

Pension Fund Regulations

Valid with effect from 1st July 2019

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Based on Art. 5 of the Foundation Deed of the Independent Vested Benefits Foundation (henceforth called Foundation), the following Pension Fund Regulations are issued:

In the interest of comprehensibility, all personal references apply to both genders.

A) Purpose and organization of the Foundation

1 Purpose

- 1.1 The Foundation's aim in the field of occupational pension provision is to preserve and develop compulsory, pre-compulsory and non-compulsory retirement assets. To this end it accepts retirement assets or departure benefits as well as transferable vested benefits within the framework permitted by law.
- 1.2 The Foundation can offer insurance covering the risks of disability, death and longevity.

2 Content of the pension fund regulations

The provisions of the regulations below apply to the legal relationships between the insured member and the Foundation created through the retirement benefits agreement. In this context, these regulations govern, amongst other things, the rights and obligations of the insured member, as well as of the other beneficiaries under these regulations, to the Foundation.

3 Board of Trustees

- 3.1 The Foundation Deed stipulates that the Board of Trustees is responsible for managing the Foundation. The Board of Trustees consists of at least three members appointed by the Founder.
- 3.2 In addition to tasks and powers, the organisational regulations govern the constitution, term of office, permissible procedures for passing resolutions, representation and signatory arrangements.

4 Statutory auditors

- 4.1 The Foundation appoints statutory auditors to conduct annual audits of its management, accounts and investments.
- 4.2 Once approved by the Board of Trustees, the Foundation's accounts, together with the report of the statutory auditors, are filed with the responsible regulatory authority.

5 Financing

- 5.1 The Foundation, the Founder and their external service providers as well as the accredited custodian and asset management banks can charge fees in settlement of their costs. The Foundation can also utilise the freely available assets of the Foundation to finance its costs. The fees will be charged directly to the vested benefits account of the insured member and can be adjusted at any time.
- 5.2 The insured member will be handed a copy of the schedule of fees on becoming a member of the Foundation. The Foundation will supply the latest version of the schedule of fees on request.

B) Joining the scheme and termination of membership

6 Retirement Benefits Agreement

- 6.1 The Foundation concludes a Retirement Benefits Agreement with each insured member for the sole and irrevocable purpose of occupational pension provision as defined by Swiss legislation.
- 6.2 On conclusion of the Retirement Benefits Agreement, the Foundation opens a vested benefits account and, if required, a vested benefits custody account in favour of the insured member. For this purpose, the Foundation is authorised to share with the accredited account and custodian banks any data required to manage the account and custody account.
- 6.3 The insured member personally determines the amount to be transferred to the Foundation. The Foundation may specify a minimum amount in the Retirement Benefits Agreement.
- 6.4 The Foundation may refuse to accept a person as an insured member without giving reasons.

7 Implementation

- 7.1 The previous pension institution or vested benefits foundation transfers the retirement assets or departure benefits or transferable vested benefits to the Foundation. Subsequent contributions can be made if they take the form of retirement assets or departure benefits from another pension institution or transferable vested benefits from another vested benefits institution or repurchases of benefits pursuant to Art. 30d of the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG/LPP) or involve a settlement of retirement benefits arising from a divorce pursuant to Art. 22c and Art. 22f FZG [Swiss Federal Law on Vested Benefits VBA].
- 7.2 The insured member must arrange to have the departure benefits statement, together with all the necessary information from the previous pension arrangement, sent to the Foundation.
- 7.3 The Foundation shows the BVG/LPP portion for the deposited pension assets as well as for subsequent credits, separately.
- 7.4 The BVG/LPP portion for departure benefits as part of a divorce and for home-ownership promotion is forwarded on a pro-rata basis.

