate

The conversion rate is the percentage at which old-age savings are converted to an annual, lifelong retirement pension. The conversion rate is stipulated by law only for the mandatory portion. A lowering can be offset with higher old-age credits, longer savings process, or extension of the insured salary.

- ***To date***
  6.8% for men with retirement age 65, for women with retirement age 64

- ***Federal Council***
  Reduction in four steps to 6.0% at age 65 for men and women

- ***Council of States and National Council***
  Both Councils approve the proposal of the Federal Council.

Unfortunately, the lowering of the LOB conversion rate that was proposed by the Federal Council and accepted by the Council of States cannot adequately account for the consequences of the demographic conditions and the ongoing tense situation on the investment markets, and as a result cannot prevent the associated cross-subsidisation between employees and pensioners.

6. Compensatory measures to preserve the benefit level

Absent accompanying measures, the lowering of the conversion rate leads to a lower benefit level. The current benefit target can be maintained with adjusted rates for old-age credits and/or an extension of the insured salary. However, this applies only to insured persons who still have enough time. Older insured persons have pension gaps, despite higher old-age credits.

- ***Federal Council***
  For insured persons who have reached the age of 40 at the time the new provisions enter into force (so-called transition generation), the pension gaps are to be reduced through a compensatory payment via the Swiss-wide security fund.

Pension 2020 – status of work (IV)

- ***Council of States***
  The Council of States shifts some of the compensatory measures to the 1st pillar. Compensatory payments via the security fund are to be granted only to insured persons who have reached the age of at least 50. In addition, however, new pensioners are to be granted an annual retirement pension supplement of CHF 840 via the first pillar, and the ceiling for pensions for married couples is to be raised from the current 150% to 155%.

- ***National Council***
  The National Council rejects the proposal of the Council of States and adopts the proposal of the Federal Council.

The following chart illustrates the effects using a numerical example.

Example: OASI salary CHF 70,000 at 0% interest

Age at the time the reform enters in force	in CHF Old-age savings at age 65				Retirement pension at 65							
	To date	Federal Council proposal	Council of States proposal	National Council proposal	To date	Federal Council proposal	Difference	Council of States proposal	Difference	National Council proposal	Difference
20	226 625	280 000	263 790	315 000	15 411	16 800	1 389	15 827	416	18 900	3 489
30	226 625	278 364	252 786	299 364	15 411	16 702	1 291	15 167	–244	17 962	2 551
40	226 625	267 890	247 348	274 890	15 411	16 073	662	14 841	–570	16 493	1 082
50	226 625	247 546	238 056	252 796	15 411	14 853	–558	14 283	–1 128	15 168	–243
55	226 625	236 040	232 970	239 540	15 411	14 162	–1 249	13 978	–1 433	14 372	–1 039
60	226 625	231 333	229 798	233 083	15 411	13 880	–1 531	13 788	–1 623	13 985	–1 426

What you as employer must note
Adjustment of the period of extended coverage to 31 days and maximum duration of interim accident insurance at six months' accident insurance.

Further information
- Leaflets for OASI/DI/IC at www.ahv-iv.info
- Federal Social Insurance Office: Information on all social insurance schemes at www.bsv.admin.ch
- Information sheet "Mandatory Social Insurances" at www.swisscanto-foundations.ch ▸ Downloads ▸ Information sheets

Amendments to the regulations as of 01.01.2017

Starting now, the pension fund regulations are becoming "leaner": Less paper and less postage are the results; learn more about this here. Also, we inform you about the most important changes to the general provisions of the regulations.

Structure of the pension fund regulations and new mailing arrangements
The pension fund regulations consist of the benefit plan, which is tailored to your company and your employees, and the so-called fixed part with the general provisions of the regulations, which apply to all customers of the relevant foundation.

As a new customer, the entire regulations have so far been sent to you by mail in paper form for all affected employees, either upon request or when the regulations are modified. In future, we will send you only the customised part of your regulations, i.e. the benefit plan. The new mailing arrangements are a consequence not only of digitalisation, with the corresponding opportunities for uploading and downloading the regulations, but also of the desire often expressed by customers to save resources and become faster. Calculated across all the contracts and policies managed by Swisscanto, this amounts to a saving of roughly half a million sheets per year.

Customers that are already using BVGonline can download the full regulations, i.e. the benefit plan and the general provisions of the regulations, as always in four languages via their contract account. Moreover, the new general provisions of the regulations are available to customers and insured persons, as always, on the internet starting in January. At the start of each year, the insured persons of the Swisscanto collective foundations are notified with the direct mailing of insurance certificates about the substantive changes to the general provisions of the regulations and about the availability of the legally binding documents and any other important innovations. The time at which information is provided depends on when the employer reports the new salaries.

