

AVENA

Fondation BCV 2^e pilier

Your occupational pension

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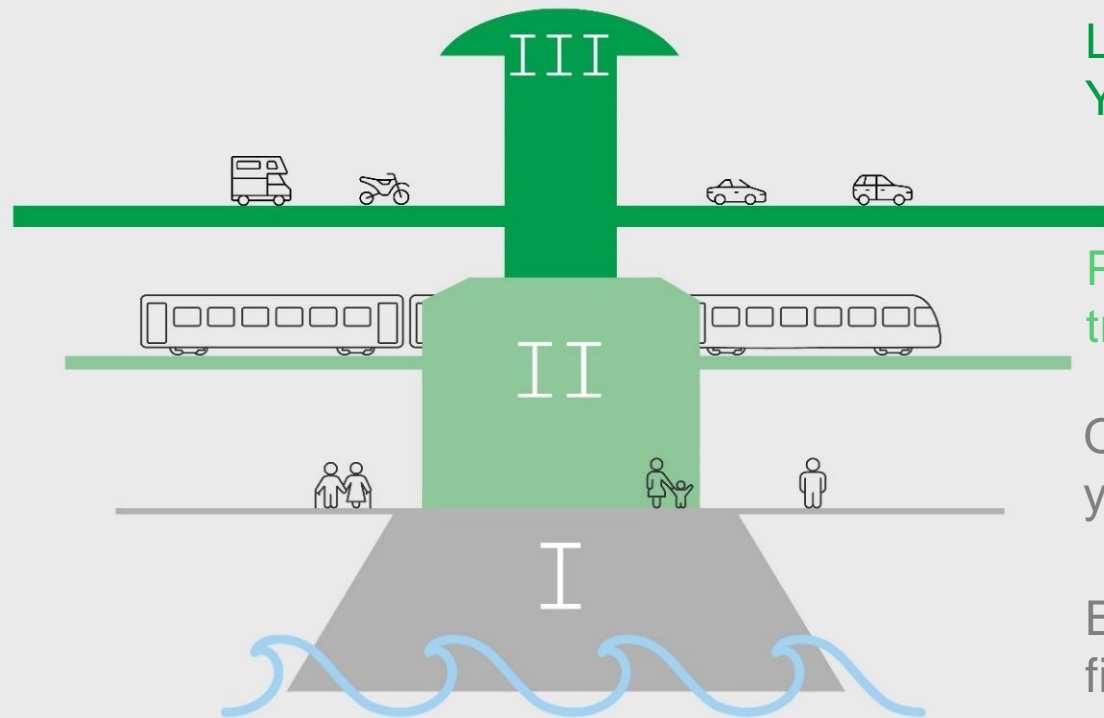
www.lpp-avena.ch

Article 111 of the Swiss Federal Constitution

The Confederation shall take measures to ensure adequate financial provision for the elderly, surviving spouses and children, and persons with disabilities. These shall be based on **three pillars**, namely the Federal Old-age, Survivors' and Disability Insurance, the **occupational** pension system, and **personal** retirement savings.

In cooperation with the Cantons, it shall encourage personal retirement savings, in particular through measures relating to taxation policy and the policy of promoting property ownership.