8 Vested benefits account

- 8.1 The amounts debited to the vested benefits account will include the following:
 - a) deposited retirement assets or departure benefits and/or transferable vested benefits
 - b) any payments made by other institutions for the purpose of providing occupational pension cover; except for tied pension institutions
 - c) repurchases in accordance with art. 30d of the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG/LPP)
 - d) transfers from the division of the pension assets in case of divorce or for capital deposits pursuant to Art. 22c and Art. 22f FZG/VBA
 - e) interest and income from securities
- 8.2 The amounts credited to the vested benefits account will include the following:
 - a) transfers to other pension or vested benefits institutions
 - b) withdrawals by the insured member as permissible under the legal provisions
 - c) pre-payments for home-ownership promotion
 - d) transfer of pension assets in the event of divorce
 - e) fees of the Foundation, the Founder or their external service providers, as well as those of the accredited custodian and asset management banks
 - f) risk premiums

- 8.3 The interest rate for the vested benefits accounts is set by the Foundation in consultation with the banks at which the accounts are held.
- 8.4 The interest will be credited at the end of each calendar year on a pro-rata basis to the BVG/LPP portion and the remaining pension assets.
- 8.5 If the insured member leaves the Foundation during the course of the year, the interest for the current year will be calculated on a pro rata basis up until the date of departure.

9 Vested benefits custody account and investment of assets

- 9.1 For insured members who wish their assets to be invested on an individual basis, a vested benefits custody account will be opened with one of the custodian and asset management banks accredited by the Foundation once the Strategy Sheet has been completed and signed. The corresponding banking partner will be determined by the insured member in agreement with the Foundation.
- 9.2 The development in value is determined by the corresponding performance which has been achieved with the chosen investment strategy that conforms to the requirements of BVV2. Income and losses will be apportioned to the BVG/LPP portion and the remaining pension assets on a pro-rata basis.
- 9.3 Changes in strategy are permitted in consultation with the corresponding custodian and asset management bank and the Foundation.
- 9.4 The Foundation monitors the adherence to the statutory guidelines on investment on a periodic basis, at least however as at 30 June and 31 December of each year.
- 9.5 The precise conditions and modalities of the individual investment of the retirement assets are spelled out in the Investment Regulations or Strategy Sheet.
- 9.6 Where retirement assets are invested on an individual basis, insured members are not entitled to any minimum interest payment or any conservation of capital value. The investment risk is borne solely by the insured member.

10 Duty to provide information

- 10.1 After the vested benefits account has been opened, insured members will receive a confirmation letter from the Foundation. At the beginning of each year they will also receive an account statement for the past year showing the interest credited to the account and the balance of their retirement assets at 31 December.
- 10.2 If the insured member has opted for the retirement assets to be invested on an individual basis, after his/her vested benefits custody account has been opened he/she will receive a confirmation letter from the Foundation. At the beginning of each year he/she will also receive a custody account statement showing information on performance, value of the custody account as well as a list of securities at 31 December.
- 10.3 Insured members must notify the Foundation of any changes in their address, name or marital status. If the insured member is married or living in a registered partnership the Foundation must also be informed of the date of the marriage or date on which the partnership was registered. The Foundation accepts no responsibility for the consequences of any deficiencies, delays or inaccuracies in the information on the insured member's address or personal details. Notices to insured members are deemed to be legally valid if sent to the last address held for them by the Foundation.
- 10.4 All correspondence from the insured member is deemed to be legally valid if it has been sent in writing direct to the Foundation or the Founder.

11 Retirement benefits

Insured members are entitled to retirement benefits. Retirement benefits may be paid out no earlier than five years prior to the ordinary AHV/AVS retirement age. Benefits may also be paid out up to five years after reaching the ordinary AHV/AVS retirement age. Insured members wishing to take their retirement benefits must submit a written application to the Foundation.

12 Death benefit

12.1 If the insured member dies before the retirement benefits have been drawn, the retirement assets will be regarded as a lump-sum death benefit and will be paid out to the following beneficiaries independently of inheritance law and in the following order of precedence:

1. the surviving spouse or the surviving registered partner and the deceased's dependent children pursuant to Art. 20 BVG/LPP;
2. natural persons who were supported to a considerable extent by the insured member, or the person with whom the insured member lived in a domestic partnership for an uninterrupted period of five years preceding his death or who is responsible for the maintenance of one or more joint children;
3. the deceased's children who do not meet the requirements pursuant to Art. 20 BVG/LPP, the parents or siblings;
4. any other legal heirs, with the exception of the canton and commune.

Subject to 12.2 below, a group of persons higher in the order of precedence will exclude the groups below it from entitlement to benefits. Within a group of persons, the benefit payable will be divided equally.

