



Annual report 2017

Vita Plus Joint Foundation of
Zurich Life Insurance Company Ltd

Table of contents

Foreword

Statement from the Chairman of the Foundation Board	4
--	---

Balance sheet and operating statement

Balance sheet	7
Operating statement	8

Notes

1 Principles and organization	11
2 Active insured and pensioners	13
3 Achievement of purpose	14
4 Valuation and accounting principles, consistency	14
5 Actuarial risk / risk coverage / coverage ratio	15
6 Investments and net investment result	18
7 Explanation of other items on the balance sheet and operating statement	20
8 Requirements of the supervisory authority	21
9 Additional information on the financial position	21
10 Events after reporting date	22

Statutory auditor's report to the Foundation Board

Statutory auditor's report on the financial statements	25
---	----



The annual report of Vita Plus Joint Foundation of Zurich Life Insurance Company Ltd is published in German, French and English. Should the French and English translations deviate from the original German text, the German version is binding. Any reproduction, including extracts, is only permitted subject to indication of the source. File copy requested.

Statement from the Chairman of the Foundation Board



L to R: Stephan Wenk, Caroline Lenzin, Matthias A. Pfammatter, Etienne Petitpierre

Dear Reader,

A pleasing interest rate thanks to a favorable market environment

It is with great pleasure that I can inform you that we can look back on an altogether successful year in 2017. International markets have undergone a most positive development so that we can report good interest earned on our customers' retirement assets. Interest earned in 2017 stands at a pleasing rate of 1.25 percent.

Digitization is making progress

As in previous years, we have seen further improvements in relation to costs, technology and service. With a continual focus on the effective and cost-efficient management of business, we have achieved another small cost reduction for each of the actively insured.

We are making progress with digitization, which is going according to plan, and have further developed our Group Life platform. In the meantime, a large part of the connections has been migrated. We have integrated new functions into the Online Employee Occupational Pension Plan. Those who would like information by telephone can immediately receive support from our friendly team at the Help Point BVG for occupational retirement provision.

Discussion about the future

The Vita Plus Joint Foundation provides what is known as full coverage. This means that our customers are insured against all risks. Zurich re-insures the risks of old age, disability and death, and the investment of the retirement assets has also been delegated to Zurich. The reserve ratio is therefore 100%. Various factors are currently causing us to think about this model. These factors include the persistently low level of interest rates over a number of years, increasing longevity and the fact that the regulatory requirements for insurance companies in Switzerland are significantly stricter than they are in the EU or the U.S.

We seek to maintain close contact with our insured and conduct open discussions with them so that we can offer a sustainable pension planning solution that remains attractive.

A new expert to represent your interests

Since July 2017, a new expert has been representing the interests of our insured on the foundation board. HR specialist, Caroline Lenzin, who is 41 years old, comes from the Canton of Aargau and works for HEFTI. HESS. MARTIGNONI. in Aarau. She has joined the board as an em-

employee representative. Jrene Flück has resigned from the foundation board. We would like to sincerely thank her for all her good work.

In addition to Vita Plus, the Vita joint foundation with Vita Classic, Vita Select and Vita Invest offer a range of products to satisfy the most diverse needs when it comes to retirement provision. In this way we also enable companies to select their own investment strategy or give their employees the freedom to define their own individual strategy.

As you can see, we focus equally on the interests of both employers and the insured. Both entre-

preneurs and their employees can rest assured that their occupational retirement provision is in the right hands with the Vita joint foundation.

We look forward to continuing our partnership and thank you for your trust.



Matthias A. Pfammatter
Chairman of the Foundation Board of the Vita
Plus Joint Foundation

Balance sheet and operating statement

Balance sheet

Assets

in CHF	12 / 31 / 2017	12 / 31 / 2016
Investments	58,733,208	64,964,877
Accounts receivable from affiliated employers	3,984,072	2,953,283
Accounts receivable vis-à-vis Zurich Life		
From current account	19,779,573	20,754,661
From assets of pension funds and the insured	32,760,647	39,335,670
Accounts receivable vis-à-vis pension funds		
Prepaid pensions	2,208,917	1,921,262
Total assets	58,733,208	64,964,877

