TRANSPARENTA
SAMMELSTIFTUNG FÜR BERUFLICHE VORSORGE

Pension Fund and Organisational Regulations

Appendix 1

Limits, actuarial values and provisions

valid from 1 January 2024

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I. LIMITS AND ACTUARIAL VALUES

1. Limits for the calculation of the statutory wage definition

1.1.	BVG entry threshold	CHF	22,050
1.2.	BVG coordination deduction	CHF	25,725
1.3.	BVG minimum salary	CHF	3,675
1.4.	BVG maximum salary	CHF	62,475
1.5.	BVG limit	CHF	88,200
1.6.	SIFO limit (maximum salary for BVG Guarantee Fund)	CHF	132,300

2. Other limit amounts

2.1.	Maximum AHV retirement pension	CHF	29,400
2.2.	UVG maximum salary	CHF	148,200
2.3.	Maximum insurable risk salary (death and disability insurance)	CHF	500,000
2.4.	Maximum insurable savings salary (retirement pensions)	CHF	882,000

3. Conversion rates for retirement pensions

The Foundation operates two different models for the conversion of the retirement assets into a life-long retirement pension. There are the provision models "Split" (S model) and "Enveloping" (U model). The pension model applicable to the respective pension fund is set out in the affiliation contract. If there is no explicit allocation to a pension model, the S model shall apply as standard. The conversion of disability pensions already in payment in the Foundation on 31 December 2020 into retirement pensions is generally carried out according to the S model. For disability pensions that start to run or are taken over from 1 January 2021, the valid pension model of the pension fund to which the respective IV pension recipients are assigned under the follow-up contract is applicable.

For insured persons who receive benefits from the FAR Foundation and continue their retirement benefits with the Foundation, the applicable pension plan model is the one valid at the time of effective retirement within the pension plan to which the insured person belonged at the time benefits commenced with the FAR Foundation.

3.1. "Split" pension model (S model)

3.1.1 The following conversion rates are used to calculate the retirement pensions for the BVG mandatory portion:

Mandatory conversion rates for men (by year of birth)						
Age	**up to 1959**	**1960**	**1961**	**1962**	**1963**	**as of 1964**
58						5.050%
59						5.150%
60					5.250%	5.250%
61				5.600%	5.400%	5.400%
62			5.950%	5.750%	5.550%	5.550%
63		6.300%	6.100%	5.900%	5.700%	5.700%
64	6.600%	6.450%	6.250%	6.050%	5.850%	5.850%
65	6.800%	6.600%	6.400%	6.200%	6.000%	6.000%
66	6.900%	6.800%	6.600%	6.400%	6.200%	6.200%
67	7.000%	7.000%	6.800%	6.600%	6.400%	6.400%
68	7.100%	7.100%	7.000%	6.800%	6.600%	6.600%
69	7.250%	7.200%	7.200%	7.000%	6.800%	6.800%
70	7.400%	7.400%	7.400%	7.200%	7.000%	7.000%

Mandatory conversion rates for women (by year of birth)						
Age	**up to 1959**	**1960**	**1961**	**1962**	**1963**	**as of 1964**
58						5.050%
59						5.150%
60					5.475%	5.250%
61				5.875%	5.638%	5.400%
62			6.262%	6.025%	5.788%	5.550%
63		6.600%	6.413%	6.175%	5.938%	5.700%
64	6.800%	6.800%	6.563%	6.325%	6.087%	5.850%
65	6.900%	6.900%	6.713%	6.475%	6.237%	6.000%
66	7.000%	7.000%	6.900%	6.700%	6.450%	6.200%
67	7.100%	7.100%	7.000%	6.900%	6.650%	6.400%
68	7.250%	7.250%	7.150%	7.050%	6.850%	6.600%
69	7.400%	7.400%	7.300%	7.200%	7.050%	6.800%
70	7.550%	7.550%	7.450%	7.350%	7.250%	7.000%

3.1.2 The following conversion rates are applied to the calculation of the retirement pensions for the non-mandatory component (Year = year of birth):

