Trigona
Collective Foundation

Pension Regulations
of the Collective Foundation Trigona for Occupational Welfare Provision

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Making you safer.

Contents

I. General provisions

1. Legal basis

1.1 The purpose of the Collective Foundation Trigona for Occupational Welfare Provision, Basel (hereinafter referred to as «the Foundation») is to manage the occupational pension provision for employees of affiliated employers as well as their dependants, survivors and other beneficiaries in order to protect them against the financial consequences of loss of income as a result of old age, death and disability.

1.2 The collective foundation is a foundation as defined by Art. 80 et seq. of the Swiss Civil Code (ZGB) and Art. 331 et seq. of the Swiss Code of Obligations (OR) and is registered in accordance with Art. 48 of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (hereinafter referred to as the «BVG»). The organisation of the Foundation conforms to the *Articles of Association* and the regulations, particularly the *Organisation Regulations*.

1.3 A separate pension fund exists within the Foundation for each affiliated employer. The employer may, under the provisions of the BVG and these *Pension Regulations,* join the pension fund as an insured person.

1.4 The *Pension Regulations* define the rights and duties of insured persons, entitled persons, the employer, the pension fund and the Foundation.

The *Fund Regulations* define, in particular, the insured pension benefits of the affiliated employer's pension fund and the contribution amounts.

The *Fund Regulations* are an integral part of the *Pension Regulations* and are only legally binding in conjunction with the *Pension Regulations.*

The conditions of entitlement and the settlement of benefits are determined by the *Pension Regulations*. The *Fund Regulations* may specify different requirements in this respect only if approved by the Board of Foundation and if reinsurance has been agreed with the insurance company pursuant to Clause 1.5 and the administrative feasibility has been agreed by the manager specified in the Appendix in advance.

1.5 In order to fulfil its obligations to provide benefits in connection with the risks of death, disability and longevity, the Foundation has concluded a collective life insurance contract with the life insurance company specified in the Appendix (hereinafter referred to as «the Insurance Company»). The Foundation is the policyholder and beneficiary.

1.6 The Foundation provides cover for claims arising from the occupational pension provision solely out of the assets of the pension fund.

1.7 Pursuant to the Federal Act on Registered Partnerships between Persons of the Same Sex, registered partnerships are equivalent to marriage. Registered partners have the same legal status as a spouse. The legal dissolution of a registered partnership is equivalent to divorce. Former partners who have legally dissolved their registered partnerships have the same rights as divorced spouses.

2. Obligation to notify and disclose

2.1 The insured persons, entitled persons and recipients of pension benefits must provide the Foundation with all the complete and accurate information and documentation required for the processing of the insurance in due time.

This applies in particular to:
- → changes in marital status;
- → the death of the insured person;
- → changes in the conditions giving rise to an entitlement to benefits, such as obligations to pay maintenance and the pension eligibility status of children;
- → changes to the degree of incapacity for work or disability, which the insured person is also required to report to the Swiss Federal Disability Insurance Office (IV) at the same time;
- → notice of a prolonged term of incapacity for work, which the insured person is required to send to the Federal Disability Insurance Office in due time, but no later than six months after the onset of the incapacity for work;
- → creditable income for coordinating benefits;
- → any other information and documentation required under these Regulations.

2.2 The Foundation declines, as far as the statutory provisions allow, any liability for the consequences arising from a breach of the said obligations.

2.3 Upon applying for insurance, the persons to be insured declare their consent for the information submitted in the application for occupational pension provision and arising from the provision of pension benefits to be transferred to the Insurance Company and the Manager. If no written consent is required under law, the Manager may pass on the insurance-related data to the companies and institutions listed in the Appendix to these Regulations and in the Appendix to the *Organisation Regulations* and to other insurance institutions, i.e. to co-insurers and reinsurers.

2.4 The Foundation will provide the pension fund and the insured persons with information regarding the benefits, financing and organisational structure in compliance with the statutory requirements for transparency.

Each insured person will receive an annual certificate detailing the contributions, insured benefits, the regulatory withdrawal benefit and the BVG retirement assets. Where the terms of the annual certificate differ from the *Pension Regulations* or the *Fund Regulations*, the regulatory provisions shall prevail.

Upon request, the Foundation will provide insured persons with the annual report and annual financial statements as well as detailed information concerning investment income, risk experience, administration costs and the calculation of policy reserves.

3. Obligation to insure and insurance cover

3.1 All employees governed by the Swiss Federal Law on Old-Age and Survivors' Insurance (AHV) are included in the insurance on the first day of January after turning 17 years of age if their projected salary exceeds the limit set by the Swiss Federal Council. The *Fund Regulations* can make provision for a lower minimum amount.

Insurance cover begins on the day the employee commences or should have commenced employment and, in either case, from the point of time when he/she sets out to travel to work.

3.2 The following persons who are not subject to the compulsory insurance are not insured under these Regulations:
- Employees who, on the date of admission, are deemed at least 70% disabled under the Disability Insurance (IV) scheme.
- Persons who are granted further provisional cover under Art. 26a BVG.
- Employees whose employment contract is limited to a maximum of three months. If a fixed-term employment contract is extended beyond three months, the employee is insured as of the date upon which the extension of the contract was agreed. This remains subject to Art. 1k BVV 2;
- Employees who are otherwise already compulsorily insured in their main occupation or self-employed in their main occupation.

3.3 Employees who are not permanently employed in Switzerland, or who do not expect to be permanently employed in Switzerland and who are adequately covered abroad, are exempt from compulsory insurance upon application to the Foundation for exemption.

3.4 The obligation to insure ends on the date of termination of employment or if the statutory requirements for cover under the BVG are no longer fulfilled.

3.5 The employee remains covered by the existing pension fund for death and disability risks for one month after termination of the insurance relationship, provided he/she does not join another occupational pension fund prior to this time. If benefits fall due under this temporary extension of cover, any withdrawal benefit that has already been transferred shall be refunded to the pension fund.

4. Risk assessment

4.1 The Foundation is entitled to make membership of non-compulsory occupational pension funds conditional upon the results of a risk assessment.