The three-pillar principle



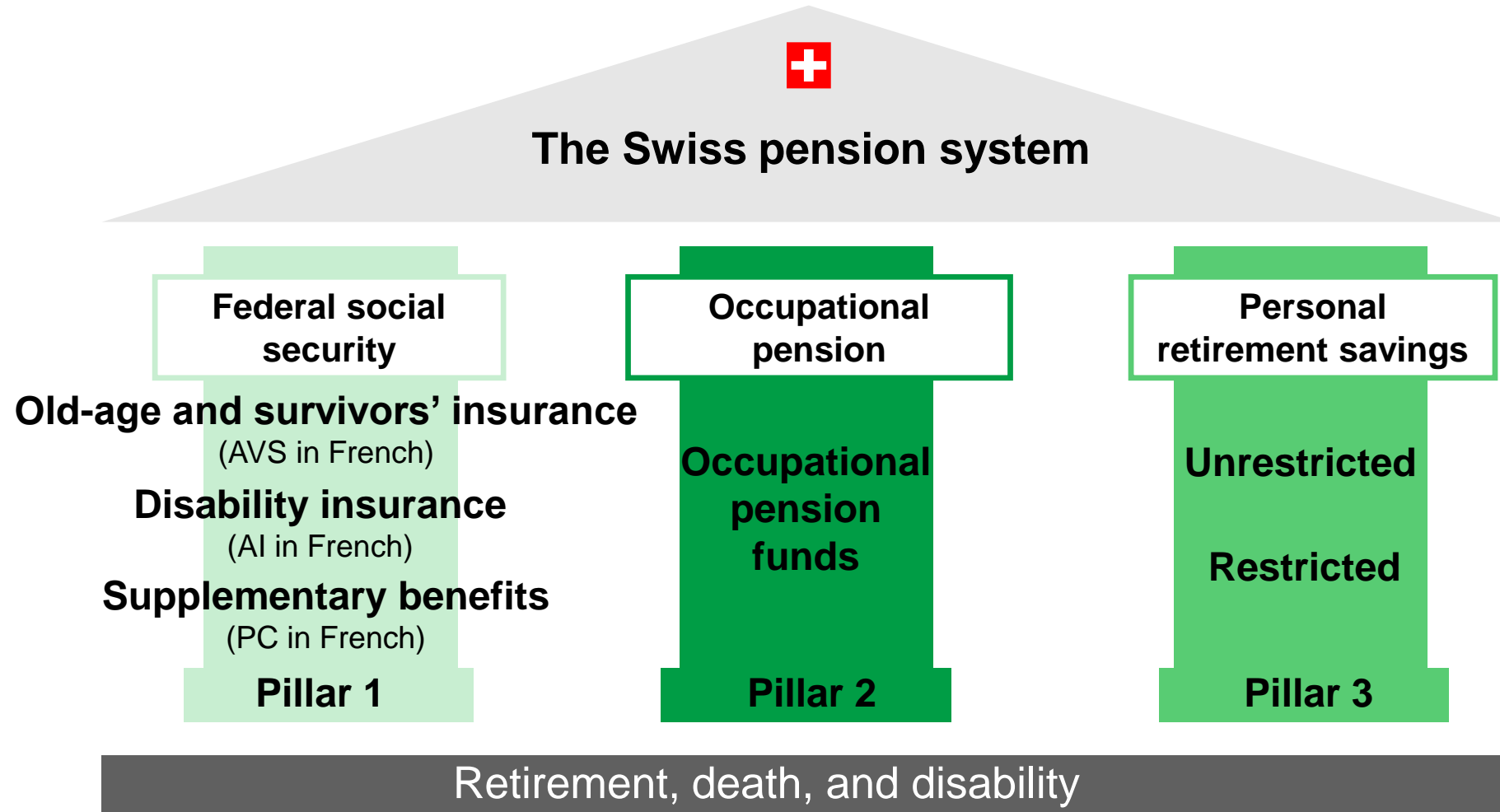
Lexus? Tesla?
You've got options

Public
transportation

OK, you're dry – but
you're on foot

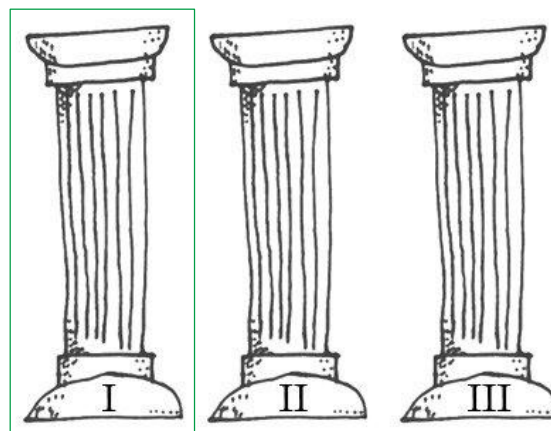
Barely "staying afloat"
financially after you
stop working

The three-pillar principle



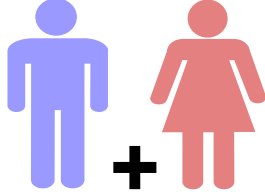
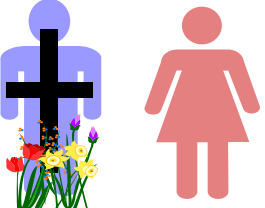