Conversion rates for the extra-mandatory scheme for men (by year of birth)											
Age	**1954**	**1955**	**1956**	**1957**	**1958**	**1959**	**1960**	**1961**	**1962**	**1963**	**as of 1964**
58											4.300%
59											4.400%
60										4.500%	4.500%
61									4.750%	4.650%	4.650%
62								4.950%	4.900%	4.800%	4.800%
63							5.150%	5.100%	5.050%	4.950%	4.950%
64						5.300%	5.300%	5.250%	5.200%	5.100%	5.100%
65					5.500%	5.500%	5.450%	5.400%	5.350%	5.250%	5.250%
66				5.650%	5.650%	5.650%	5.650%	5.600%	5.550%	5.450%	5.450%
67			6.000%	5.800%	5.800%	5.800%	5.800%	5.800%	5.750%	5.650%	5.650%
68		6.350%	6.200%	6.000%	6.000%	6.000%	6.000%	6.000%	5.950%	5.850%	5.850%
69	6.650%	6.550%	6.350%	6.200%	6.200%	6.200%	6.200%	6.200%	6.150%	6.050%	6.050%
70	6.800%	6.700%	6.550%	6.400%	6.400%	6.400%	6.400%	6.400%	6.350%	6.250%	6.250%

Conversion rates for the extra-mandatory scheme for women (by year of birth)											
Age	**1954**	**1955**	**1956**	**1957**	**1958**	**1959**	**1960**	**1961**	**1962**	**1963**	**as of 1964**
58											4.300%
59											4.400%
60										4.625%	4.500%
61									4.875%	4.788%	4.650%
62								5.113%	5.025%	4.938%	4.800%
63							5.300%	5.263%	5.175%	5.088%	4.950%
64						5.500%	5.500%	5.412%	5.325%	5.238%	5.100%
65					5.650%	5.650%	5.650%	5.563%	5.475%	5.387%	5.250%
66				5.800%	5.800%	5.800%	5.800%	5.800%	5.700%	5.600%	5.450%
67			6.200%	6.000%	6.000%	6.000%	6.000%	5.950%	5.900%	5.800%	5.650%
68		6.550%	6.350%	6.200%	6.200%	6.200%	6.200%	6.150%	6.100%	6.000%	5.850%
69	6.800%	6.700%	6.550%	6.400%	6.400%	6.400%	6.400%	6.350%	6.300%	6.200%	6.050%
70	6.900%	6.900%	6.700%	6.550%	6.550%	6.550%	6.550%	6.550%	6.500%	6.400%	6.250%

3.1.3 The respective conversion rate is interpolated to months according to age. Different conversion rates may be defined in the pension plan for the non-mandatory component. We reserve the right to make changes in accordance with statutory provisions and collective agreements.

3.2. "Enveloping" pension model (U model)

3.2.1 The following conversion rates are applied for the calculation of the enveloping retirement pensions:

Enveloping conversion rates for men (by year of birth)						
Men	**up to 1959**	**1960**	**1961**	**1962**	**1963**	**as of 1964**
58						4.300%
59						4.400%
60					4.500%	4.500%
61				4.650%	4.650%	4.650%
62			4.800%	4.800%	4.800%	4.800%
63		4.950%	4.950%	4.950%	4.950%	4.950%
64	5.100%	5.100%	5.100%	5.100%	5.100%	5.100%
65	5.250%	5.250%	5.250%	5.250%	5.250%	5.250%
66	5.450%	5.450%	5.450%	5.450%	5.450%	5.450%
67	5.650%	5.650%	5.650%	5.650%	5.650%	5.650%
68	5.850%	5.850%	5.850%	5.850%	5.850%	5.850%
69	6.050%	6.050%	6.050%	6.050%	6.050%	6.050%
70	6.250%	6.250%	6.250%	6.250%	6.250%	6.250%