4.2 Persons to be insured are required to complete a written health declaration and provide details of any previous medical complaints or other important information relevant to the risk assessment. In addition, the Foundation can ask persons applying for insurance to undergo a more detailed health examination at the expense of the Foundation. The Foundation must also take assessments from the Insurance Company and the reinsurer into consideration.

4.3 Based on the risk assessment, the Foundation may exclude non-compulsory death and disability cover, impose provisos or require additional contributions from insured persons. If applicable, the Foundation can limit the pensionable salary to the upper BVG limit for the duration of a proviso.

The insurance cover acquired through transferring in withdrawal benefits from a previous pension fund may not be reduced by any new health provisos. A proviso with respect to the risk of death or disability that is imposed for health reasons shall apply for no longer than five years. The expired period of a proviso imposed by a previous pension fund will be offset against the length of any new proviso.

If the medical condition that gave rise to a proviso results in death or disability during the proviso period, then, even after the proviso has expired, the maximum benefits paid out will be the compulsory benefits or the benefits based on the reduced pensionable salary while guaranteeing the pension coverage acquired as a result of the transferred withdrawal benefits.

4.4 If an insured person breaches his/her obligations in relation to the risk assessment, and in other exceptional cases, the Foundation is entitled to refuse membership of non-compulsory occupational pension funds.

4.5 Clauses 4.1 to 4.4 apply analogously to increases in death and disability cover.

5. Declared salary

5.1 The declared salary is the presumed AHV salary paid by the affiliated employer. This is derived from the latest known AHV salary figure. All changes in effect or due to take effect in the current year must be calculated into the salary that is declared, excluding incidental salary components.

The *Fund Regulations* can make provision for a different definition of the declared salary and special circumstances that necessitate a reassessment of the declared salary.

5.2 If an employee is not employed by the same employer for an entire year, then the applicable salary is the salary he/she would receive for one year's employment.

6. Pensionable salary

6.1 The pensionable salary is defined in the *Fund Regulations*.

6.2 If the salary is reduced temporarily during the insurance year on account of illness, accident, under-employment or similar reasons, then the pensionable annual salary remains unchanged for as long as the employer is required to continue to pay the salary under Art. 324a OR, or for the duration of maternity leave under Art. 329f OR. The insured person may, however, submit a written application for a reduction in the pensionable salary. The insured benefits will be reduced accordingly, provided the earnings incapacity does not result in the total or partial waiver of contributions.

6.3 Income earned by an insured person from another employer or through self-employment cannot be insured under these Regulations.

6.4 The total pensionable salary for all an insured person's pension relationships must not exceed 10 times the upper BVG limit.

Insured persons who are insured by other pension funds must declare the pensionable salaries insured with such funds to the Foundation, if the overall limit is exceeded.

II. Entitlement to insured benefits and payment of benefits

7. Basic principles

7.1 If the statutory requirements are fulfilled, compulsory benefits will be payable in all cases pursuant to the BVG.

7.2 Upon death or disability prior to retirement age, the compulsory BVG benefits will be paid out as the maximum amount in the following cases:
- claims resulting from congenital disorders and disability prior to retirement age under Art. 18 «b» and «c», and Art. 23 «b» and «c» of the BVG;
- applicable results of the risk assessment (the pension cover acquired through the transfer in of withdrawal benefits from the previous occupational pension plan remains guaranteed);
- advance benefits under the legal obligation to pay advance benefits in cases of dispute;

as well as in the event of death:
- for divorced spouses;
- for married persons after turning 69 years of age; or
- for persons married after retirement age and suffering from a serious illness.

These restrictions on the entitlement to benefits apply mutatis mutandis to the waiver of contribution payments.

7.3 If insured persons also have a basic claim to competing benefits under the Federal Law on Accident Insurance (UVG) or the Federal Law on Military Insurance (MVG), then the Foundation will pay the maximum compulsory pension benefits pursuant to the BVG. The same restrictions on benefit entitlements apply to insured self-employed employers who voluntarily accept UVG provisions. In the event of a conflict in provisions, the *Fund Regulations* take precedence.

7.4 The provisions of Art. 41 BVG apply to the time limitation for claims.

7.5 The Foundation can reclaim benefits that have been wrongfully claimed or offset them against benefits falling due.

7.6 In the event of retirement or death, lump-sum benefits will be paid within 30 days of receipt of all documentation and information required for clarifying and paying the benefit entitlement. If the payment of benefits is delayed, then the Foundation will pay a default interest equal to the minimum BVG interest rate.

Delays in the payment of pension benefits are governed by Art. 105 OR. The interest rate is the minimum interest rate set by the BVG.

7.7 If survivors' pensions are defined in the *Fund Regulations* directly or indirectly with respect to disability pensions subject to the declared or pensionable salary, then the survivors' pensions will be reduced if during the waiver of contributions before the insured event occurs (disability or death) a transfer of the retirement assets (advance withdrawal to finance home ownership, divorce settlement, transfer on termination of employment or cash withdrawal) has taken place. The reduction is made in proportion to the transferred retirement assets. The retirement assets can be reintroduced within the regulatory framework up to the level of benefits before the reduction as a maximum. This shall not affect further reductions or recalculations of the benefits pursuant to these *Pension Regulations*.

8. Retirement assets

8.1 The retirement assets consist of a compulsory component calculated in accordance with the statutory minimum requirements and a non-compulsory component. The interest rate set by the Swiss Federal Council applies to the compulsory component of the retirement assets. The interest rate set by the fund's board of trustees applies to the non-compulsory component of the retirement assets and is set each year by the fund's board of trustees for the following year. The application of different interest rates is permitted with the framework of the statutory and regulatory provisions (in particular the *Fund Regulations*, *Regulations on the Formation of Provisions and Reserves*).

8.2 The following amounts and interest are separately credited to the compulsory and non-compulsory components of the retirement assets:

8.2.1 Withdrawal benefits transferred from the pension fund of the previous employer on admission to the pension fund.

8.2.2 Interest at the end of the admission year on the withdrawal benefit transferred into the pension fund (in accordance with Clause 8.2.1 and calculated from the day after the date of receipt) together with the retirement credits, excluding interest, for the part of the year in which the insured person was a member of the pension fund.