Liabilities

in CHF	12 / 31 / 2017	12 / 31 / 2016
Liabilities	37,264,093	40,495,195
Vested benefits and pensions		
Departure payments	7,918,287	14,055,049
Insurance benefits	315,832	90,962
Terminations of contract	213,391	215,754
Liabilities vis-à-vis pension funds		
Premium accounts (prepaid contributions)	23,666,036	23,610,335
Incoming payments not yet processed	2,889,287	0
Liabilities vis-à-vis Zurich Life		
Prepaid pensions	2,208,917	1,921,262
Liabilities vis-à-vis security fund	52,343	52,866
Other liabilities	0	548,966
Employers' contribution reserves	16,599,952	16,007,282
Unrestricted assets and savings assets / surplus – pension funds	4,771,554	8,364,792
Liabilities vis-à-vis pension funds		
Uncommitted funds of pension schemes	2,098,455	2,911,693
Savings assets surplus		
Allocated surpluses	2,673,099	5,453,099
Foundation capital, unrestricted assets of foundation	97,609	97,609
Foundation capital	97,609	97,609
Total liabilities	58,733,208	64,964,877

Operating statement

in CHF	01/01–12/31/2017	01/01–12/31/2016
Regular and other contributions and purchases	133,152,089	150,012,324
Savings contributions	70,390,900	70,019,003
Risk contributions	10,543,580	11,145,281
Cost contributions	4,582,482	4,674,618
Security fund contributions	52,869	52,538
Single contributions and purchase amounts	43,751,134	51,992,028
Capital contributions to uncommitted funds of pension schemes	173,537	9,490,419
Capital contributions to employers' contribution reserves	3,657,587	2,638,436
Benefits brought into scheme	19,731,228	22,491,784
Vested benefits	18,050,628	22,320,458
Advance withdrawals for promotion of home ownership/divorce	1,680,600	171,326
Incoming contributions and benefits brought into scheme	152,883,317	172,504,108
Regulatory benefits	-51,817,390	-51,092,348
Retirement pensions	-6,640,235	-6,387,909
Survivors' pensions	-941,529	-994,705
Disability pensions	-1,449,897	-1,433,075
Other regulatory benefits (liberation of premium waivers)	-1,167,298	-1,028,598
Lump-sum payments on retirement	-40,335,480	-39,473,418
Lump-sum payments for death and disability	-1,282,951	-1,774,643
Departure payments	-89,331,370	-96,566,176
Vested benefits paid to departing insured	-82,863,013	-89,054,900
Transfer of additional assets in the case of a collective departure	-905,781	-559,132
Advance withdrawals for promotion of home ownership/divorce	-5,562,576	-6,952,144
Outgoing benefits and advance withdrawals	-141,148,759	-147,658,523
Brought forward	11,734,557	24,845,585

in CHF	01/01–12/31/2017	01/01–12/31/2016
Brought forward	11,734,557	24,845,585
Formation / Reversal of uncommitted funds of pension schemes and employers' contribution reserves	295,683	-643,160
(-) Formation / (+) Reversal of uncommitted funds of pension schemes	815,725	-674,758
(-) Formation / (+) Reversal of employers' contribution reserves	-520,042	31,598
Income from insurance benefits	143,673,925	153,122,125
Insurance benefits	140,284,328	147,099,492
Dividends from insurance company	3,389,596	6,022,633
Insurance costs	-155,704,165	-177,324,550
Premiums to insurance companies		
Savings premiums	-70,390,900	-70,019,003
Risk premiums	-10,543,580	-11,145,281
Cost premiums	-4,582,482	-4,674,618
Single contributions to insurance companies	-63,482,361	-74,483,812
Use of unrestricted assets of pension funds	-973,572	-8,791,680
Use of employers' contribution reserves	-2,288,803	-2,134,984
Use of dividends from insurance	-3,389,596	-6,022,633
Contributions to security fund	-52,869	-52,538
Net result from insurance segment	0	0
Net investment result	0	0
Interest on assets	544,847	697,159
Interest on liabilities	-360,392	-548,856
Interest credit Vita Plus (-)/Zurich Life (+)	-184,455	-148,303
Result	0	0

