

Vita Classic – Partial liquidation of a pension fund

This information sheet clarifies the term “partial liquidation” and outlines the procedure and the effects on the retirement assets.

When are the conditions for a partial liquidation of the pension fund satisfied?

The affiliation contract for the Vita Collective Foundation means that a pension fund will be set up for the newly affiliated company. A partial liquidation of the pension fund is when the number of employees insured under the affiliation contract is significantly reduced, due to

- job cuts,
- restructuring, or
- if the affiliation contract is partially terminated.

When are job cuts deemed significant?

Job cuts are significant if the number of actively insured persons or the retirement assets change during a reduction process as follows:

| Pension plan size | Reduction in the number of persons | Reduction in retirement assets |
|-------------------|------------------------------------|--------------------------------|
| Up to 10 persons | 3 | 25 % |
| 11–25 persons | 4 | 20 % |
| 26–50 persons | 5 | 15 % |
| 51+ persons | At least 10 | 10 % |

Job cuts start on the departure date of the first insured person who involuntarily leaves the company and thus leaves the pension fund as a result of the business decision.

What is meant by restructuring?

Restructuring occurs when an affiliated company merges, discontinues, sells, outsources or otherwise changes its previous areas of activity. Partial liquidation occurs if the number of actively insured or the retirement assets change as follows during the restructuring process:

| Pension plan size | Reduction in the number of persons | Reduction in retirement assets |
|-------------------|------------------------------------|--------------------------------|
| Up to 10 persons | 2 | 17 % |
| 11–25 persons | 3 | 15 % |
| 26–50 persons | 4 | 12 % |
| 51+ persons | At least 5 | 5 % |

When is an affiliation contract terminated in part?

The affiliation contract is terminated in part if the total number of actively insured collectively leave the pension fund, and only pension recipients remain in the pension fund.

What influence does a partial liquidation of the pension fund have on the retirement assets of the insured persons who are leaving it?

Persons leaving the pension fund involuntarily are basically entitled to the retirement assets and a share of the non-committed funds held in the pension fund. The non-committed funds are divided up as follows:

- For persons who are actively insured on the reference date of the partial liquidation, the calculation is based on the sum of their retirement assets.
- For persons who are pensioners on the reference date of the partial liquidation, the calculation is based on the sum of ten times their annual pension.

The amount of non-committed funds to which the actively insured are entitled is credited to their retirement assets or provided collectively. Pensioners receive the amount due to them in the form of a pension increase.

Persons who voluntarily leave the company are not affected by a partial liquidation of the pension fund.

What happens if the Foundation and the pension fund are in liquidation at the same time?

In the event of a simultaneous partial liquidation, the actively insured and/or pension recipients who are leaving the plan are also entitled to

- any non-committed funds of the Foundation
- and, collectively, any value fluctuation reserves and other reserves.

If insufficient funds are available during the partial liquidation, this is referred to as a shortfall. This deficit is borne by all persons leaving the plan in proportion to the overall pension capital.

The requirements for a partial liquidation of the Foundation are set out in the Partial Liquidation Regulations (Art. 2).

What is the procedure in the event of a partial liquidation of the pension fund?

The partial or total liquidation of a pension fund is carried out by the Foundation. The administration committee initiates the process as soon as it identifies a significant reduction in the workforce or a restructuring of the company.

In the event of partial or total termination of an affiliation contract, the partial or total liquidation is automatically triggered.

After the administration committee has passed the resolution for a partial or total liquidation, it draws up a distribution plan. It then informs all persons concerned about the liquidation and the next steps.

Important note:

This information sheet is for informational purposes only. The current regulations of the Vita Collective Foundation, namely the pension regulations and the partial liquidation regulations, are authoritative. Furthermore, the provisions of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans, the Swiss Vested Benefits Act and the associated ordinances should be noted.

The current regulations of the Vita Collective Foundation can be found at → www.vita.ch in the Download area.



Do you have any questions?

As an affiliated company

For further information about partial liquidation of a pension fund, please contact the administrator responsible for your contract.

As an insured person

Do you have questions regarding your individual retirement provision situation? Then give us a call: The Help Point BVG (phone 0800 80 80 80) is available Monday to Friday from 8.00 a.m. – 6.00 p.m. to answer any questions you may have regarding occupational retirement provision.