12.2 Insured members can deviate from the order of beneficiaries specified by the regulations in accordance with 12.1 and submit a request for the group of persons and their claims as follows:

1. The group of persons in 12.1.1 can be added to the group of persons in 12.1.2.
2. Within a group of persons, it is permitted to deviate from the per capita based distribution. The beneficiaries in the group of persons in 12.1.1 cannot be totally excluded.

12.3 A request in writing for a deviation from the order of beneficiaries specified by the regulations in accordance with 12.2 must be submitted to the Foundation. Following approval by the Foundation, the requested order of beneficiaries comes into retrospective effect from the date of the request. The change can be revoked at any time, in which case the order of beneficiaries specified by the regulations will be reinstated.

13 Premature termination of membership

13.1 If the insured member joins a new pension institution, the pension capital must be transferred to the new pension institution in order to preserve the pension cover of the new pension institution. Partial transfers of the retirement assets are permissible if they are intended for the purpose of buying into a pension institution. The vested benefit assets may only be transferred to another vested benefits institution.

13.2 The retirement assets may be paid out early at the insured member's request if the insured member is in receipt of a full disability pension from the Federal Social Disability Insurance scheme (IV) and no cover is provided for the disability risk.

13.3 An advance cash payment is permissible if

- a) the insured member leaves Switzerland permanently; subject to art 25f FZG.
- b) the insured member has become gainfully self-employed and as such is no longer subject to compulsory occupational pension provision;
- c) The retirement assets are less than the insured member's own annual contributions in his/her previous pension scheme, extrapolated to a full year of contributions.

13.4 For an early cash payment to be made, the following formalities, amongst others, will be required:

- a) Single insured members will need to submit an up-to-date certificate of marital status and a copy of their passport.
- b) Insured members who are married or living in a registered partnership will need to submit an officially authenticated signature of their spouse or registered partner. If consent cannot be obtained or is refused without a valid reason, the insured member can have recourse to the courts.
- c) Divorced insured members will need to submit a copy of the divorce ruling.
- d) Where a registered partnership has been dissolved, the court certificate of dissolution will need to be submitted.
- e) Widowed insured members will need to submit a copy of the complete family record book.

13.5 The Foundation reserves the right to request additional attestations and documents to the extent that this is deemed necessary in order to establish the facts. Any costs are borne in full by the insured member.

14 Claiming and payment of the retirement assets

14.1 To receive the retirement assets, the insured member must provide the Foundation with precise details of the reason for the payment, the address to which payment should be sent, including bank details and the necessary documents. The corresponding request for transfer or withdrawal must be signed by the insured member. In the case of married insured members or insured members living in a registered partnership, payment in cash pursuant to Art. 13.3 is only permissible if the spouse or registered partner has given his/her written consent and the authenticity of the signature has been officially notarised.

14.2 If necessary and practicable, on withdrawal of the retirement assets, the securities holdings can be transferred from the vested benefits custody account of the insured member to a private custody account. Any costs must be borne by the insured member or the beneficiaries.

14.3 The retirement assets will be paid in the form of a lump sum (liquidity or securities) and/or pension and will be due within 31 days after receipt of the fully completed application. The amount of the benefit corresponds to the balance of the vested benefits account and/or vested benefits custody account.

15 Pledging and assignment

The entitlement to benefits cannot be legally assigned or pledged before they are due. Subject to art. 16 and 17.

16 Home-ownership promotion

16.1 Under the home-ownership promotion programme, insured members are permitted both to assign their claims vis-à-vis the pension institution and to use them directly or make advance withdrawals.

- 16.2 The funds may be withdrawn in advance up to five years before the insured member reaches regular AHV retirement age. The written consent of the spouse or registered partner is a mandatory requirements. If consent cannot be obtained or is refused without a valid reason, the insured member can have recourse to the courts.
- 16.3 Pre-payments of the retirement assets can only be made once every five years.
- 16.4 In principle the entire retirement assets are available for pre-payments or assignment, but if the insured member is more than 50 years old it is limited to his/her retirement assets at the age of 50 or to half his total retirement assets if this is higher.
- 16.5 The pre-payments for home ownership may be paid back up to three months before the ordinary AHV/AVS retirement age.
- 16.6 In all other respects, the Federal law and ordinance on home ownership promotion through pension-fund assets apply.