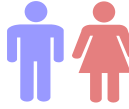
Pillar 1

Social security



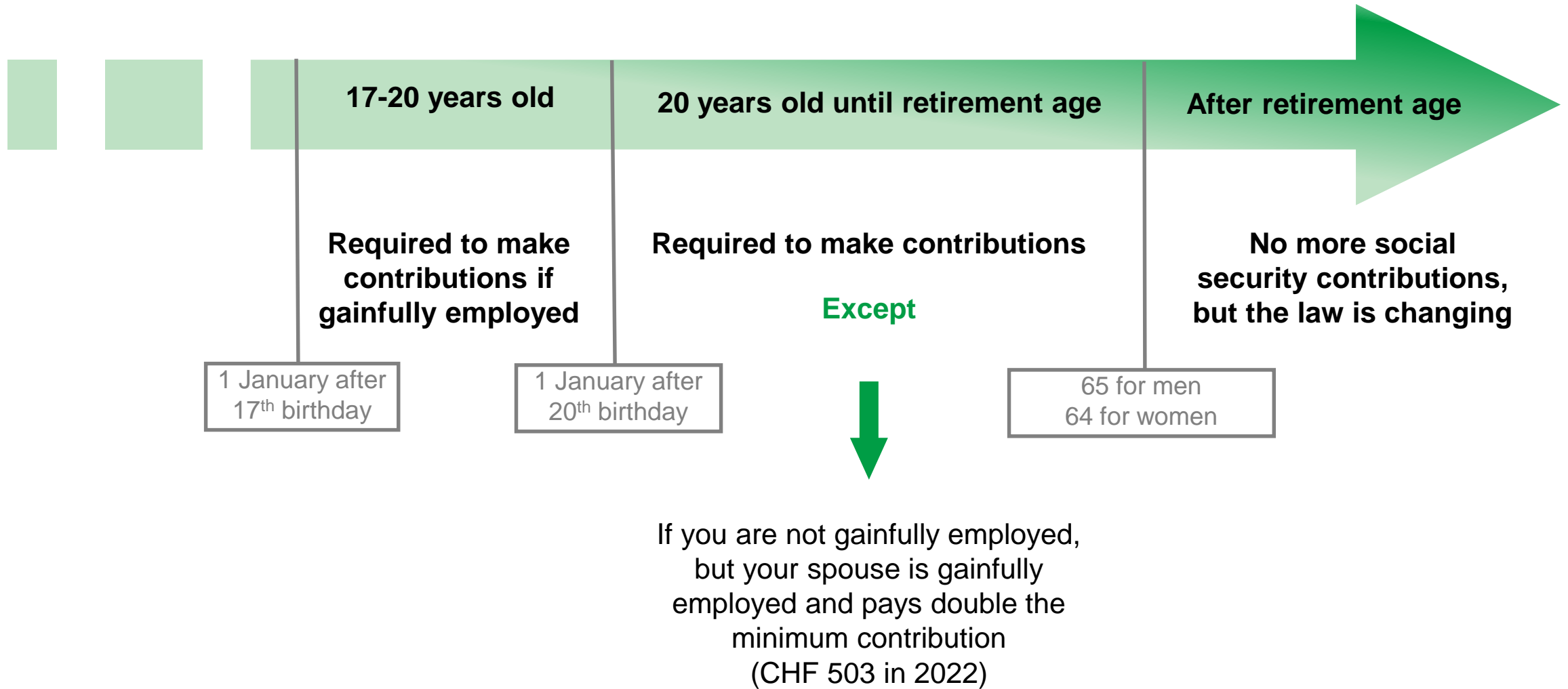
Pillar 1

Social security benefits

Federal social security		Max. monthly amount
AVS AI PC Pillar 1	 <p>Old-age pension 2 retirees = capped</p>	CHF 2,390 CHF 3,585
	 <p>Widow/widower's pension (80%)</p>	CHF 1,912
	 <p>Disability benefits (100%)</p>	CHF 2,390
	 <p>Child/orphan's pension (40%)</p>	CHF 956

Pillar 1

Who makes contributions and for how long?



Pillar 1

Retirement age for women (to be introduced in 2024)

Year of birth	Retirement age (2024)
1960 and before	64
1961	64 years 3 months
1962	64 years 6 months
1963	64 years 9 months
1964 and after	65

For more useful information on your retirement pension, go to:

www.acor-avs.ch/en

You can use the ESCAL online calculator to estimate the amount of your social security payments.

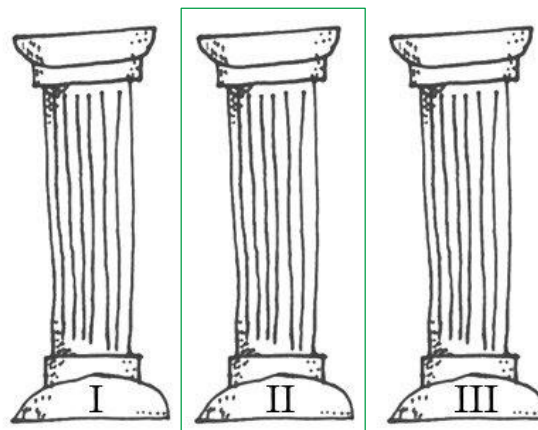
www.ahv-iv.ch/en/

Forms and leaflets, including:

- Pension estimate form
- Form to receive your old-age pension payments
- Information on contributions if you're unemployed

Pillar 2

Occupational pension



Occupational pension at your company

Each company has its own occupational pension plan (or plans).

AVENA has around 1,000 member companies – for over 1,000 different plans.

That means you have a different occupational pension plan from your neighbor – sometimes even if you work for the same company.

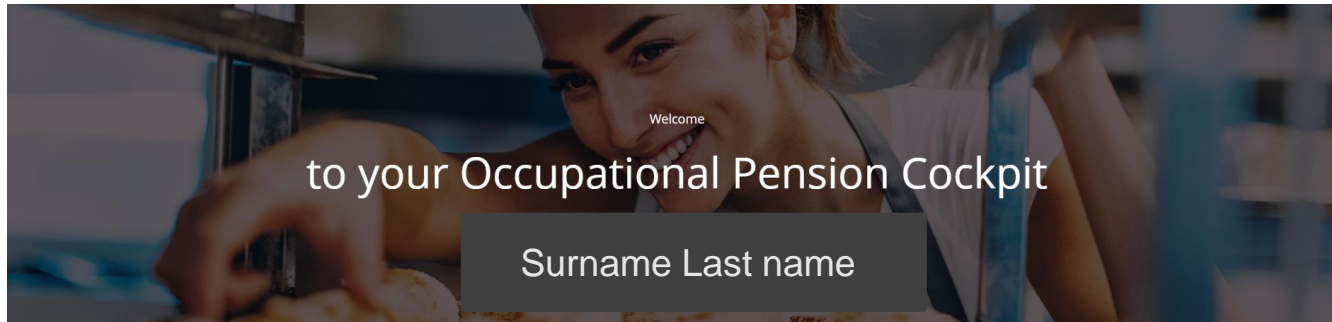
How can I find out more about my occupation pension plan and benefits?

