



Swiss Life Collective BVG Foundation, Zurich
(foundation)

Provisions on partial liquidation

Effective date: 1 April 2010

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Art. 1 Basis

1 - Entitlement to free funds

In the event of partial liquidation of a Vorsorgewerk (employee benefits unit), the withdrawing insured persons are entitled, individually or collectively, to any accumulated free funds of the Vorsorgewerk.

2 - Conditions for partial liquidation

The conditions are met in the following cases:

- if the workforce of a company insured with the foundation decreases in less than one year for reasons other than restructuring, as follows:
 - in the case of 5 employees or less, at least 2 employees
 - in the case of 6-10 employees, at least 3 employees
 - in the case of 11-25 employees, at least 4 employees
 - in the case of 26-50 employees, at least 5 employees
 - in the case of over 50 employees, at least 10% of employees
- if the company undergoes restructuring and the following numbers of employees leave the Vorsorgewerk
 - in the case of 5 employees or less, at least 2 employees
 - in the case of 6-10 employees, at least 3 employees
 - in the case of 11-25 employees, at least 4 employees
 - in the case of 26-100 employees, at least 5 employees
 - in the case of over 100 employees, at least 5% of employees
- in the case of termination of the contract of affiliation, provided beneficiaries remain with the Vorsorgewerk.

There are no grounds for partial liquidation if the free funds on the key date:

- are less than 5% of the retirement savings of the active insured persons remaining with the Vorsorgewerk
- amount to, on average, less than CHF 1 000 per head of this group of persons

3 - Waiver of partial liquidation

Partial liquidation is waived in the following cases:

- if all employees or pensioners are transferred to the new employee benefits institution (total liquidation)
- if there are no insured persons at the time of termination of the contract of affiliation

Art. 2 Determination of the level of free funds and insurance reserves (refund values) / key date

1 - Determination of free funds

The free funds are determined on the basis of the Vorsorgewerk's assets on the key date of the partial liquidation. The calculation of free funds is based on the Vorsorgewerk's actuarial and commercial balance sheet on the key date of partial liquidation.

2 - Insurance reserves and value fluctuation reserves

The Vorsorgewerke with the Foundation bear neither an underwriting nor an investment risk. These risks are insured with Swiss Life Ltd. There are entitlements under insurance contracts vis-à-vis Swiss Life Ltd to refund values in accordance with the premium rates approved by FINMA. In this case, no insurance reserves or value fluctuation reserves shall be built up or have been built up by either the foundation or the Vorsorgewerke.

3 - Key date for partial liquidation

The key date for partial liquidation has been fixed as follows:

- in the case of reduction in the workforce or restructuring: the date the decision was taken to reduce staff numbers, at the latest one year after announcement of the measures
- upon termination of the contract of affiliation: the date of termination

4 - Relevant balance sheet

If the key date of partial liquidation is 31 December, the assets are determined on the basis of the actuarial and commercial balance sheets produced on this date. If the key date of partial liquidation does not fall on the 31 December, the assets, including the free funds, are determined on the basis of the previous year's commercial balance sheet.

If there is more than a 10% change in the key assets and liabilities between the key date of the partial liquidation and the transfer of free funds, the free funds are adjusted accordingly.

5 - Claim for contributions

If, on the date of partial or total liquidation, the contributions have not been paid by the employer and bankruptcy proceedings have been instigated against him or her, the outstanding contribution amount is written off at zero by appropriate value adjustments when determining the free funds. Any subsequent contributions made to cover the written-off amount are also distributed.

6 - Costs

The costs required to finance the partial liquidation process are taken from the Vorsorgewerk's free funds.

Art. 3 Distribution between remaining and withdrawing insured persons

The accumulated free funds of the Vorsorgewerk are distributed among those remaining with the Vorsorgewerk and those leaving or those who have left in proportion to the amount of the retirement savings/mathematical reserves.

The free funds for those who are not withdrawing from the Vorsorgewerk shall remain with the Vorsorgewerk.

Art. 4 Transfer of free funds upon termination of the contract of affiliation

Free funds are transferred collectively to the new employee benefits institution if,

- following termination of the contract of affiliation, all insured persons
- or, following partial termination of the contract of affiliation, a specific category of insured persons

leave the Vorsorgewerk and thus the foundation and collectively transfer to a new employee benefits institution.

If a specific category of insured person remains with the foundation upon partial termination of the contract of affiliation, a commensurate share of the free funds shall remain with the Vorsorgewerk.

If, upon termination of the contract of affiliation, it becomes apparent that a partial liquidation must first be executed owing to a significant reduction in workforce or restructuring of the company, a commensurate share of the free funds shall remain with the Vorsorgewerk or foundation until the procedure has been completed.

Art. 5 Transfer of free funds upon reduction in workforce or restructuring

If individual insured persons should withdraw from the Vorsorgewerk as the result of a significant reduction in the workforce or the restructuring of the company, without collectively joining a new employee benefits institution, the share of the free funds assigned to them according to the distribution formula shall be transferred in addition to the vested benefit to their retirement savings.

A collective withdrawal occurs when a group of at least three beneficiaries collectively join another employee benefits institution following a reduction in the workforce or restructuring of the company. In the case of collective withdrawal, the free funds are transferred collectively.

Art. 6 Distribution formula

The individual distribution of the free funds shall be carried out on the basis of an objective distribution formula.

The criteria of the distribution formula for active insured persons and those who have already withdrawn are as follows:

- the full insurance years in the Vorsorgewerk
- the amount of the individual retirement savings or mathematical reserve

The two criteria are weighted at 50%.

In the case of pensioners, the distribution formula is calculated on the basis of the mathematical reserve available on the key date.

Art. 7 Responsibilities

The employer or the Administrative Board is obliged to inform the foundation without delay of the following:

- a reduction in the workforce or the restructuring of the company which may lead to partial liquidation
- all relevant data connected with partial liquidation

The Administrative Board shall delegate the implementation of the partial liquidation to the foundation. The foundation assumes this responsibility on behalf of the Administrative Board and for the account of the Vorsorgewerk.

Art. 8 Information; objection and complaint

1 - Informing insured persons

The foundation shall inform all the insured persons concerned, including pensioners, of the following:

- that a case of partial liquidation obtains under the present regulations
- the total amount of free funds to be distributed
- the distribution formula
- the amount they will receive as an individual or collective share of the free funds.

2 - Possibility of making an objection or complaint

Insured persons may submit an objection in writing to the Foundation within 30 days of receipt of the information. The Foundation will then respond. Insured persons have the right to request a review of the conditions for partial liquidation and of the procedure being followed, as well as the distribution of free funds, by submitting a complaint in writing to the relevant supervisory authority within 30 days of notification.

A legal claim to individually allocated funds or to the transfer of the collective amount does not arise until the period for submitting objections has expired, with no objections having been lodged, or if a complaint has been lodged, not until the final ruling on the complaint.

Art. 9 Effective date

These provisions shall enter into force on 1 April 2010 following approval by the supervisory authority, and may be amended at any time by the Board of Trustees, subject to the agreement of the supervisory authority. They render all previous partial liquidation provisions null and void and will be communicated to every person admitted to the employee benefits.