8.2.3 The annual interest at the end of each successive calendar year on the retirement assets in the account at the end of the previous year along with the retirement credits without interest for the past calendar year.

8.2.4 On receipt of payment, the following contributions credited to the non-compulsory component of the retirement assets:
- personal purchases of missing contributory years
- credits from a divorce settlement

Repayments of advance withdrawals or the proceeds from the realisation of a pledge under the statutory provisions for the promotion of home ownership out of pension funds and repurchases of contributory years after a divorce will be credited to the compulsory component of the retirement assets on the date of receipt, provided the advance withdrawals can be shown to have been withdrawn from the compulsory component of the retirement assets. Otherwise, the deposits will be credited to the non-compulsory component of the retirement assets.

8.2.5 Interest at the end of the calendar year on contributions paid in accordance with Clause 8.2.4, calculated from the day after the date of receipt.

8.2.6 When an insured person withdraws from the pension fund, or upon commencement of a pension entitlement or when an insured person dies before reaching retirement age:
- the pro rata share of the interest on the retirement assets in the account at the end of the previous year, along with the interest on contributions paid in the current year;
- the non-interest-bearing retirement credits up to the date of leaving the pension fund, or commencement of the retirement pension, or on the date of death.

8.3 In the event of withdrawals from retirement assets, the compulsory and non-compulsory components of the retirement assets will each be reduced proportionally.

8.3.1 Within the non-compulsory component of the retirement assets, the assets will be reduced in the following order:
- assets in the individual surplus account;
- the non-compulsory component of the accumulated retirement assets (excluding the assets listed below);
- assets from purchases with reimbursement;
- assets from buyouts.

Assets will only be reduced if and to the extent that higher-ranking assets are insufficient. Retirement assets formed by purchases that cannot be withdrawn as a lump sum on the basis of Art. 79b (3) BVG will be deducted in the event of a lump-sum payment before the withdrawal from the retirement assets is calculated.

8.3.2 The following amounts will be deducted from the retirement assets as at the date of the outgoing payment:
- payment of a divorce settlement;
- advance withdrawals under the statutory provisions for the promotion of home ownership.

9. Projected retirement assets with and without interest

9.1 The projected retirement assets without interest are determined by adding to the available retirement assets the total future retirement credits, interest and compound interest for the period up to retirement age. The projection is based on the last pensionable salary and the interest rate applicable at the date of calculation.

9.2 The projected retirement assets without interest are determined by adding to the available retirement assets the total future retirement credits without interest up to retirement age. The projection is based on the last pensionable salary. Increases in salary after the commencement of the waiting period for disability benefits will not be taken into account.

10. Conversion rates

10.1 The following conversion rates are used to calculate the benefits dependent on the projected retirement assets with interest after retirement: the statutory minimum conversion rate applies to the compulsory component of the retirement assets. Actuarially calculated conversion rates based on the Insurance Company's collective insurance rate applicable at the time and approved by the relevant federal office are applied to the non-compulsory component of the retirement assets. The application of different conversion rates is permitted with the framework of the statutory and regulatory provisions (in particular the *Fund Regulations*, *Regulations on the Formation of Provisions and Reserves*).

10.2 The benefits dependent on the projected retirement assets without interest are calculated based on the applicable conversion rate determined by the Swiss Federal Council, which is applied to the total amount of non-interest-bearing retirement assets.

10.3 Any change in the conversion rates will result in a corresponding adjustment to the anticipated benefits.

11. Retirement benefits

11.1 The insured person is entitled to a life-long retirement pension upon attainment of retirement age, provided he/she was fully able to work up to that time or was partially or totally unable to work up to that time and received a disability pension under these Regulations.

If an insured person receives a disability pension at retirement age under these Regulations, the retirement pension will be at least equal to the statutory disability pension.

11.2 Insured persons entitled to a retirement pension are further entitled to a pensioner's children's pension for each child who could claim an orphan's pension in the event of their death.

11.3 Ordinary retirement age is defined as the first day of the month after the insured person turns 65 years of age (men) or 64 years of age (women).

11.4 The insured person may request early retirement on ending the employment relationship no earlier than the first day of the month following his/her 58th birthday.

11.5 In the case of early retirement, there is an entitlement to a retirement pension calculated using the reduced conversion rates. A widow's pension or surviving partner's pension of 60% of the reduced retirement pension, as well as orphans' pensions and pensioners' children's pensions of 20% of the reduced retirement pension, remain insured.

11.6 If employment of at least 40% is continued after ordinary retirement age, then the due date of the retirement benefits can be postponed until the termination of employment, but no later than the 70th birthday. The retirement pension is calculated using increased conversion rates.

The rate applicable to the retirement credits at the date of ordinary retirement age remains valid. Interest will continue to be paid on the retirement assets.

In the event of death prior to retirement after reaching ordinary retirement age, the following survivors' pensions are insured if retirement benefits have been postponed:
- a spouse's pension equal to 60% of the projected retirement pension at the age of 70;
- a surviving partner's pension equal to 60% of the projected retirement pension at the age of 70;
- an orphan's pension equal to 20% of the projected retirement pension at the age of 70.

The insurance of all disability benefits and the additional lump-sum death benefit expires when ordinary retirement age is reached.

11.7 If, after reaching 58 years of age, the insured person's degree of employment is reduced by at least 30% of a full-time occupation to at least 40% of a full-time occupation, then the insured person is entitled to a pro rata retirement pension corresponding to the degree of employment in accordance with the underlying principles of early retirement.

12. Survivors' benefits

12.1 An entitlement to survivors' benefits exists only where the deceased person was insured at the date of death or at the onset of a disability, the cause of which later resulted in death, or where the deceased person was in receipt of a retirement or disability pension under these Regulations at the date of death.

12.2 The Foundation's liability to pay compulsory pension benefits is governed by Art. 18 BVG.

13. Spouse's pension

13.1 The surviving spouse is entitled to a spouse's pension.

13.2 Provided the spouse's pension does not replace any current benefit payments, entitlement to a spouse's pension commences upon the death of the insured person. Otherwise, entitlement commences on the first day of the month following the date of death.

