

Information sheet – procedure for liquidating an affiliation contract

This information sheet provides you with additional information on the legal bases and implications of liquidating your affiliation contract with the Vita Collective Foundation. In addition, it provides options for compensating for any deficit.

Participation of the staff

The termination of an existing affiliation contract by the employer must be carried out with the consent of the staff. The termination of the affiliation contract is only valid if the staff have been involved in the termination process in advance and the express consent of the majority of the staff or any staff representatives has been obtained. The decision-making process must be documented.

What contractual bases apply when you liquidate your affiliation contract?

In the event of liquidation, sub-paragraph 17 (in older contract versions: sub-paragraph 16) of the affiliation contract regulates the modalities:

The implications of liquidating the affiliation contract extend to all active insured persons and the recipients of disability pensions.

Upon liquidation of the affiliation contract, the foundation shall transfer to the new pension plan

- the retirement assets of the active and disabled insured persons;
 - the actuarial policy reserve of the disability pensions;
 - the total account balance,
- minus**
- a share of any coverage deficiency of the foundation at the time of liquidation of the affiliation contract;
 - the contract liquidation costs according to the cost regulations.

If the coverage ratio of the foundation at the beginning of the affiliation relationship was less than 100%, the retirement assets of the insured persons and the balance of the account deposits will be reduced according to the extent of the relative deterioration of the coverage ratio that has occurred in the meantime.

By contrast, if the coverage ratio of the foundation at the beginning of the affiliation relationship was at least 100% and it sank during the affiliation relationship to a coverage ratio below 100%, the retirement savings capital will be reduced proportionally to the coverage gap.

If the retirement assets reduced in this manner are less than the statutory minimum, the employer will finance this difference with a proportionally equivalent deposit.

When does a deficit arise?

A deficit arises if the foundation has a coverage deficiency at the time the contract is liquidated.

Who bears the deficit?

- The deficit shall be borne by a reduction of the super-mandatory retirement assets of the insured persons.
- The deficit shall be borne by the employer up to the statutory minimum.
- The recipients of retirement pensions are not affected by any reduction.

You have the following options to compensate for the deficit borne by the insured persons:

1. The deficit is borne in full by the employer

As employer, you are prepared to compensate the pension fund for the proportional coverage deficiency (deficit) by paying a voluntary single premium.

2. The new pension plan assumes the deficit

Your new pension plan may be prepared to assume the deficit. To clarify this question, please contact your new pension plan.

3. The coverage deficiency is covered by unrestricted assets

If your pension fund has enough unrestricted assets, a deficit can be compensated (completely or partially) using the unrestricted assets account. This measure requires a decision to this effect by the fund manager.

**Deficit**

The difference that arises when there is a coverage deficiency for the foundation if, at the time the contract is liquidated, pension capital required for the insurance benefits to be provided is not covered by the pension assets available. This difference may be deducted from the individual departure payment in the event of the liquidation of an affiliation contract.

Legal minimum

The legal minimum corresponds to those retirement assets formed on account of the statutory minimum requirements (retirement credits, insured salary, minimum interest).

Fund manager

The management body of the pension fund, composed of equal numbers of representatives of workers and employers (parity).

Staff representation

Staff representation is not the same as the Administration Committee. Staff representatives represent the interests of employees in the company vis-à-vis the employer.

Important note:

This information sheet is for your information. It is based on the pension regulations of the Vita Collective Foundation, the partial liquidation regulations, the provisions of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Plans, the Swiss Vested Benefits Act and the associated ordinances.

**Any questions?**

Help Point BVG (phone no. 0800 80 80 80) is available to provide you and your employees with assistance and support in all questions concerning occupational retirement provision from Monday to Friday between 8.00 a.m. and 6.00 p.m. You can also visit our website at → www.vita.ch