Notes

1 Principles and organization

Legal form	Foundation pursuant to Art. 80 et seq. Swiss Civil Code
Establishment of Foundation	November 3, 1961
Deed of Foundation (last amendment)	October 2014
Funding method	Defined contribution plan
Registration	Supplementary pension plan
Security fund	Yes

Regulations	Version	Date of resolution	Entry into force
Pension regulations Vita Plus «Altersrente»	1/2017	November 29, 2016	January 1, 2017
Pension regulations «Alterskapital»	1/2017	November 29, 2016	January 1, 2017
Pension regulations «Risikoleistungen»	1/2017	November 29, 2016	January 1, 2017
Regulations on elections	1/2015	September 10, 2014	January 1, 2015
Rules of organization	1/2014	June 3, 2014	January 1, 2014
Regulations on partial liquidation	1/2014	June 3, 2014	July 1, 2014

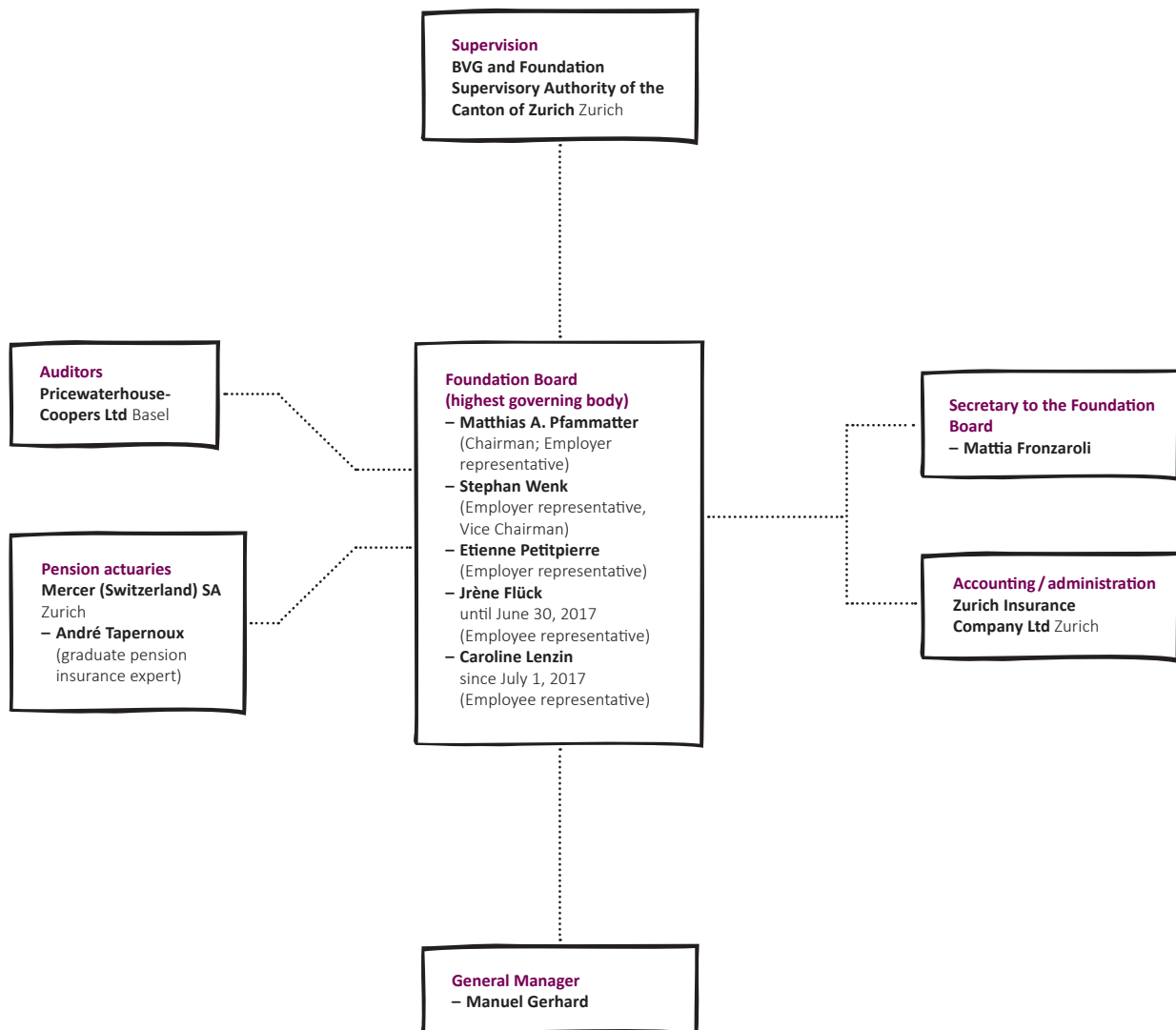
1.1 Purpose

The purpose of the Foundation pursuant to the terms of the Foundation deed, retirement provision regulations and the relevant statutory provisions is non-obligatory occupational retirement provision for employees and employers upon retirement and disability and/or death benefits for their surviving dependents. The Foundation provides regulatory benefits.

1.2 Affiliated employers

	12/31/2017	12/31/2016
Number of affiliated employers	1,405	1,446
Situation at beginning of period	1,446	1,509
Additions	74	55
Disposals	115	118

1.3 Highest governing and executive bodies, management and signatory powers



1.3.1 Signatory powers

The Foundation Board Committee appoints the persons who are authorized to sign on behalf of the Foundation. Only joint signatures, with a minimum of two signatures, are allowed.

2 Active insured and pensioners

	12/31/2017	12/31/2016
Active insured ¹⁾	7,242	7,209
Balance at beginning of the period	7,209	7,003
Entries	934	1,127
Withdrawals	-778	-807
Retirements	-123	-114
Pensioners	350	349
Balance at beginning of the period	349	371
New pensioners	26	19
Withdrawals	-9	-16
Deaths	-16	-25
Retirement pensions	197	195
Survivors' pensions	62	63
Temporary survivorship annuities	3	3
Disability pensions	81	80
Retired persons' children's pensions	5	5
Orphans' pensions	2	3
Disabled persons' children's pensions	0	0