If the pensionable salary of a partially disabled person includes an active component at the date of death, then the higher of the two benefits will be paid from the date of death until the end of the month in which the insured person died.

13.3 The entitlement to a spouse's pension ceases with the death of the surviving spouse or if the surviving spouse remarries before turning 45 years of age. In the latter case, a settlement of three times the amount of the annual pension is paid unless, instead of settlement, a renewal of the spouse's pension is requested following the dissolution of a subsequent marriage.

In the event of remarriage after turning 45, the pension entitlement remains unaltered.

13.4 The spouse's pension will be reduced by 1% of the full insured amount for every full or partial year by which the surviving spouse is more than 10 years younger than the insured person.

13.5 If the insured person marries after turning 65 years of age, then the entitlement to a spouse's pension only exists for the following percentages of the full insured spouse's pension:
→ Married while 65 years of age: 80%
→ Married while 66 years of age: 60%
→ Married while 67 years of age: 40%
→ Married while 68 years of age: 20%

These percentages will be applied cumulatively with the reductions pursuant to Clause 13.4 if applicable. The statutory benefits will be paid in all cases.

13.6 Entitlement to the statutory minimum benefits only exists:
→ if the marriage takes place after the insured person turns 69 years of age;
→ if the marriage takes place after the insured person turns 65 years of age and the insured person suffered from a severe illness at the time of the marriage that he/she must have been aware of and that results in his/her death within two years of marriage.

14. Surviving partner's pension

14.1 If a partnership with an equivalent status to marriage was formed prior to the ordinary retirement age, surviving partners are entitled to a surviving partner's pension if at the time of death:

14.1.1 the insured person
→ is 35 years of age or has a child in common with the surviving partner; and
→ fulfils the requirements for marriage as defined by the Swiss Civil Code or for the registration of partnerships under the Same-Sex Partnership Act.

14.1.2 The surviving partner:
→ also fulfils the requirements for marriage as defined by the Swiss Civil Code or for the registration of partnerships under the Same-Sex Partnership Act; and
→ is not receiving a survivor's pension or lump-sum payment in lieu of a survivor's pension from another pension provider or pension fund; and
→ has either turned 30 years of age and has been living with the insured person, sharing a domestic partnership for an uninterrupted period of at least five years prior to the death;
→ or was living in the same household with the insured person and sharing a domestic partnership at the date of death and was responsible for the maintenance of one or more children in common with the insured person at the time of death.

14.2 In addition, the following conditions with respect to surviving spouses' pensions apply to surviving partners' pensions:

14.2.1 The surviving partner must not benefit more than the surviving spouse of an insured person.

14.2.2 Surviving partners' pensions are not adjusted for inflation.

14.2.3 Entitlement to a surviving partner's pension ceases with the death of the surviving partner or when the surviving partner marries or enters into a registered partnership or a new domestic partnership before reaching the age of 45.

14.2.4 A lump-sum settlement or an option to renew the surviving partner's pension is not permitted.

15. Survivor's pension for divorced spouses

15.1 Upon the death of the insured person, the surviving divorced spouse is entitled to a survivor's pension provided the marriage lasted 10 years and the divorced spouse was awarded a pension or a settlement for a life-long pension under the divorce settlement.

15.2 This entitlement is limited to the benefits stipulated under the BVG. Furthermore, the pension benefits paid out by the Foundation will be reduced by the amount that they, in conjunction with the benefits from other insurance schemes, in particular the AHV and IV, exceed the entitlement under the divorce settlement.

16. Lump-sum death benefit

16.1 If there is no entitlement to a spouse's pension, a surviving partner's pension, a divorced spouse's pension or a lump-sum payment following the death of an insured person prior to retirement, the accumulated retirement assets up to the date of death will be paid as a lump-sum death benefit, unless otherwise stipulated in the *Fund Regulations*.

16.2 If there is an entitlement to a spouse's pension, a surviving partner's pension, a divorced spouse's pension or a lump-sum payment following the death of an insured person prior to retirement, a lump-sum death benefit is paid provided that the available retirement assets up to the date of death exceed the cash value of all the aforementioned benefits, and unless otherwise stipulated in the *Fund Regulations*. The amount consists of the difference between the available retirement assets and the total cash value of the aforementioned benefits.

16.3 If further death benefits are provided for in the *Fund Regulations*, these are awarded in addition to the other survivors' benefits in the event of the death of the insured person.

17. Nomination of beneficiary

17.1 If an entitlement to a lump-sum death benefit exists under Clause 16, the following order of beneficiaries applies irrespective of inheritance law:

17.1.1 the surviving spouse; failing whom,

17.1.2 minors, or children who have at least a 70% degree of disability or who are still in education or training and who have not yet turned 25years of age; failing whom,

17.1.3 natural persons who were substantially dependent on the insured person or the person who had been sharing a domestic partnership with the insured person for an uninterrupted period of at least five years up to the latter's death or who was responsible with the insured person for the maintenance of one or more children in common; failing whom,

17.1.4 in the following order:
- the children of the deceased who do not fulfil the conditions stipulated in Clause21
- the parents;
- the brothers and sisters.

17.2 If there are no survivors as defined under Clause 17.1, then the grandchildren, failing whom, the children of brothers and sisters, are entitled to half of the lump-sun death benefit.

17.3 If several beneficiaries are entitled to benefits, the benefits will be divided equally among them.

17.4 If beneficiaries are already receiving a survivor's pension from another pension claim, there is no entitlement under Clause 1.3.

18. Occupational disability benefits

18.1 If an insured person becomes unable to work prior to retirement age, then the Foundation is liable for the payment of disability benefits, provided that the insured person was insured under these Regulations when he/she became unable to work as a result of the same cause that led to the disability.

The Foundation's liability to pay compulsory pension benefits is governed by Art. 23 BVG.

18.2 The degree of disability is determined based on the degree of disability set by the IV for persons unable to work. If the IV does not specify a degree of disability, the criteria set by the Federal Law on Disability Insurance (IVG) apply (Art. 16 ATSG). A change in the degree of disability will result in an adjustment of disability benefits effective from the date set by the IV.

The minimum degree of disability is 40%. If the entitlement to compulsory benefits under the BVG is limited, then Art. 24 (1) of the BVG in conjunction with the BVG transitional provision «f» applies.