Enveloping conversion rates for women (by year of birth)						
Women	**up to 1959**	**1960**	**1961**	**1962**	**1963**	**as of 1964**
58						4.300%
59						4.400%
60					4.525%	4.500%
61				4.725%	4.688%	4.650%
62			4.913%	4.875%	4.838%	4.800%
63		5.100%	5.063%	5.025%	4.988%	4.950%
64	5.250%	5.250%	5.213%	5.175%	5.138%	5.100%
65	5.450%	5.450%	5.362%	5.325%	5.287%	5.250%
66	5.650%	5.650%	5.600%	5.550%	5.500%	5.450%
67	5.850%	5.850%	5.800%	5.750%	5.700%	5.650%
68	6.050%	6.050%	6.000%	5.950%	5.900%	5.850%
69	6.250%	6.250%	6.200%	6.150%	6.100%	6.050%
70	6.400%	6.400%	6.400%	6.350%	6.300%	6.250%

3.2.2 The respective conversion rate is interpolated to months according to age. Different conversion rates may be defined in the pension plan at the expense or in favour of the pension scheme. We reserve the right to make changes in accordance with statutory provisions and collective agreements.

4. Actuarial parameters for the purchase of contribution years and salary increases

4.1. The purchase of missing contribution years depends on the individual pension plan. An interest rate of 2% is used in the calculation of the permissible purchase amount. A lower interest rate may be specified in the pension plan.

5. Actuarial parameters for the early retirement purchase

5.1. The purchase of early retirement benefits depends on the individual pension plan. An interest rate of 2% is used in the calculation of the permissible purchase amount. A lower interest rate may be specified in the pension plan.

II. Pools AT THE LEVEL OF THE FOUNDATION (Collective RISK CARRIERS)

6. Pension pool

6.1. For the duration of a financial year, the Foundation shall maintain a pension pool to account for the retirement capital (including the passive retirement account of people with disabilities) allocable to all of the pension schemes' pension recipients. This collective offsetting of risk improves individual pension scheme's ability to cope with actuarial risks such as longevity and fluctating risk patterns (law of large numbers).

6.2. Within a given financial year, the following amounts are credited to (+) and debited from (-) the pension pool based on the income statement, and the net result gives the annual result of the pension pool:

- Income (+) from reinsurance services (net present value) for new pension recipients as a result of death or disability
- Contributions (+) of new pension recipients' retirement assets due to retirement, death or disability
- Reallocation (+) of the reversed provision due to retirements with pension withdrawal for
  - Retirement losses
  - The BVG guarantee
- Contributions (+) of retirement capital as a result of the acquisition of pension recipients from other benefits schemes
- Transfer (-) of pension capital to other benefits schemes in the event of contract dissolutions
- Administrative costs (-) paid by the Foundation for the administration of pension recipients
- Payment (-) of retuirement, survivors', disability and divorce pensions
- Payments (-) of additional lump-sum death benefits to old-age pension recipients' survivors
- Application of interest (-) to the passive retirement accounts of people with disabilities
- Formation (-) or liquidation (+) of pension recipients' pension capital due to re-calculation and pension benefits
- Formation (-) or liquidation (+) of provisions due to re-calculations for
  - Increased life expectancy
  - Changing risk patterns among pension recipients
  - Reduction of the technical interest rate and the adjustment of the technical bases at the level of the Foundation
- The share of the Foundation's remaining overall result (+/-) that is distributed to the pension schemes (and pools) in proportion to the average invested capital, less technical interest on the pension cover capital

The Board of Trustees may opt to deviate from the aforementioned distributions for good cause.

6.3. The annual result of the pension pool is allocated pro rata to the pension assets of the pension schemes with pension recipients in proportion to the pension capital of pension recipients. This is done by adjusting the cover of the pension pool to 100% as at the balance sheet date.

6.4. The pensions of pension recipients from formerly affiliated companies whose pension schemes have been liquidated and who have remained with the Foundation are allocated to the separate pension scheme for employerless pension recipients at the level of the Foundation. The share of the annual result of the pension pool is recognised by means of a separate provision for that pension scheme, the amount of which is set in consultation with the occupational pensions expert.