Total number of pensioners	350	349

1) Active insured including contributions-exempted insured

3 Achievement of purpose

The purpose of the Foundation is fulfilled when employers willing to affiliate with the Foundation join the Foundation under affiliation contracts. With the conclusion of an affiliation contract, a pension fund is established.

The fund manager approves the pension regulations enacted by the Foundation Board. The fund manager also adopts a pension plan that sets out

the type and scope of the occupational benefits, the contributions of the insured and the employer, and the provisions specific to the pension fund.

The fund manager enacts the pension regulations and pension plan.

The pension costs are financed by the employees and the employer, whereby the employer must bear at least 50 percent of the costs.

4 Valuation and accounting principles, consistency

4.1 Confirmation that accounts are drawn up in accordance with Swiss GAAP ARR 26

Accounting, reporting and valuation practices comply with the provisions of the Swiss Code of Obligations (OR) and the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). The annual financial statements comprising the balance sheet, operating statement and notes portray the actual financial position of the Foundation as defined in the occupational benefits legislation and comply with the provisions of Swiss GAAP ARR 26.

4.2 Accounting and valuation principles

All the Joint Foundation's assets and liabilities are accounts receivable and liabilities in Swiss francs recorded on the balance sheet at nominal value. All franc amounts are shown in the annual financial statement and notes as rounded francs. The sums may exhibit minor differences due to these rounded figures.

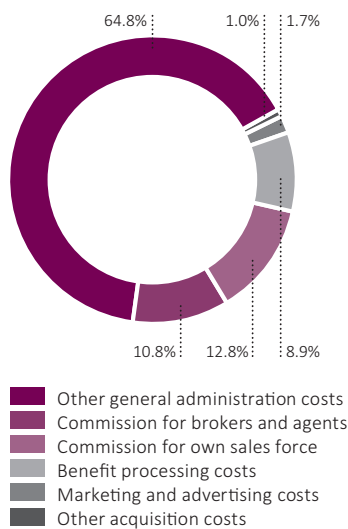
5 Actuarial risk / risk coverage / coverage ratio

5.1 Type of risk coverage / reinsurance

For the insurance-related risks of retirement, death and disability, as well as for investment risks, the Foundation has concluded a collective life insurance agreement with Zurich Life Insurance Company Ltd (Zurich), structured on the basis of the full insurance model.