18.3 Waiting periods commence upon attainment of the minimum degree of disability. New grounds for disability will result in the commencement of new waiting periods.

If, prior to retirement age, the insured person is continuously unable to work without any significant interruption during the waiting period before he/she becomes exempt from contribution payments, he/she will not have to pay any contributions for the remainder of the period in which he/she is incapacitated. A significant recovery during the initial waiting period for exemption from paying contributions (i.e. the insured person is fully able to resume work for at least 30 consecutive days) will result in the commencement of a new waiting period for entitlement to disability benefits.

18.4 If the degree of disability falls to the point where benefits are no longer payable, a relapse is defined as the onset of a new disability due to the same illness or injury and to a degree where a renewed entitlement to benefits is justified. If there has been no change in employment or change in pension fund in the period between the original inability to work and the relapse:
- a relapse will be considered a new event with a new waiting period provided the degree of disability was insufficient to warrant a pension for more than a year;
- a relapse within one year will not require new waiting periods and the interim adjustments to benefits will be reversed.

19. Waiver of contribution payments

19.1 The entitlement to a waiver of contribution payments arises on completion of the waiting period stipulated in the *Fund Regulations*. The entitlement ends subject to Art. 26a BVG when there is no longer a disability giving rise to the entitlement, or at the latest upon the attainment of retirement age.

19.2 If the inability to work falls below the minimum degree of disability, there is no entitlement to a waiver of contributions. The waiver of contributions is granted in accordance with the regulations in effect for disability pensions.

20. Disability pension

20.1 Entitlements limited to the statutory benefits are governed by the BVG regulations.

20.2 The following rules apply to the calculation of the other benefit entitlements:
- ¼ pension is paid for a degree of disability between 40% and < 50%
- ½ pension is paid for a degree of disability between 50% and < 60%
- ¾ pension is paid for a degree of disability between 60% and < 70%
- Full pension is paid for a degree of disability above 70%

If the degree of disability changes, then the benefits will be adjusted accordingly.

20.3 If the inability to work falls below the minimum degree of disability, then there is no entitlement to disability pensions.

20.4 The Insurance Company reserves the right to verify the existence and the degree of the disability at any time.

20.5 The insured person is entitled to a disability pension at the latest when:
- entitlement to a pension commences under the IV;
- the employer is no longer obligated to continue to pay the insured person's salary or the insured person is no longer entitled to receive a daily sickness allowance of at least 80% for a full incapacity for work, half of which must be financed by the employer;
- the waiting period stipulated in the *Fund Regulations* expires.

The entitlement to a disability pension ends subject to Art. 26a BVG when there is no longer a disability giving rise to an entitlement to benefits, or at the latest upon the attainment of retirement age.

20.6 If there are insufficient retirement credits or interest credits after an increase in the degree of disability due to a deterioration in the original cause of the inability to work, the increase in benefits will be revised taking account of the shortfall(s) (in proportion to the projected amount of retirement assets). The maximum amount of withdrawal benefits that may be transferred in must be in proportion to the amount required to finance the increase in current and anticipated benefits.

20.7 If a disability benefit that is granted for a painful condition with no physical medical evidence under letter «a» of the final provisions of the IVG is reduced or revoked, then the insured person's entitlement to the benefits ceases or is reduced at the date on which the disability pension is reduced or revoked.

21. Children's pensions

21.1 Children's pensions include orphans' pensions, disabled persons' children's pensions and pensioners' children's pensions.

21.2 The children of the insured person are entitled to an orphan's pension under Art. 252 ZGB, as are stepchildren and foster children for whose maintenance the insured person is fully or principally responsible.

Insured persons entitled to a retirement pension are further entitled to a pensioners' children's pension for each child who could claim an orphan's pension in the event of their death.

Insured persons entitled to a retirement pension are further entitled to a pensioners' children's pension for each child who could claim an orphan's pension in the event of their death.

21.3 Disabled persons' children's pensions and pensioners' children's pensions are payable in addition to the insured person's disability and retirement pensions. The amount of the pensioners' children's pensions is based on the amount of the retirement pension.

Orphans' pensions are payable from the date of death of the insured person. If the orphan's pension replaces an existing pension, the entitlement commences on the first day of the month following the date of death.

If the pensionable salary of a partially disabled person includes an active component at the date of death, then the higher of the two benefits will be paid from the date of death until the first day of the month following the date of death.

21.4 The entitlement to children's pensions ceases upon the death of the child or, at the latest, when the child reaches the age stipulated in the *Fund Regulations*. Entitlement to a child's pension exists after the age stipulated in the *Fund Regulations* until the child turns 25years of age, provided he/she is still in education or training or at least 70% disabled.

21.5 Disabled persons' children's pensions and pensioners' children's pensions are only payable as long as the insured person is in receipt of a disability or retirement pension.

22. Adjustment of pensions to inflation

22.1 Survivors' and disability pensions whose term has exceeded three years are adjusted for inflation up to the statutory minimum level until the entitled person attains ordinary retirement age.

22.2 The adjustment of orphans' pensions and disabled persons' children's pensions continues until the entitlement to benefits ceases.

22.3 The fund's board of trustees decides each year whether, and to what extent, funds are to be made available to the Insurance Company specified in the Appendix for the adjustment of the remaining pensions, within the scope of the pension fund's financial capacity.

23. Lump-sum settlements

23.1 Pension benefits are generally provided in the form of pension annuities. The person entitled may, however, request a lump-sum settlement instead of a retirement pension, spouse's pension or divorced spouse's pension in accordance with Clauses 23.2 to 23.4.

If an insured person who is married requests a lump-sum settlement instead of a retirement pension, then the written consent of the spouse is required. The Foundation can request proof of consent at the expense of the insured person.

23.2 An entitled person can request that the retirement assets be fully or partially paid out in a single lump-sum settlement within the scope permitted by law, provided he/she is not already claiming pension benefits. The request must be submitted in writing no later than two months before the first retirement pension payment is due. The regulations on the withdrawal of retirement assets (Clause 8.3) apply to partial lump-sum withdrawals. The lump-sum settlement is paid out on retirement. If the total amount of the retirement assets is paid out, then all further entitlements arising from the insurance relationship lapse, including spouses' pensions and children's pensions insured after retirement. The extent of insurance cover remaining after a partial lump-sum payment depends on the amount of remaining retirement assets.