⇒ Go to the online portal



⇒ Read your pension certificate





Your key figures as at 12.10.2022

Salary

Stated annual salary	150'000
Work-time percentage	100 %
Pensionable salary for retirement savings	150'000
Pensionable salary for death and disability contributions	150'000

Pension

Retirement date	01.02.2045
Retirement savings	819'028
Retirement pension	47'094
Pensioner's child pension	9'418

[CALCULATE](#)

Voluntary contribution

Maximum voluntary contribution	313'125
Voluntary contribution for early retirement	0
Voluntary contribution for AVS bridging pension	0

[CALCULATE](#)

Encouragement of home ownership

Maximum possible EPL withdrawal	11'937
EPL repayment	0

[CALCULATE](#)
[MORE](#)

Death and disability benefits

Disability pension	90'000
Disabled person's child's pension	18'000
Spouse / partner pension	54'000
Orphan pension	18'000

Savings

Vested benefits	11'937
Projected interest rate	1 %
Annual employee contributions	10'500
Annual employer contributions	15'780



<https://lpp-assure.ch/>

Pension certificate

Pension certificate at 01.01.2022

Member information

Personal / Confidential

Last name

First name

AVS No.

Date of birth

Sex

Membership date

Legal retirement date

Marital status

Policy no.

Employer

Administrative section

Annual salary

CHF

Reference salary

81,900.00

Insured salary

Retirement savings

81,900.00

Death and disability

81,900.00

Annual salary information

Monthly and annual contributions

CHF

Contributions for retirement savings

Employee

Employer

273.00

273.00

Employee

Employer

3,276.00

3,276.00

Contributions for death and disability benefits, fees, and the Security Fund

62.10

62.10

745.20

745.20

Total contributions

335.10

335.10

4,021.20

4,021.20

What you and your employer pay

Benefit	CHF	Benefits in case of:
Termination		<ul style="list-style-type: none">• termination• retirement• disability• death
Regulatory termination benefits at 01.01.2022 (of which minimum LPP benefits: CHF 4,689.70)	5,443.40	
Retirement at age 65 (1 April 2051)		
Retirement capital assuming 1.00% interest (1.00% for the current year) or annual retirement benefits	301,063.70 19,032.60	
Annual child benefit for a retired member	3,806.40	
Disability		
Annual disability benefits (after a 24-month waiting period)	40,950.00	
Annual child benefit for a disabled member	8,190.00	
Waiver of contributions (after a 3-month waiting period)		
Death before retirement		
Surviving spouse's annual benefits	24,570.00	
Rente d'orphelin	8,190.00	
Capital décès	According to the pension fund regulations	
Death after retirement		
Surviving spouse's annual benefits	11,419.55	
Surviving child's annual benefits	3,806.40	

Savings	CHF
Savings at 1 January 2021	0.00
Transferred/voluntary contributions, reimbursements, withdrawals	0.00
Contributions allocated to savings	5,425.00
Total interest (3.5% in 2021)	0.00
Savings at 31 December 2021	5,425.00

What makes up your savings

(of which minimum LPP benefits: 4,689.70)

Projected savings and annual retirement pension

Date (age)	Conversion rate (%)	Savings		Retirement pension	
		Without interest	With 1.00% interest	Without interest	With 1.00% interest
01.04.2044 (58 years)	4.70	189,094	209,168	8,887	10,382
01.04.2045 (59 years)	4.85	199,741	221,908	9,687	11,447
01.04.2046 (60 years)	5.00	210,389	234,774	10,519	12,568
01.04.2047 (61 years)	5.15	221,036	247,770	11,383	13,744
01.04.2048 (62 years)	5.30	231,684	260,895	12,279	14,978
01.04.2049 (63 years)	5.45	242,332	274,152	13,207	16,271
01.04.2050 (64 years)	5.60	252,979	287,541	14,167	17,621
01.04.2051 (65 years)	5.75	263,627	301,064	15,159	19,033
Projected retirement capital with 1.00% interest (1.00% for the current year)					301,063.70

Your projected pension

Other information	CHF
Amount available to finance the purchase of a home	0.00
Maximum possible voluntary contribution (subject to legal and regulatory provisions)	50,265.25
Voluntary contributions over the past three years (including interest)	0.00
Vested termination benefit at the age of 50	Unknown
Vested termination benefit on the date of marriage	Unknown

Important: figures for voluntary contributions and financing the purchase of a home

Requests to make voluntary contributions must be approved by the Fund.
In the event of a discrepancy between the information above and the pension fund regulations, the pension fund regulations shall take precedence.
The pension fund regulations are available on the Fund's website.

What are voluntary contributions?

Voluntary contributions allow you to make up for gaps in your **occupational pension coverage**.

Not all funds allow voluntary contributions (check the fund regulations), and there has to be a contribution gap to fill (this is shown on the pension statement).

Some reasons for contribution gaps:

- You did not contribute for the total number of years possible
- You received a pay raise
- Your pension plan becomes more comprehensive

Restriction

If you withdrew retirement savings under the home ownership encouragement initiative, you must repay this amount before you can make a tax-deductible voluntary contribution.