7. S model retirement pool (provision for retirement losses)

7.1. Pension schemes with the "split" pension model (S model) form a collective for the collective (advance) financing of the provision for retirement losses. The S model retirement pool is maintained at the level of the Foundation for this purpose. Retirement losses come about because the conversion rates under the Regulations that are used in the S model are too high from an actuarial perspective.

7.2. Within a given financial year, the following amounts are credited to (+) and debited from (-) the S model retirement pool based on the income statement, and the net result gives the annual result of the pension pool:

- Reallocation (+) of the total additions to the risk contribution for the S model from the risk pool
- Reallocation (-) of the reversed provision due to retirements with pension withdrawal
- Formation (-) or liquidation (+) of the provision for retirement losses due to re-calculation
- Formation (-) or liquidation (+) of the provision for the portfolio fund (at the level of the Foundation; change from S to U model)
- Share of the remaining overall result of the Foundation (+/-), which is distributed to the pension schemes (and pools) in proportion to the average invested capital

The Board of Trustees may opt to deviate from the aforementioned distributions for good cause.

7.3. The annual result of the S model retirement pool is allocated pro rata to the pension assets of the pension schemes belonging to the collective in proportion to the average invested retirement assets. This is done by adjusting the cover of the pool to 100% as at the balance sheet date.

8. Risk pool (death, incapacity to work and disability of active insured persons)

8.1. The Foundation pools the insurance risks for the active insured persons of all of the pension schemes at the level of the Foundation.

8.2. Within a given financial year, the following amounts are credited to (+) and debited from (-) the risk pool based on the income statement, and the net result gives the annual result of the pension pool:

- Income (+) from risk contributions, less the reallocation (-) of the total surcharges for the S model
- Expense (-) for insurance premiums paid to reinsurers
- Expense (-) for contributions to the BVG security fund
- Income (+) from reinsurance benefits for contribution exemptions for people who are unable to work
- Expense (-) for contribution exemptions for people who are unable to work
- Surplus shares (+) from insurance contracts
- Payment (-) of additional lump-sum death benefits to the survivors of actively insured persons
- Expense (-) for risk management
- Formation (-) or liquidation (+) of provisions due to re-calculation for
    - The provision for pending insured events
    - The provision for insurance risks

The Board of Trustees may opt to deviate from the aforementioned distributions for good cause.

8.3. The annual result of the risk pool is allocated to the overall result of the Foundation, which is distributed to the affiliated pension schemes (and pools) in proportion to the average invested capital.

III. FORMATION OF FLUCTUATION RESERVES AND PROVISIONS

9. Value fluctuation reserve

9.1. The fluctuation reserve is governed by the Investment Regulations.

10. Use of contributions from the BVG Guarantee Fund (SIFO) in the event of an unfavourable age structure

10.1. Any contributions from the SIFO in the event of an unfavourable age structure in accordance with Art. 58 BVG are credited to the fluctuation reserve or the non-committed funds of the pension fund entitled to benefits.

11. Retirement inflation fund at the pension scheme level

11.1. Affiliated companies are allowed to form their own pension tax fund for their own pensioners assigned to them by affiliation agreement. The fund's resources are used to finance pension increases or one-off supplementary pensions such as a 13th monthly pension, in order to voluntarily adjust pensions to current or future price trends. Payments can be made directly to pension recipients or indirectly via another employee benefit scheme.

11.2. The inflation fund is to be financed from appropriately designated contributions and deposits by the employer and is managed at the level of the pension scheme. By resolution of the Pension Fund Commission, non-committed funds of the pension scheme can also be used to build up the inflation fund in proportion to the pension recipients' share.

12. Principles for the valuation and formation of pension capital and actuarial reserves

12.1. Pension capital and actuarial reserves must be formed up to the defined target amount. Due to unforeseen or special events (e.g. partial or total liquidation, change in actuarial parameters, etc.), the Foundation may, in accordance with the justified recommendation of the occupational pensions expert and in compliance with recognised principles, form additional provisions, release existing provisions in full or in part or allocate less than their target amount, or build up provisions in stages.