23.3 An insured person who is incapacitated for work at retirement age may not have retirement assets paid out fully or partially in a lump sum, unless he/she opted for a lump-sum settlement prior to the onset of the incapacity for work or as a recipient of a life-long disability pension under the UVG or MVG, which is still paid after AHV retirement age.

23.4 A surviving spouse may request to have part or all of a surviving spouse's pension paid in the form of a lump sum. The request must be submitted in writing to the Foundation before the first retirement pension payment is due, but no later than two months after receiving notice of the amount of retirement capital. The lump-sum payment must be equal to at least 25% of the total retirement assets.

If, for coordination reasons, a spouse's pension is not paid out for a given period of time, then the request for a lump-sum settlement must be submitted in writing to the Foundation no later than two months from the date of death.

The amount of the lump-sum settlement is calculated according to actuarial principles. Future coordination changes are included in the calculations on the basis of average values and may not be adjusted or revised. The entitlements of the surviving spouse arising from the insurance relationship with the Foundation, including the adjustment of benefits to inflation, lapse in proportion to the lump-sum settlement.

23.5 A lump-sum settlement will be paid instead of a retirement or survivors' pension in all cases where the retirement pension amounts to less than 10% of the minimum AHV retirement pension, the spouse's pension to less than 6% of the minimum AHV retirement pension or the pensioner's children's pension or orphan's pension per child to less than 2% of the minimum AHV retirement pension. The lump-sum settlement amount is calculated according to actuarial principles.

24. Payment, place of settlement

24.1 Pensions are paid monthly in advance. In all cases where entitlement to a pension begins or ceases on any day other than the first day of the month, a partial pension payment will be made for that month.

24.2 The place of settlement for payment of benefits is the place of residence of the person entitled to benefits or the domicile of his/her legal representative. If the place of residence is not located in Switzerland or an EU/EFTA country, the place of settlement shall be the domicile of the Foundation.

III. Financing

25. Contributions

25.1 The obligation to pay contributions commences on admission to the pension fund and lasts until the insured person's death, or his/her attainment of retirement age, but lapses after his/her withdrawal from the pension fund. In the event of disability, the provisions concerning the waiver of contribution payments apply.

25.2 The contributions used to finance the pension benefits are jointly provided by the employer and the insured person. The employer's total contribution must at least be equal to the total contributions of all the insured persons.

The *Fund Regulations* specify the amount and allocation of contributions used to finance the pension benefits.

The contributions of the insured persons are deducted from their salary payments. The employer is liable to the Foundation for the total contributions payable by himself and the insured persons.

25.3 For the payment of his contributions, the employer may utilise funds previously accumulated for this purpose and held in a separate, designated reserve fund for employer contributions.

25.4 The pension fund, the insured person or the employer are charged contributions to cover the costs of managing the occupational pension provision. The costs include the tariff rates, additional costs that must be levied by law (adjustments for inflation, BVG Security Fund), fixed administration costs and extraordinary expenses in accordance with the *Schedule of Costs.*

25.5 If required by the pension fund's financial situation, in particular if the value fluctuation reserves or technical reserves fall below the required level, or there is a funding deficit (shortfall), the Foundation may levy contributions in accordance with the *Regulations on the Formation of Provisions and Reserves.*

26. Purchase of contributory years

26.1 Within the scope permitted by law, it is permissible under Clause 8.2 to purchase contributory years for inclusion in the retirement assets.

26.2 If the insured person is incapacitated for work, purchases are not possible, subject to Clause 8.2.1. This exclusion also applies to recipients of disability pensions, depending on their pension entitlements.

26.3 If the potential to make purchases is fully exhausted under the Regulations, additional purchases are possible after the insured person has turned 50 years of age in order to fully or partially compensate for a reduction in benefits in the event of early retirement (buyout). Buyouts are subject to the regulatory provisions regarding the purchase of contributory years. The buyout amount is held in a separate retirement account and, on early retirement, added to the non-compulsory component of the accumulated retirement assets.

26.3.1 The maximum buyout amount until the date of early retirement is equal to the shortfall in retirement credits, calculated excluding interest, for the years between the planned early retirement date and the ordinary retirement date. However, the maximum buyout amount must not exceed the total retirement credits for the last five years prior to ordinary retirement age (partial buyout).

26.3.2 If the insured person waives the option of early retirement, then the target regulatory benefits must not be exceeded by more than 5%. Proceeds from the separate retirement account no longer required to compensate a reduction in benefits will be used to pay employee contributions until retirement. Any surplus retirement capital is forfeited in favour of the pension fund.

26.3.3 On the date early retirement is definitively taken, the maximum buyout amount, taking any partial buyout already effected into account, is equal to the difference between the anticipated retirement pension at ordinary retirement age and the reduced retirement pension on the date of early retirement (full buyout).

If a full buyout is effected, then the right under the regulations to request full or partial payment of retirement benefits as a lump sum lapses.

26.3.4 In the event of death prior to retirement, the assets from the buyout, which are held in a separate retirement account, will be paid out in the form of an additional lump-sum death benefit.

26.3.5 In the case of an advance withdrawal under the statutory provisions for the promotion of home ownership out of pension funds, a withdrawal from the separate retirement account held for the assets from the buyout is only permissible under the terms in Clause 8.3.

26.3.6 In the event of the termination of employment, the assets from the buyout will be included in the total amount of available retirement assets (policy reserves as defined in Art. 15 FZG).

26.4 The tax treatment of purchases is determined on a case-by-case basis by the competent tax authorities; it is the responsibility of the insured person to clarify the details.

26.5 Benefits resulting from purchases may not be drawn from the pension in the form of a lump-sum payment for a period of three years.

IV. Special provisions

27. BVG Security Fund for the subsidy of unfavourable age structures and insolvency cover

27.1 The Foundation is affiliated with the Swiss national BVG Security Fund. The assets of the BVG Security Fund serve in particular to:
- finance subsidies to pension funds with unfavourable age structures;
- guarantee benefits within the scope of Art. 56 (2) BVG, if these cannot be paid as a result of the insolvency of the pension fund.