Amendments to the general provisions of the regulations on 01.01.2017
The remarks in the annex to the insurance certificate briefly describe the substantive changes for the new year. This compilation is intended for information purposes. Only the corresponding provisions of the regulations are legally binding.

Further information

- The current general provisions of the regulations of the Swisscanto Collective Foundations always new starting in January at www.swisscanto-foundations.ch ▸ Downloads ▸ Legal documents
- The information sheet "Board of Trustees" at www.swisscanto-foundations.ch ▸ Downloads ▸ Information sheets
- The most important documents and information for employers at: www.swisscanto-foundations.ch ▸ I am an employer
- The most important documents and information for employees at: www.swisscanto-foundations.ch ▸ I am an employee

Swisscanto
Stiftungen/Fondations/Fondazioni

Amendments to the general provisions of the Pension Fund Regulations 2017

We hereby advise you as an insured person of the Swisscanto Collective Foundation of the Cantonal Banks and/or the Swisscanto Supra Collective Foundation of the Cantonal Banks, Basel, of the most important general amendments to the Pension Fund Regulations that will take effect as of 1 January 2017. These amendments apply irrespectively of the effective date of your particular benefit plan.

Additional provisions and clarifications of the General Regulation Provisions as regards continued insurance after reaching the statutory LOB retirement age

As part of the 2016 product update, uniform death benefits were introduced for all insured persons who have reached ordinary retirement age, regardless of the individual benefit plan to which they belong. For this reason, all additional insured death benefits lapse once the ordinary retirement age has been reached.

Continued insurance always ends on retirement and in cases where the insured person's partial or full incapacity for work exceeds three months. In both cases the insured person is entitled to receive retirement benefits.

Amendment of provision concerning claims of divorced spouses

An insured person's divorced spouse has the same rights as a spouse on the death of the insured person provided he/she was married to the insured person for at least ten years and provided he/she was awarded **a pension in accordance with Art. 124e (1) or 126 (1) of the Swiss Civil Code (CC)** in the divorce settlement. If the divorced spouse was awarded a capital settlement, he/she is not entitled to receive a pension. All other conditions remain unchanged.

Consent to capital settlements

In the case of beneficiaries with a spouse or registered partner, every capital settlement now requires the written consent of the respective spouse or partner.

Clarification of the General Regulation Provisions as regards the product "Lump-sum benefit for unmarried insured persons"

The Regulation Provisions have been made more specific in this regard. It is now clear that, in cases where a "Lump-sum benefit for *unmarried* persons" has been insured, the insured person's partner is not entitled to receive a partner's pension. In such cases, the partner is entitled, like a spouse, to receive any "Lump-sum death benefit for married persons" that has been insured.

Clarification of the General Regulation Provisions as regards the order of beneficiaries

In order to clarify the provisions and make them easier for customers to understand, an amendment has been made to the General Regulation Provisions concerning the order of beneficiaries.

In particular, it is now explicitly stated that the order of beneficiaries set down in the regulations applies unless altered by the insured person. Further, it is now stated directly where the persons are enumerated under Letter a) that the death benefits due to all first-order beneficiaries (those under Letter a)) are to be disbursed in equal parts.

Amendment concerning calculation of the maximum possible contribution for the purchase of early retirement benefits

As of 1 January 2017, the values for the purchase of early retirement benefits will be calculated at the conversion rate currently applicable to the event in question and shown on the insurance certificate. The General Regulation Provisions will be adapted accordingly, and the table removed from the benefit plan.

Amendment of transitional provisions

In order to clarify the provisions and make them easier for customers to understand, an amendment has been made to the transitional provisions concerning the partially disabled. It is now expressly stated that, in the case of partially disabled insured persons, a partner's pension is insured solely for that portion of the salary that is actively insured as at 31 December 2004 and that the benefits are increased accordingly in the event of partial or total reactivation.

Pension compensation in cases of divorce

The Swiss Civil Code was amended with effect from 1 January 2017 as regards pension compensation in cases of divorce.

In divorce cases, the court can now decide that a part of the termination benefits the insured person has accrued during marriage is to be transferred to the ex-spouse's employment benefit institution. A further new feature is that a portion of the termination benefit may also be transferred in cases where the insured person was already disabled when the application for divorce was filed.

The spouse's termination benefit that must be apportioned corresponds to the difference between the termination benefit when the application for divorce was filed and the termination benefit at the time of marriage.

If the spouse is drawing a retirement pension when the application for divorce is filed, the court may determine that part of this pension be transferred to the other spouse.

Otherwise the corresponding statutory provisions apply.

