Vita Classic retirement provision model

Vita Classic is the appropriate choice for companies of every size that are looking for a secure and fair retirement provision solution and would like to adjust it easily to their own needs. The Vita retirement provision model facilitates direct, balanced participation of the insured in the investment income generated.

How does the Vita Classic retirement provision model work?
With the Vita Classic retirement provision model, the total interest on the retirement assets consists of a base interest rate and an additional interest rate. The base interest rate corresponds with the legally determined minimum interest rate in the BVG mandatory coverage (BVG minimum interest rate). The calculation of the additional interest is based on a transparent, comprehensible mechanism that is known in advance for the following year.

Interest table – pension regulations (as of 2021)

Cover ratio	Basic interest Mandatory coverage/ super mandatory part	Maximum interest rate Mandatory coverage/ super mandatory part
From 118 %	BVG minimum interest rate	2.00 %
From 116 %		1.75 %
From 114 %		1.50 %
From 112 %		1.25 %
From 110 %		1.00 %
From 108 %		0.80 %
From 106 %		0.60 %
From 104 %		0.40 %
From 102 %		0.20 %
Under 102 %		–
Under 100 %	1)	–
Under 95 %	2)	–

1) Mandatory coverage: BVG minimum interest rate; super-mandatory part: 0 %

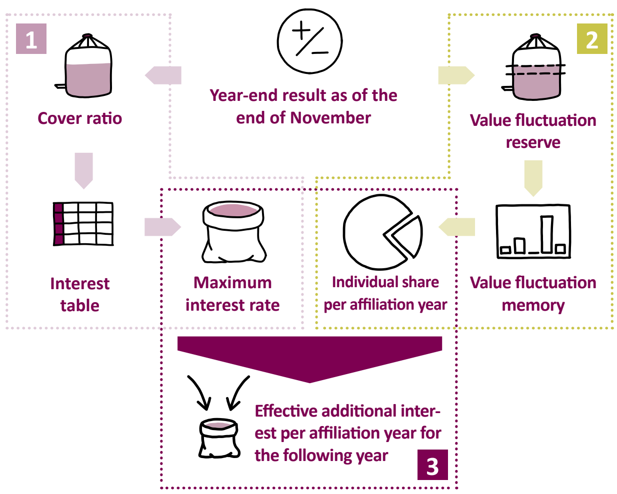
2) Mandatory coverage: BVG minimum interest rate minus 0.5 %; super-mandatory part: 0 %

The mode of operation of the Vita Classic retirement provision model can be explained on the basis of a granary. The cover ratio corresponds to the level of the granary – all funds above a cover ratio of 100 % form the fluctuation reserve. The share of the maximum additional interest depends on the cover ratio at the end of November and the duration of the company's affiliation with the Vita Collective Foundation. The cover ratio must be at least 102 % to ensure that additional interest can be distributed to the insured.

Three steps to effective additional interest

1 Determining the maximum additional interest
At the end of November each year, the maximum additional interest is taken from the interest rate table in accordance with the cover ratio.

2 Determining the individual share (of the additional interest)
The individual share of the additional interest depends on the affiliation year with the Vita Collective Foundation and is recorded in the value fluctuation memory.



3 Calculating the effective additional interest
The effective additional interest is calculated by multiplying the maximum additional interest rate by the individual share in the formation of the value fluctuation reserve.

Calculation examples – effective additional interest 2023

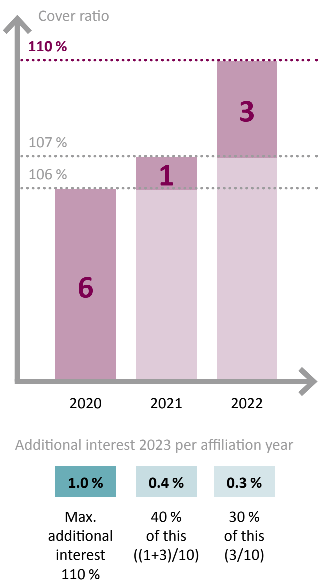
Positive development

Background: The cover ratio increases from 107 % to 110 % in 2022. The value fluctuation reserve will thus increase by 3.

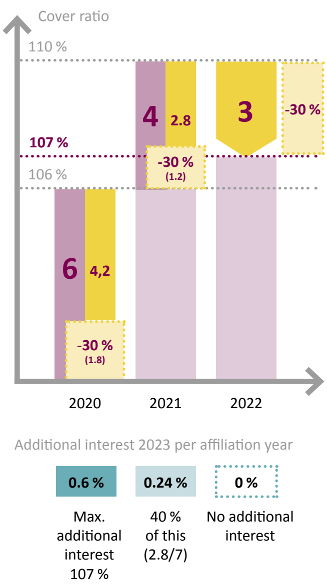
Not all affiliated companies have contributed equally to this positive development. The numerical example shows the calculation of the individual shares schematically: In this fictitious example, the companies that joined the Vita Collective Foundation before or in 2020 are entitled to the maximum additional interest rate in accordance with the transitional provisions.

With a cover ratio of 110 %, the maximum additional interest is 1 % according to the interest rate table. Companies that have joined the Vita Collective Foundation since 2020 have made a smaller contribution to the positive development of the cover ratio and to the formation of the value fluctuation reserve. They therefore only receive a share of the maximum additional interest. Companies that joined in 2021 are entitled to a total of 40 % (2021 and 2022) of the maximum additional interest of 1 %. Consequently, they will receive 0.4 % additional interest. Companies that joined in 2022 are entitled to 30 % (2022), which corresponds to additional interest of 0.3 %.

Positive development



Negative development



Negative development

Background: The cover ratio drops from 110 % to 107 % in 2022. The value fluctuation reserve consequently drops by 3.

Companies that joined in 2022 are not entitled to additional interest in 2023 because the trend in the year of affiliation is negative

Even in the event of a negative development, the focus is on fair participation of the affiliations, which is why the drop in the value fluctuation reserve is distributed proportionally to the fluctuation reserve shares of the previous years. Taking this reduction into consideration, the 2021 affiliations will receive their correspondingly reduced share of the maximum additional interest. The affiliations that joined up to the end of 2020 will receive the maximum additional interest. This retroactive reduction has no effect on the interest payments already made. It is only used for the mathematical updating of the value fluctuation memory.

Vita Collective Foundation – on the way to more fairness between the generations

You have a responsible retirement provision partner at your side in the Vita Collective Foundation. It provides contemporary, future-safe, and also fair retirement provision solutions that accompany social change. Minimizing unwanted redistribution is the primary goal of the Vita Collective Foundation. The Vita Collective Foundation is strongly in favor of generational fairness and is committed to companies and the insured getting what they are entitled to.

Fair: Your employees should receive the interest earned to which they are entitled.

Sustainable: The future employees – the generations of tomorrow – should also still be able to rely on a good pension planning solution.

Flexible: Irrespective of whether your company is large or small, the occupational pension plan should be aligned to the needs and potential of your company and your employees.

You can rely on these benefits

- Stable earnings thanks to a proven and broadly diversified investment strategy
- Direct and balanced participation in investment income
- Basic interest and any additional interest rate are determined according to a transparent mechanism and announced in the previous year

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