Voluntary contributions

Example: payment of CHF 10,000

A married person domiciled in Vevey (2022)

Voluntary contribution		CHF 10,000
Taxable income	CHF 100,000	CHF 90,000
Taxable assets	CHF 0	CHF 0
Total taxes	CHF 18,401	CHF 15,785
Annual tax savings		CHF 2,616

Advantages

- **Increased** benefits for the insured member
- **Lower** federal, cantonal, and municipal tax bill
- **Higher interest** on voluntary contributions (3.50% in 2021)
- **Returned in full** in the event of death in addition to the lump-sum death benefit

Regular pension or lump-sum payment?

	Advantages	Disadvantages
Regular pension	<ul style="list-style-type: none">• Regular income for life• Surviving spouse's benefits paid until death (no uncertainty around life expectancy)• Child/orphan's pension (until the child turns 20 years old, or 25 years old if they're in training or school)	<ul style="list-style-type: none">• Pension payments are fully taxable• Taxed along with other income (subject to progressive taxation)• Capital cannot be transferred to heirs
Lump-sum payment	<ul style="list-style-type: none">• You can invest the capital, and there are tax advantages• A lot of financial flexibility• Can be passed on to heirs as an advance on inheritance or a gift• Remaining capital can be left to heirs• Taxed independently of other income (4%–9.5% depending on the amount)	<ul style="list-style-type: none">• Capital subject to wealth tax• You bear the risk of managing/investing your money• Return on invested retirement capital will vary• Uncertainty around life expectancy and financial needs

Requesting a lump-sum payment

Request for payment of retirement benefits in the form of capital

EMPLOYER

Policy No.:

Company name:

MEMBER

Last name: First name:

AVS No.: Date of birth: / /

Marital status: single married registered civil partnership divorced* widowed*

* applies analogously to registered partners

Home address:

BENEFIT PAYMENT OPTIONS

Upon retirement, I would like my retirement benefits to be paid as follows:

the full amount of the benefits in the form of a lump-sum capital payment.

..... % **of my retirement savings capital** in the form of a lump-sum capital payment.

CHF....., deducted from retirement savings capital, in the form of a lump-sum capital payment.

one-quarter of the minimum legal retirement savings capital in the form of a lump-sum capital payment.

The portion of the retirement savings capital not paid in the form of a lump-sum capital payment shall be converted into a retirement pension.

By signing, I acknowledge that:

- for the portion of retirement benefits paid out as a lump-sum retirement capital, the Fund is released from payment of any other benefit.
- for three years following the date of the purchase, retirement benefits resulting from a pension purchase can only be paid in the form of a retirement pension.
- once the regulatory deadline for opting for payment in the form of capital has passed, the option selected in this document shall become irrevocable.

Payment of retirement benefits in the form of a full or partial lump-sum capital payment is only possible if the spouse or registered partner gives written consent when the member reaches retirement age.

Place and date:

.....
Member's signature

.....
Signature of spouse or registered partner

This document is a translation of the original French document. Only the French version is authoritative.

As part of our fund regulations update in 2022, we did away with the three-month notice period for receiving all or part of your retirement benefits as a lump-sum payment.

There is no longer a notice period!

⇒ **You now have until the day before you retire to make your request.**

You can use your occupational pension assets to:

- Buy or build a home
- Finance renovations that add to your property's value (i.e., not regular upkeep)
- Repay a mortgage loan

Primary residence only

- Place of usual residence: eligible
- Secondary residence: not eligible

Authorized forms of ownership

- The insured member must be the owner
- Joint ownership with a spouse or registered partner (but not an unregistered partner)
- Co-ownership (with an unregistered partner, or for condominiums)

Pillar 2

Home ownership encouragement

Minimum withdrawal:

CHF 20,000

(excluding savings deposited in a vested benefits account)

Frequency of withdrawals:

At most every 5 years

From the age of 50 years, maximum withdrawal limited to:

- Retirement savings accrued as at the age of 50
- Half of current vested benefits

Sent your request to AVENA sooner rather than later!

Your retirement benefits will go down

- But you can repay the withdrawal later

Your death and/or disability coverage will go down

- By how much → depends on your pension plan and age
- This doesn't always happen (for example, if these pensions are calculated as % of salary)

You pay tax on the withdrawal

- The tax rate depends on the amount withdrawn
- The tax must be paid with separate funds
- Tax can be reclaimed once the withdrawal is paid back

⇒ When a property is financed, a restriction on the right of alienation is recorded in the land registry.

⇒ The spouse's consent is required.