Apart from the foundation capital, the Foundation has no assets of its own. Zurich Life Insurance Company Ltd books the cost items jointly for all its collective insurance agreements. The Foundation Board therefore considers the breakdown of the reinsurer's administrative costs by foundation in accordance with art. 48a BVV 2 as not directly applicable and instead uses the breakdown pursuant to the occupational pension provision income statement submitted to FINMA as the basis.

The percentage split of the gross costs in the collective life business pursuant to the occupational pension provision income statement drawn up in accordance with the requirements of the Swiss Financial Market Supervisory Authority FINMA can be seen in the chart on the right.



(Source: Income statement 2017 – occupational pensions, accessible on the internet at www.zurich.ch)

The expenses for the auditors, the pension actuary and the supervisory authorities are booked jointly by Zurich Life Insurance Company Ltd as well, but can be allocated to an individual foundation. For Vita Plus Joint Foundation, the following was booked in 2017:

	in CHF
Expenses for the auditors	16,221
Expenses for the pension actuary	11,340
Costs for the supervisory authorities (BVS and OAK)	24,378

5.2 Explanations for assets and liabilities under insurance agreements

The insured persons' savings capital and the retirees' actuarial reserves from the collective life insurance agreement concluded with Zurich Life Insurance Company Ltd are not recorded on the balance sheet. They have developed as follows:

Development of savings capital / retirement assets

in CHF	12 / 31 / 2017	12 / 31 / 2016
Total savings capital	969,594,971	967,129,405

There is no table showing the development of savings capital. For the savings capital recorded in the annual financial statement, the Foundation relies on the data from the technical information system (TIS) of Zurich Life Insurance Company Ltd's actuarial service.

Development of interest earned on savings capital / retirement assets

Year	Total interest earned
2010	3.00%
2011	2.75%
2012	2.50%
2013	2.50%
2014	2.50%
2015	2.00%
2016	1.75%
2017	1.25%

Changes to pensioners' actuarial reserves

in CHF	12 / 31 / 2017	12 / 31 / 2016
Pensioners' actuarial reserves	99,869,894	96,390,157
Retirement pensions	76,744,810	73,090,631
Retired persons' children's pensions	400,360	285,092
Survivors' pensions	8,476,282	8,962,377
Orphans' pensions	4,923	3,779
Temporary survivorship annuities	120,758	146,179
Disability pensions	7,318,259	7,308,891
Disabled persons' children's pensions	0	0
Premium waivers	6,804,500	6,593,209

5.3 Changes to and interest on pension schemes' uncommitted funds

in CHF	2017	2016
Interest on uncommitted funds	0.50%	1.00%
Uncommitted funds	2,098,455	2,911,693
Balance at the beginning of the period	2,911,693	2,209,835
Capital contributions to uncommitted funds		
From contracts taken over	18,782	0
From contributions	154,754	9,490,419
Withdrawals from uncommitted funds		
From contract terminations	-43,947	-23,990
For capital contributions to savings capital	-973,572	-8,791,680
Reconciliation of differences	28,257	8
Interest on uncommitted funds	2,487	27,101

The item reconciliation of differences can include delayed reporting of changes in the number of insured persons.

5.4 Actuarial report from May 10, 2017

In his report as of 12/31/2016, the pension actuary stated the following:

The benefits from the pension regulations are insured by the Joint Foundation via a collective life insurance agreement with Zurich Life Insurance Company Ltd. All benefit obligations as well as all services are covered by the collective life insurance agreement. The pension plan is therefore subject to neither an underwriting risk nor an investment risk.

The item reconciliation of differences can include delayed reporting of changes in the number of insured persons.

5.5 Coverage ratio pursuant to Art. 44 para. 2 BVV 2

All regulatory benefits are assured via the collective life insurance agreement with Zurich Life Insurance Company Ltd. Therefore, neither surplus cover nor coverage deficiency is possible; the coverage ratio is always 100 percent.