17 Divorce

- 17.1 In the event of divorce or termination of a registered partnership, the court may determine that part of the retirement assets acquired by the insured member during the marriage is to be transferred to the pension fund or vested benefits foundation of the insured member's spouse, or registered partner and imputed against pension-related entitlements arising from the divorce.
- 17.2 The Foundation will transfer this benefit to the pension scheme or vested benefits foundation of the entitled spouse or registered partner in accordance with the court judgement.
- 17.3 If the liable spouse reaches the retirement benefit age during the divorce proceedings, the Foundation can reduce the departure benefit pursuant to Art. 123 resp. 124 Para. 1 ZGB [Swiss Civil Code]. Art. 19g FZV/VBA applies for the reduction.
- 17.4 If, in the case of the pension settlement for a recipient of a retirement or supplementary retirement pension, the pension is transferred to the pension provision of the entitled spouse, the entitled spouse and the Foundation can agree to the transfer of a lump sum instead of this pension.
- 17.5 Moreover, the statutory provisions apply.

18 Self-employment

- 18.1 A claim for payment in cash for a gainfully self-employed insured member can only be made when commencing self-employment resp. within one year after commencement of self-employment.
- 18.2 However, the payment in cash of the retirement assets accumulated by the self-employed person with voluntary insurance for the purpose of investing in the business is only permitted providing the possibility of abuse can be ruled out.

C) Additional risk benefits (disability, death and longevity)

19 General provisions

- 19.1 As part of the insurance protection options offered by the Foundation, the insured member may submit an application for his cover requirements to the Foundation. A precondition for this is that the insured member must hold retirement assets of at least CHF 100'000 with the Foundation.
- 19.2 Cover for all the risk benefits offered by the Foundation is provided by means of reinsurance contracts. The Foundation's benefit obligations shall not extend beyond the benefit obligations of these reinsurance contracts.
- 19.3 Early dissolution of membership pursuant to Article 13 is not possible if the risk of disability is insured and the insured contingency has already materialized.
- 19.4 The acceptance conditions, beginning and end of cover, extent of cover, financing of risk premiums etc. are dealt with in separate Retirement Pension and Risk Benefit Regulations.

D) Final provisions

20 Place of performance

The place of performance for all retirement benefits is the Swiss domicile of the insured member or the beneficiaries. If domiciled outside Switzerland, the insured member or the beneficiary must name a bank in Switzerland as the place of payment.

21 Jurisdiction

The place of jurisdiction for disputes over the interpretation of these Pension Fund Regulations (incl. Risk Benefit and Retirement Pension Regulations) shall be the Swiss registered office or place of residence of the defendant. The registered office of the Foundation is the place of jurisdiction for disputes concerning insured members or beneficiaries domiciled abroad. The Foundation has its registered office in Schwyz.

22 Liability

The Foundation shall not be liable to the insured members for any consequences arising from their failure to comply with their statutory, contractual and regulatory obligations.

23 Loopholes in the Pension Fund Regulations

If any provisions regarding specific situations have been omitted from these regulations, the Board of Trustees will implement a ruling that conforms to the Foundation's purpose.

24 Tax treatment on payment of benefits

- 24.1 Under federal and cantonal law the retirement assets are taxable on their payment. In addition, the Foundation must comply with the provisions of the Federal Law on Withholding Tax.
- 24.2 If the insured member finally leaves Switzerland or takes up permanent residence abroad, withholding tax will be levied on payment of the retirement assets.

25 Change in the Pension Fund Regulations

These regulations may be amended by the Board of Trustees at any time in compliance with the statutory provisions. The changes to the key legal provisions governing these regulations will be applicable on their entry into force and will be made available online or notified to the insured member in writing.

26 Entry into force

- 26.1 These Regulations have also been translated into other languages. For all cases the German version is legally binding.
- 26.2 These regulations were approved by the Board of Trustees and come into force with effect from 1st July 2019 and replace the previous regulations dated 26 June 2015.

Schwyz, 26 March 2019

Board of Trustees of the
Independent Vested Benefits Foundation