12.2. Underwriting provisions can be recognised at the level of both the Foundation and the pension scheme. The allocations to the different levels are based on these Regulations and the ACC.

12.3. As with the actuarial reserve for current pensions, the pension recipients' pension capital is calculated using the BVG 2020 technical bases, period table 2017, with a technical interest rate of 2.25%.

13. Actuarial bases for calculating the pension capital of pension recipients

The following provisions are maintained/recognised at the level of the Foundation:

13.1. ***Provision for increase in life expectancy (pension pool)***
The rise in average life expectancy is having a direct effect on the actuarial reserve for pensions. In order to adequately take into account the costs of increasing life expectancy when using period tables, provisions will be made to strengthen the actuarial reserve of pensions, excluding child and bridging pensions. The amount of this provision is determined after consultation with the competent occupational benefits expert.

13.2. ***Provision for fluctuations in the risk trend for pension recipient portfolios (pension pool)***
The smaller a pension recipient population is, the greater the probability that the effective life expectancy deviates from the statistically expected one. In order to take into account deviations from the expected statistical mean, which may lead to a negative impact on the Foundation, a provision for fluctuations in the risk trend of pension recipients can be formed (after consulting the responsible occupational pensions expert) in accordance with the following formula, excluding child and bridging pensions:

$$Provision = \frac{0.5 \times Pension\ actuarial\ reserve}{\sqrt{Number\ of\ pensioners}}$$

The provision is not recognised if there are more than 1,300 pension recipients in the Foundation's pension pool as at the balance sheet date.

13.3. ***Provision for pending insured events (risk pool)***
This provision takes into account the expected cost of pending disability claims and the cost of deaths that occurred after the balance sheet date but before the balance sheet was prepared. It is recalculated and adjusted annually in consultation with the competent occupational benefits expert on the basis of the existing pending disability cases.

13.4. ***Provision for insurance risks (risk pool)***
This provision cushions accumulations of risk cases among active insured members. In particular, it covers losses that occurred before the balance sheet date but were not yet known to the Foundation, as well as risk events that either do not have to be covered by reinsurance or whose loss amount or benefits are below the deductible contractually agreed with the reinsurer. The amount of this provision is determined after consultation with the competent occupational benefits expert.

13.5. ***Provision for retirement losses (S model retirement pool)***
If the Foundation's regulatory conversion rates are higher than the actuarially correct conversion rate, which depends on the Foundation's actuarial parameters, retirement losses arise when pensions are drawn, for which a provision is created.

This provision is formed separately for the "Split" and "Enveloping" pension models and is only financed by the associated pension funds in each case. For financing, the annual investment result (or the unallocated assets) can be debited, and surcharges on the risk contributions can be levied per collective of a pension fund.

The target amount of the provision is calculated annually for all active insured members and disability pension recipients in the respective pension model from the earliest possible retirement age using the following principles: The actuarial pension loss on the projected regular retirement pensions is capitalised and discounted to the corresponding balance sheet date. The calculation can include a lump-sum withdrawal rate of the retirement benefits as well as a withdrawal probability in the insured portfolio. These values result from empirical values of the Foundation's portfolio performance in prior years and are determined annually with the involvement of the responsible expert for occupational pension plans. They must be disclosed in the notes to the financial statements.

The following provisions are maintained/recognised at the pension scheme level:

13.6. ***Provision for the BVG guarantee (guarantee of the statutory minimum retirement pension)***

In the "Enveloping" pension model, the entire retirement assets are converted into a retirement pension using the regulatory conversion rate. The crediting principle is applied, i.e. the statutory minimum benefit is included in the regulatory retirement pension. In individual cases, it may happen that the enveloping calculation would result in a lower regulatory retirement pension than the statutory minimum benefit, which is why the regulatory retirement pension would have to be increased. This results in an accounting retirement loss, for which a technical provision is created and maintained at the pension fund level.

This provision is created per pension fund in the U model. For financing, the annual investment result (or the unallocated assets) can be debited, and surcharges on the risk contributions can be levied per collective of a pension fund.