27.2 The pension fund will be charged for its share of the costs.

28. Reduction of benefits due to gross negligence

If the AHV/IV reduces, withdraws or refuses a benefit because the beneficiary caused the death or disability through gross negligence, or refuses IV occupational rehabilitation measures, then the Foundation will reduce the disability or survivors' benefits by a commensurate amount.

29. Coordination and recourse

29.1 The Foundation acknowledges entitlement to survivors' and disability benefits only insofar as the maximum insured benefits and other income do not exceed 90% of the presumed loss in income.

29.2 Other income includes benefits of a similar nature and purpose, such as daily allowances, pensions and lump-sum settlements (to which the pension conversion rates apply) from Swiss or foreign, private or social insurance plans, or pension funds that are paid to the entitled person for the same loss event, as well as supplementary income earned or reasonably expected to be earned, or compensation paid to insured persons who are in receipt of disability benefits. Additional income earned during the rehabilitation period is not taken into account.

During the continued cover and preservation of the benefit entitlement under Art. 26a BVG, the existing disability pension is only reduced in accordance with the reduced degree of disability to the extent that the reduction is compensated by additional income of the insured person.

29.3 The incomes of the surviving spouse and orphans are jointly taken into account.

29.4 Benefits from military or accident insurance plans that are refused or reduced will not be recompensed.

29.5 The insured person, his/her survivors and other beneficiaries pursuant to these Regulations are obligated to transfer to the Foundation any claims against third parties who are liable for the insured event. If the Foundation provides non-compulsory benefits, then the insured persons, their survivors and other beneficiaries are required to transfer their claims against a liable third party to the Foundation up to the amount of the benefits due under the regulations.

30. Participation in surplus

30.1 The basis for calculating the participation in surplus (of risk contributions) is the result of the annual calculation of income and expenditure of the Foundation's collective insurance with the Insurance Company.

30.2 Any surplus is allocated by the Foundation to the pension fund according to a profit participation formula defined by the Board of Foundation on the basis of the respective pro rata amount of policy reserves, the claims history for the insured risks and the costs generated.

30.3 After deciding on the adjustment for inflation pursuant to Clause 22.3, the fund's board of trustees decides on the use of the participation in surplus.

31. Assets of the fund

31.1 The fund assets include in particular:
- Retirement assets
- Supplementary fund
- Other technical reserves
- Allocated reserves, in particular:
  - Value fluctuation reserves
  - Employer contribution reserves without stipulated waiver of use
  - Employer contribution reserves with stipulated waiver of use
- Unallocated assets

31.2 A pension fund has unallocated assets at its disposal to the extent that the assets of the fund are not required to finance statutory or regulatory benefit obligations.

31.3 The pension fund's unallocated assets can consist of:
- retirement assets that are not distributed due to the absence of beneficiaries entitled to a lump-sum death benefit under Clauses 16.1 and 16.2;
- surplus dividends from the collective insurance contract with the Insurance Company;
- voluntary contributions;
- income from the employer that goes beyond the total sum necessary for the employer's share of the contributions;
- voluntary contributions from third parties; and
- earnings from the pension fund's investments.

31.4 The investment and management of the pension fund's assets are based on the *Investment Regulations*. The *Regulations on the Formation of Provisions and Reserves* govern the guidelines on the holding of reserves defined by the Board of Foundation for value fluctuation reserves, actuarial reserves and possible restructuring measures.

31.5 Within the pension fund's assets, there is an actuarial reserve in the form of a separate supplementary fund, pursuant to the *Regulations on the Formation of Provisions and Reserves*. This covers possible funding gaps for retirement pensions.

31.6 By way of resolution of the fund's board of trustees, other funds may also be separated off. In making their decisions, the fund's board of trustees shall consider the recommendations of the accredited occupation pensions experts appointed to the Foundation.

31.7 The employer may accumulate funds to finance future employer contributions in a separate, designated reserve fund. These reserve funds may be used for purposes other than the payment of contributions only with the employer's consent.

31.8 Fund assets must be used exclusively for the Foundation's purpose.

32. Underfunding

If the pension fund posts a funding deficit (shortfall), the board of trustees must carry out a restructuring in accordance with the *Regulations on the Formation of Provisions and Reserves*.

33. Assignment, pledging and offsetting

33.1 Entitlements to benefits under these Regulations may neither be assigned nor pledged before they become due. This does not apply to pledging under the provisions on promotion of home ownership out of occupational pension funds.

33.2 Benefits already paid may only be offset against claims that the employer has assigned to the Foundation, if those claims relate to contributions that have not been deducted from salaries.

34. Promotion of home ownership

34.1 Under the statutory provisions for the promotion of home ownership out of pension funds, the insured person may pledge or withdraw pension funds in advance in order to purchase a residential property for private use up to three years before the entitlement to retirement benefits arises. Occupational pension funds may be utilised for:
- purchasing or constructing a residential property for private use;
- participating in a home ownership plan;
- repaying mortgage loans.

34.2 If the insured person is married, advance withdrawals and the pledging of pension funds require the written consent of the spouse. The Foundation can request proof of consent at the expense of the insured person.

34.3 The Manager requests reasonable compensation for its processing of applications for advance withdrawals or the pledging of pension funds in accordance with the *Schedule of Costs*.

34.4 Up to the age of 50, advance withdrawals must not exceed the amount of the withdrawal benefit; after turning 50years of age, it must not exceed the withdrawal benefit at age 50 or half the amount of the withdrawal benefit on the date of the withdrawal.

In the case of spouses who divorce or partners who dissolve their registered partnerships, the advance withdrawal is deemed a withdrawal benefit.

If the advance withdrawal results in a reduction of insured risk benefits, then supplementary insurance may be concluded to cover the risks of death and disability. The insured person bears the costs of the supplementary insurance.

The *Fund Regulations* govern whether and to what extent an advance withdrawal results in a change to the insured benefits. This remains subject to Clause 7.7.

The advance withdrawal must be repaid if the conditions for withdrawal are not satisfied or are no longer satisfied.