Pillar 2

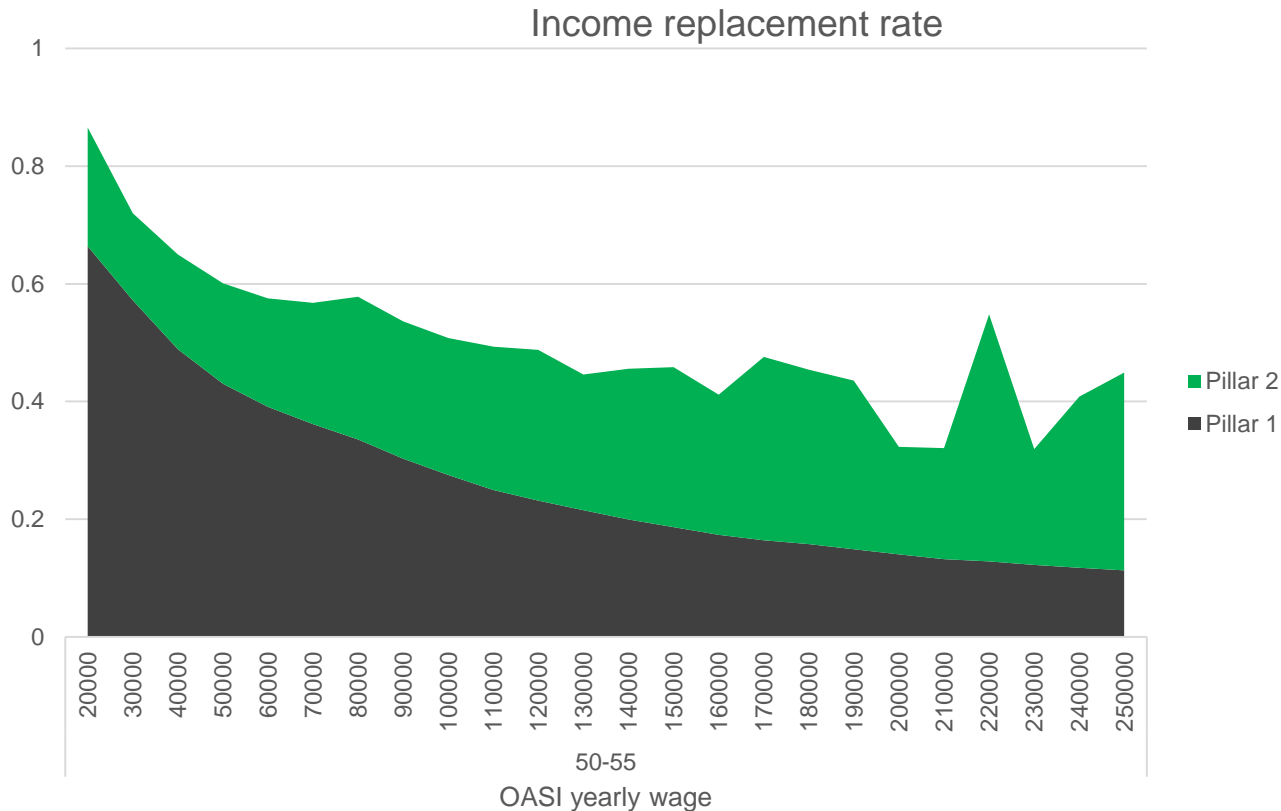
Pledging pension assets

- No loss of coverage in case of death and/or disability
 - No decrease in retirement benefits
 - Pledged amount is not taxable
 - Property not recorded in the land registry
 - Consent of spouse required
- ⇒ **If the pledge is enforced, the situation is identical to a withdrawal.**
- ⇒ Your **mortgage interest payments** will be different to if you withdraw pension assets.

- The amount withdrawn must be repaid if the **property is sold**
- Minimum voluntary repayment: CHF 10,000 (unless remaining amount is below CHF 10,000)
- The member must request a tax refund **within three years**

Benefits

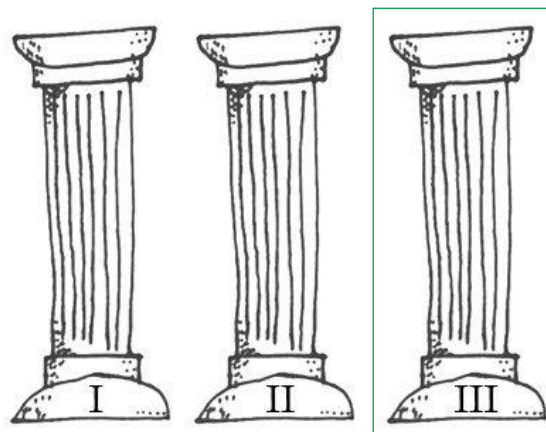
Income replacement rate (50-55 age bracket)



- First and second pillar benefits do a relatively good job of covering salaries under CHF 80,000.
- For higher salaries, the replacement rate is only around 40%-50%.
- Most households overestimate their income in retirement.

Pillar 3a

Restricted personal retirement accounts



Restricted personal retirement accounts

(pillar 3a)

Tax deductions

For employed persons: maximum CHF 6,883 per year (2022)

Example: married employee residing in Vevey (2022)

Taxable income: CHF 100,000

Taxable assets: CHF 0

Annual pillar 3a payment		CHF 6,883
Taxable income	CHF 100,000	CHF 93,117
Taxable assets	CHF 0	CHF 0
Total tax	CHF 18,401	CHF 16,576
Annual tax savings		CHF 1,825
as % of annual payment		26.51%

Withdrawing your savings

You can withdraw your savings **no earlier than five years** before normal retirement age (65 for men and 64 for women) and no later than five years after that age.