6 Investments and net investment result

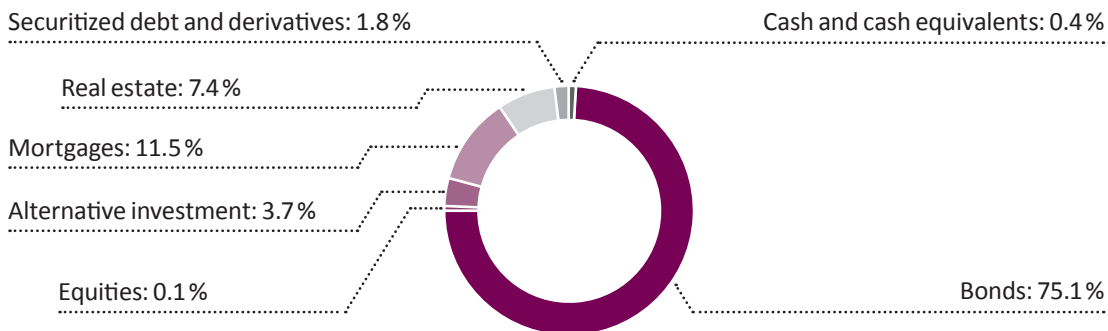
6.1 Investments by asset class

The assets are generally invested by Zurich Life Insurance Company Ltd by way of the collective life insurance agreement. As the assets are invested with Zurich Life Insurance Company Ltd as tied assets, the investment regulations pursuant to BVV 2 are complied with or surpassed because the investment regulations for tied assets in

accordance with art. 79 AVO and FINMA Circular 2016/5 – Investment Guidelines for Insurers – are stricter than the investment regulations in accordance with art. 49 et seq. BVV 2.

The asset management costs are shown in the occupational pension provision income statement of Zurich Life Insurance Ltd (www.zurich.ch).

6.2 Capital investments via the tied assets of Zurich Life Insurance Company Ltd as at December 31, 2017



6.3 Investments with employers and employers' contribution reserves

in CHF	2017	2016
Interest on arrears on employers' current accounts	4.0%	4.0%
Employers' current accounts	3,984,072	2,953,283
Interest on employers' contribution reserves	0,5%	1,0%
Employers' contribution reserves	16,599,952	16,007,282
Balance at the beginning of the period	16,007,282	15,894,982
Capital contributions to employers' contribution reserves		
From contracts taken over	0	31,289
By employers	3,657,587	2,607,148
Withdrawals from employers' contribution reserves		
From contract terminations	-861,834	-535,143
By employers	-2,288,803	-2,134,984
Reconciliation	13,093	93
Interest on employers' contribution reserves	72,628	143,898

7 Explanation of other items on the balance sheet and operating statement

7.1 Savings, risk and other contributions broken down into employer and employee contributions

For technical reasons, the contributions are not broken down into employer and employee contributions in the operating statement. For information purposes, the following table provides a breakdown for all contributions:

in CHF	2017	2016
Savings contributions	70,390,900	70,019,003
Savings contributions by employees	24,990,611	24,437,615
Savings contributions by employers	45,400,289	45,581,388
Risk and other contributions	15,178,932	15,872,438
Risk and other contributions by employees	4,758,013	4,709,467
Risk and other contributions by employers	10,420,919	11,162,970
Total contributions	85,569,832	85,891,441
Total contributions by employees	29,748,624	29,147,083
Total contributions by employers	55,821,208	56,744,358

7.2 Allocation to the surplus fund / dividends of the insured

Zurich Life Insurance Company Ltd determines the allocation of the surplus fund generally for agreements subject to the minimum quota on an annual basis, taking account of the federal government's statutory supervisory regulations (notably art. 37 et seq. VAG, art. 139 et seq. AVO and the FINMA Circular 2008/36 – Occupational Pension Provision Income Statement).

The allocation to the surplus fund is derived from the total results of the savings, risk and costing processes. Both the savings and risk processes produced positive results in 2017. The results of the costing process were negative. The balance was then allocated to the surplus fund.

The total expenses in 2017 for agreements subject to the minimum quota amounted to 91.0 percent of income in the same fiscal year. Zurich Life Insurance Company Ltd thus fully met its legal requirements.