Reduction in pension conversion rates (applies to basic occupational benefit scheme)

The following information applies solely to pension funds and insured persons with a pension solution from the Swisscanto Collective Foundation of the Cantonal Banks:

The Board of Foundation of the Swisscanto Collective Foundation has decided to lower the pension conversion rate for extra-mandatory retirement benefits as of 2018. Further reductions will be made in 2019-2021. Your employer was informed of this in writing in July 2016. If you have any questions, please consult your employer. You can find additional information about the amount of the conversion rates for the basic occupational benefit scheme in our information sheets "Conversion rates 2016-2017 – Swisscanto Collective Foundation" and "Conversion rates 2018-2021 – Swisscanto Collective Foundation" at www.swisscanto-foundations.ch → Downloads → Information sheets.

Reduction in pension conversion rates (applies to additional pension provision)

The following information applies solely to pension funds and insured persons with a pension solution from the Swisscanto Supra Collective Foundation of the Cantonal Banks:

As a reinsurer of the Swisscanto Supra Collective Foundation, Helvetia Swiss Life Insurance Company Ltd will lower the pension conversion rates as of 2017. The new insurance certificate for 2017 will take these lower rates into account. The pension conversion rate is shown on page 2 of the insurance certificate.

A further reduction will follow in 2018. Your employer was informed of this in writing in May 2016. If you have any questions, please consult your employer. You can find additional information about the amount of the conversion rates for the additional pension provision in our information sheet "Conversion rate 2017-2018 Swisscanto Supra" at www.swisscanto-foundations.ch → Downloads → Information sheets.

The above is provided for information purposes only. Only the corresponding provisions of the Pension Fund Regulations are legally binding. Depending on the foundation to which you belong, you can download the 2017 version of the General Regulation Provisions from the Swisscanto Foundation website:

www.swisscanto-foundations.ch → Downloads → Legal documents → General Regulation Provisions (by foundation)

Print out the General Regulation Provisions and keep a copy of them with your pension fund documents.

You may need the General Regulation Provisions for tax purposes.

Useful information

Visit our new website and take note of the training dates for Board of Trustees members!

Visit our new website
www.swisscanto-foundations.ch!
You will find all the information relating to occupational benefit schemes presented in an accessible and easily comprehensible manner on our completely redesigned website, which contains information about financing residential property purchases utilising funds from occupational benefit schemes, or the options available to you with regard to occupational benefit schemes for your partner, information on benefits, insurance certificates and much more.

Why we need your email address
We would like to make increased use of the digital format to provide you with information and services in the future. To do this, we need you to provide us with your valid email address: How can we contact your company or the person responsible for the employee benefit scheme by electronic means? Please communicate your email address to your contact person at Swisscanto by telephone, post – or by email! Thank you.

Training for members of the Board of Trustees (in German)
Within a collective foundation, each associated company forms its own pension fund. All the pension funds that are affiliated with a particular collective foundation are organisationally and economically independent. Each pension fund elects a board of trustees, consisting of equal numbers of representatives of the employer and the employees. **The members of the respective boards of trustees** represent the interests of the employees and the employer of your company in relation to the employee benefit scheme.

It is important to Swisscanto Collective Foundation to ensure that the members of the respective boards of trustees know the principles underlying employee benefit schemes in Switzerland as well as their rights and obligations. This is why we offer our customers **training for board of trustees members** on two dates this year. Both training events will take place in **Olten** on the following **dates** (in German):

- **30.05.2017**
- **23.10.2017**

Both training events last one day each. Different specialists for occupational benefit schemes will cover the basic knowledge that each board of trustees member needs to have: **Rights and obligations, basics of occupational benefit schemes, benefits, financing,** etc.

Book these dates for the members of your board of trustees now! Additional information, the complete **programme** and the **registration forms** will soon be available on the website of Swisscanto Collective Foundation.

We look forward to receiving your registration forms and your participation!

Personal consulting and personal orientation
Swisscanto offers comprehensive insurance and pension solutions for companies. Would you or your employees like a personal consultation or personal orientation? If so, please contact your advisor at Swisscanto or at your Cantonal Bank.

Important dates

Important dates 2017

In January	New annual account statement
30 January	Deadline for submitting salary lists 2017
31 January	Due date for risk premium 2017
30 May	Training for board of trustees members, Olten (in German, cf. page 16)
End of May	Annual report 2016 of Swisscanto Collective Foundation
In June	Annual report 2016 of Swisscanto Supra Collective Foundation
23 October	Training for board of trustees members, Olten (in German, cf. page 16)
In November	Salary lists and provisional contribution statement 2018 (based on the processed salary changes 2017)
31 December	Due date for savings premium 2017

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More information at
www.swisscanto-foundations.ch