You can withdraw your savings early if:

- You make voluntary contributions to your pension fund
- You are recognized as fully disabled by Swiss disability insurance
- You become self-employed
- Your self-employed activity changes
- You leave Switzerland permanently
- You buy a home

AVENA's fund holdings



Fund holdings

Portfolio and strategic allocation

Asset class	Portfolio allocation	Strategic allocation	Deviation	Investment constraints	
				Min.	Max.
Cash and cash equivalents (including fiduciary investments)	10.57%	6.00%	4.57%	0.00%	20.00%
CHF bonds	22.72%	24.50%	-1.78%	15.50%	34.50%
Non-CHF global bonds	4.80%	6.50%	-1.70%	3.25%	9.75%
Non-CHF emerging-market bonds	1.44%	2.00%	-0.56%	0.00%	4.00%
Swiss equities	14.48%	14.00%	0.48%	25.00%	43.00%
Foreign equities	15.85%	17.00%	-1.15%		
Swiss real estate (including direct real estate)	15.96%	13.00%	2.96%	6.50%	19.50%
Hedge funds	8.62%	10.00%	-1.38%	5.00%	15.00%
Commodities (only indirect investment)	4.55%	5.00%	-0.45%	0.00%	7.50%
Private equity	1.01%	2.00%	-0.99%	0.00%	5.00%
	100.00%	100.00%			

AVENA has implemented 5 key ESG measures via its asset manager, BCV



- Signatory to the United Nation Principles for Responsible Investment (**UNPRI**) and a member of Swiss Sustainable Finance
- Exercising our voting rights in investment funds as an **engaged shareholder** (especially for Swiss equities)
- Applying the **exclusion list** provided by the Swiss Association for Responsible Investments (SVVK-ASIR)
- **Integrating ESG criteria** into our asset management process by using specific investment universes with no negative impact on expected risks or returns
- **Screening out** companies that generate a significant proportion of their income from coal

AVENA is a member of the Ethos Foundation

- ethos
 - We **vote** at shareholders meetings of Swiss companies
 - We **engage in dialogue** with Swiss and international companies
 - We take part in the **PACTA climate compatibility test**

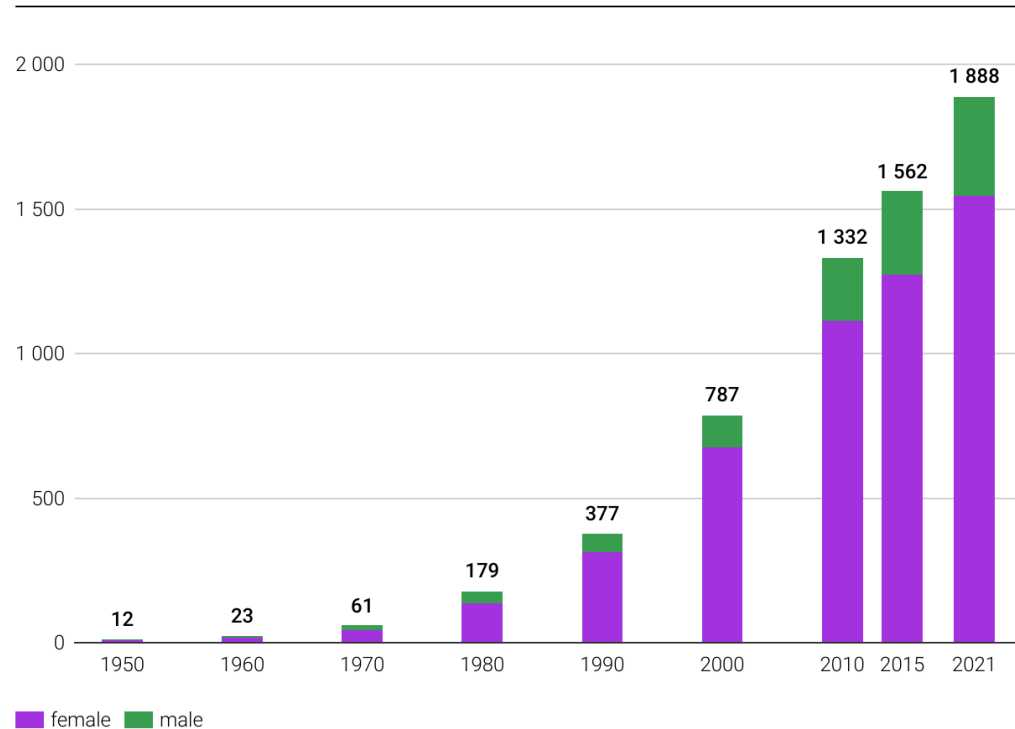




- Our pension fund is very fortunate to count you among our members.
- We do everything we can to provide you with the best possible service in any situation.
- We can provide you with information, but our members – that means you – have an active role to play in keeping track of their retirement pension.