The dividends allocated to the pension funds are used to increase the retirement assets of the insured unless the administration committee of the pension fund passes a resolution that is explicitly contrary to this and communicates this to the Foundation.

The details of the surplus calculation can be found in the occupational pension provision income statement of Zurich Life Insurance Company Ltd (www.zurich.ch, occupational retirement provision).

8 Requirements of the supervisory authority

Verdict by February 6, 2018 by the BVG and Foundation Supervisory Authority of the Canton of Zurich (BVS) regarding its audit of the 2016 report: The supervisory authority listed a number of comments and requirements in its letter regarding the 2016 report. The Foundation addressed these in the current annual financial statement.

9 Additional information on the financial position

Report on partial liquidations of affiliated pension funds

The Foundation's regulations on partial liquidation require employers to inform the Foundation without delay of any workforce reduction or restructuring that could lead to a partial liquidation. If the conditions for a partial liquidation are met, the fund manager of the relevant pension fund must pass a declaratory resolution to trigger the partial liquidation process.

In the 2017 financial year, the affiliated employers did not inform the Foundation of any decisions that led to a partial liquidation of an affiliated pension fund. As a result, no partial liquidations of affiliated pension funds were carried out in 2017.

Additional information on the financial position

No further significant events have occurred with regard to the financial position. All benefits of the Foundation vis-à-vis its beneficiaries are covered via the collective life insurance agreement with Zurich Life Insurance Company Ltd.

10 Events after reporting date

No events after the reporting date have come to light that could have a material impact on the assessment of the annual financial statements.

Statutory auditor's report to the Foundation Board

Statutory auditor's report to the Foundation Board on the financial statements 2017

As statutory auditor, we have audited the financial statements of Sammelstiftung Vita Plus der Zürich Lebensversicherungs-Gesellschaft AG, which comprise the balance sheet, operating accounts and notes (on pages 7 to 22), for the year ended December 31, 2017.

Foundation Board's responsibility

The Foundation Board is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and with the foundation's deed of formation and the regulations. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Foundation Board is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Responsibility of the expert in occupational benefits

In addition to the auditor, the Foundation Board appoints an expert in occupational benefits to conduct the audit. The expert regularly checks whether the occupational benefit scheme can provide assurance that it can fulfil its obligations and that all statutory insurance-related provisions regarding benefits and funding comply with the legal requirements. The reserves necessary for underwriting insurance-related risks should be based on the latest report provided by the expert in occupational benefits in accordance with article 52e paragraph 1 of the Occupational Pensions Act (OPA) and article 48 of the Occupational Pensions Ordinance 2 (OPO 2).

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2017 comply with Swiss law and with the foundation's deed of formation and the regulations.

Report on additional legal and other requirements

We confirm that we meet the legal requirements on licensing (article 52b OPA) and independence (article 34 OPO 2) and that there are no circumstances incompatible with our independence.

Furthermore, we have carried out the audits required by article 52c paragraph 1 OPA and article 35 OPO 2. The Foundation Board is responsible for ensuring that the legal requirements are met and that the statutory and regulatory provisions on organisation, management and investments are applied.

We have assessed whether

- organisation and management comply with the legal and regulatory requirements and whether internal controls exist that is appropriate to the size and complexity of the foundation;
- funds are invested in accordance with legal and regulatory requirements;
- measures have been taken to ensure loyalty in fund management and whether the Governing Body has ensured to a sufficient degree that fund managers fulfil their duties of loyalty and disclosure of interests;

- the available funds or discretionary dividends from insurance contracts have been used in compliance with the legal and regulatory provisions;
- the legally required information and reports have been given to the supervisory authority;
- the pension fund's interests are safeguarded in disclosed transactions with related entities.

We confirm that the applicable legal and statutory and regulatory requirements have been met.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Michael Stämpfli
Audit expert
Auditor in charge

Felix Steiger
Audit expert

Basel, May 25, 2018

**Vita Plus Joint Foundation
of Zurich Life Insurance Company Ltd**

Hagenholzstrasse 60 | 8050 Zurich
www.vita.ch