Voluntary repayment of the advance withdrawal is admissible up to three years before the commencement of entitlement to retirement benefits, or the commencement of benefits from another insurance or until the cash payment of the withdrawal benefit.

34.5 The insured person may, until age 50, pledge his/her entitlement to pension benefits or an amount not exceeding the withdrawal benefit. If the insured person is aged 50 or over, then the right to pledge pension funds is limited to the amount available for advance withdrawal from the age of 50. The Insurance Company and the Manager must be given written notification of the pledge in order for it to be valid.

The regulations governing advance withdrawals apply mutatis mutandis to the repayment of any proceeds from the realisation of a pledge.

V. Portable benefits and withdrawal benefits

35. Withdrawal benefits, entitlement and amount

35.1 Insured persons who leave the pension fund before a claim for benefits arises (portable benefits) and who have accrued retirement assets are entitled to withdrawal benefits.

35.2 The regulatory withdrawal benefit equates to the highest of the following three amounts:

35.2.1 The total available retirement assets (policy reserves) under Art. 15 FZG (entitlement in the case of defined-contribution plans), as well as any assets in the insured person's individual surplus account.

35.2.2 The minimum amount according to Art. 17 FZG. This minimum amount comprises:

- the withdrawal benefits transferred into the fund, plus interest;
- employee savings contributions paid in by the insured person, plus interest;
- the supplement paid on the employee savings contributions, plus interest. This supplement amounts to 4% of the value of the employee savings contributions at the age of 21 and increases annually by 4%. The supplement must not exceed 100%. The age used for the calculation is derived from the difference between the calendar year and the year of birth.

35.2.3 The statutory retirement assets in accordance with the BVG as defined under Art. 18 FZG.

35.3 If the withdrawal benefit due exceeds the available retirement assets (policy reserves), then the pension fund's assets will be used to make up the shortfall.

36. Transfer-in of the withdrawal benefit

36.1 The withdrawal benefit is transferred into the new employer's pension fund. If a transfer is not possible, then pension cover must be maintained by means of a portable benefits policy or a portable benefits account.

Insured persons who leave the compulsory insurance plan after being insured for at least 6 months and who do not join a new pension fund may continue to obtain cover for the statutory minimum benefits through the BVG Substitute Occupational Benefit Institution.

36.2 Insured persons who do not join the occupational pension plan of a new pension provider must notify the Foundation of the legally permissible method by which they wish to maintain their pension cover.

Failure to notify the Foundation will result in the transfer of the withdrawal benefit, plus interest, to the BVG National Substitute Pension Plan. The transfer will occur six months at the earliest, but no later than two years after the portable benefit is due.

36.3 The insured person may request a cash payment of the withdrawal benefit in the following instances:

- if the withdrawal benefit amounts to less than his/her own annual contribution;
- if he/she leaves Switzerland permanently and fulfils the conditions stipulated under Art. 25f FZG;
- if he/she becomes self-employed and is no longer subject to compulsory insurance.

This remains subject to the statutory payment restrictions relating to the purchase of contributory years within the last three years prior to the requested cash payment.

36.4 Persons requesting a cash payment must inform the Foundation which of the aforementioned conditions have been fulfilled and provide the necessary documentation. Entitled persons who are married must provide the written consent of their spouse for cash payments to be approved. The Foundation can request proof of consent at the expense of the insured person.

36.5 All other claims against the Foundation allowed under these *Pension Regulations* lapse within the scope determined in law upon payment of the withdrawal benefit.

36.6 The withdrawal benefit becomes payable when the insured person leaves the pension fund. Interest on the withdrawal benefit will be calculated pursuant to Art. 2 FZG.

37. Transfer of the withdrawal benefit following divorce

37.1 In the case of divorce, a court of law may rule that a portion of the withdrawal benefit earned by an insured person during the marriage shall be transferred to the pension fund of his/her spouse, irrespective of the insured person's entitlement to portable benefits.

37.2 Benefits transferred in accordance with Clause 37.1 can be repaid into the pension fund by the divorced insured person.

VI. Transitional and final provisions

38. Amendments to the Pension Regulations

38.1 The Board of Foundation can amend these Regulations at any time in compliance with the legal requirements and the Foundation's purpose. The Board of Foundation can amend these Regulations at any time in compliance with the legal requirements and the Foundation's purpose.

38.2 The consent of the employer is required for amendments to the Regulations that lead to an increase in the employer's share of total contributions.

38.3 The supervisory authority must be notified of the amendments to these *Pension Regulations*.

39. Partial or total liquidation of the pension fund

The conditions and procedures for a partial or total liquidation of the pension fund are governed by the Foundation's *Regulations on the partial liquidation of the pension funds*.

40. Place of jurisdiction

The place of jurisdiction for disputes between the Foundation, the pension fund, the employer and entitled persons is the Swiss domicile or place of residence of the defendant or defendants or the place of business of the company at which the insured person was employed.

41. Entry into force, transitional provisions

41.1 These *Pension Regulations* come into effect from the agreed date, no earlier than 1 January 2015, and replace all previous regulations with the following exceptions.

41.2 Entitlement to retirement pensions and associated survivors' benefits is governed by the provisions of the regulations applicable on the date of retirement.

41.3 For persons who on the date on which the *Fund Regulations* enter into force or on the date of joining the pension fund:

- have died or are incapacitated for work due to the same reason that subsequently leads to death or disability; or
- whose earnings incapacity under the rules governing medical relapses set out in the regulations applicable to the original case has been interrupted;

the previous regulations applicable to the insured person:

- the death and disability benefits;
- the retirement age; and
- the scale used to determine the retirement credits.

41.4 Within the scope of the transitional provisions of the first BVG Revision, any regulatory entitlements are excluded and the compulsory BVG benefits will be payable as a maximum.

Appendix

The insurance company with which collective insurance contracts are concluded for the reinsurance of the risks of death, disability and longevity: Baloise Life Ltd

Manager: Baloise Life Ltd

The investment foundation with units in which the pension fund's assets can be invested: Baloise Investment Foundation for Pension Funds

The bank at which the pension fund's cash assets can be held: Baloise Bank SoBa

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