The target amount of the provision is calculated annually for all active insured members of pension funds in the U model from the earliest possible retirement age using the following principles: The actuarial pension loss corresponding to the difference between the projected regular retirement pensions according to the statutory minimum benefit and the Regulations is capitalised and discounted to the corresponding balance sheet date. The calculation can include a lump-sum withdrawal rate of the retirement benefits as well as a withdrawal probability in the insured portfolio. These values result from empirical values of the Foundation's insured portfolio development in prior years and are determined annually with the involvement of the responsible expert for occupational pension plans. They must be disclosed in the notes to the financial statements.

The following provisions can be maintained/recognised at the Foundation or pension scheme level:

13.7. ***Provision for reduction of technical interest rate and adjustment of actuarial tables***

This provision is formed in order to absorb the increase in the actuarial reserve of the pensions and the technical provisions in the event of a possible reduction in the technical interest rate, as well as to adjust the actuarial tables if necessary. The provision can be built up gradually, and managed at the levels of both the Foundation (pension pool) and the pension scheme. The amount of the target value is calculated and determined periodically by the occupational benefits expert.

If more pension capital is collected when pension recipients are acquired from a pension scheme by the Foundation (required acquisition price) than is required according to the respective current actuarial tables and the respective applicable actuarial interest rate on the acquisition date, the Foundation credits the difference to this provision at the level of the pension scheme in question.

13.8. ***Portfolio fund provision***

There are pension schemes whose insured persons receive portfolio contributions under the Regulations in order to mitigate the loss of benefits due to amendments of the Regulations. These can be financed either by the Foundation (when switching from an S pension to model to a U model) or by the relevant pension scheme (resolution of the Pension Fund Commission). The portfolio contribution provision is calculated separately for each insured person.

IV. INTEREST RATES

14. Interest on retirement assets

Enveloping default value for financial year 2024	S model	U model
Interest rate for pension schemes with a funding ratio of 113% and higher%[1]	1.75%[2]	2.25%[2]
Interest rate for pension schemes with a funding ratio of 108% to 113%[1]	1.50%[2]	2.00%[2]
Interest rate for pension schemes with a funding ratio of 95% to 108%	1.25%	1.25%
Interest rate for pension schemes with a funding ratio below 95%[1]	0.00%[2]	0.00%[2]
Interest rate for the passive retirement accounts of disability pension recipients	1.25%	1.25%
BVG minimum interest rate for sample accounting of BVG retirement accounts	1.25%	1.25%

15. Other interest rates according to FZG and for secondary accounts

Interest rate after departure (BVG minimum interest rate)	1.25%
Default interest pursuant to FZG	2.25%
Employer contribution reserve without a moratorium on use	0.50%
Current account / contribution account of employer	0.00%

The interest on the fluctuation reserve and the non-committed funds is calculated in accordance with the annual investment result allocated to the pension funds on a pro rata basis.

V. APPROVAL AND ENTRY INTO FORCE

16. Entry into force

16.1. This Appendix 1 shall enter into force on 1 January 2024. The provisions for the formation of actuarial reserves apply to the annual financial statements as at 31 December 2023.

Approved by the Board of Trustees on 21 November 2023.

In the event of any ambiguities or contradictions between the German and English versions of this regulation, the German version shall always prevail and be legally binding.

[1] The funding ratios of the individual pension schemes as at the end of 2023, subject to simplified extrapolation, apply. The simplified extrapolation is carried out using the following formula: actuarial reserve ratio as at 31/12/2022 x (1 + YTD performance 30/11/2023 as %) / (1 + interest rate 2023 as %)

[2] The Pension Fund Commission of a pension scheme may decide on a different non-mandatory or enveloping interest rate from the Foundation's default figure each year for its pension scheme, taking into account the individual funding ratio. The consent of the Foundation is required for this. A resolution of this kind is possible either in advance for the following year or during the course of the year by 31 December of the current year at the latest. In the event of adjustments during the year, the interest rate determined at the beginning of the year by the Board of Trustees or the Pension Fund Commission shall apply to terminations of service between 1 January and 30 November of the current year.