Higher life expectancy

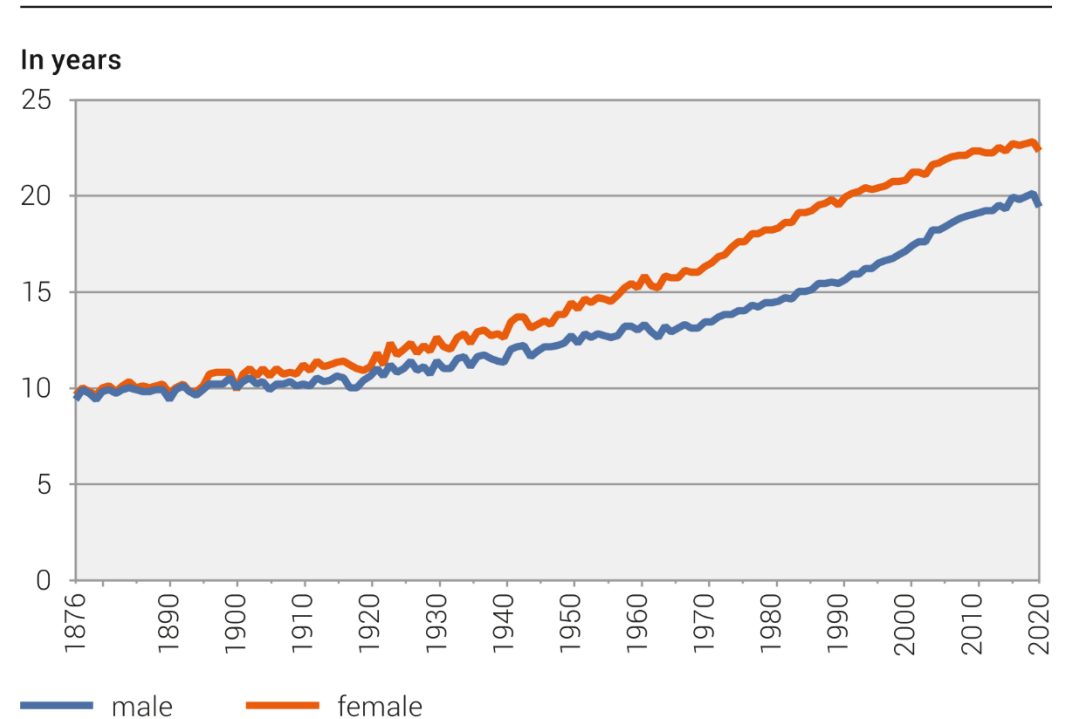
Number of centenarians by sex



Sources: FSO – FPC, STATPOP

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Life expectancy at age 65



Sources: FSO – ESPOP, BEVNAT, STATPOP

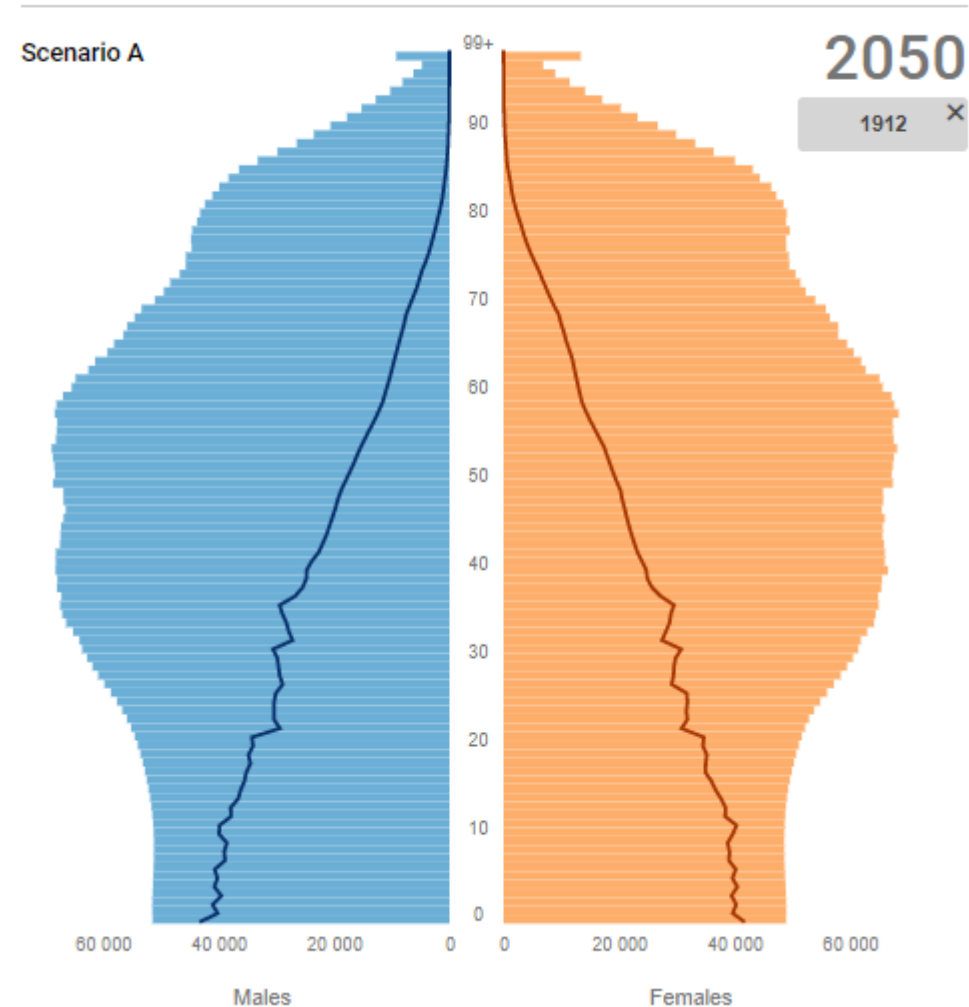
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Swiss pension system: past, present, and future

The pension system was discussed for the first time in 1910, then put in place over the 20th century.

For the system to be sustainable it has to adapt, and everyone must stay up to date on these changes.

Age structure of Switzerland, 1860 - 2050



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