



Regulations on partial liquidation

Vita Classic

Vita Collective Foundation, Zurich

valid as of January 1, 2020

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1 Purpose

These regulations govern the conditions and procedure for partial liquidation of the Vita Collective Foundation (hereinafter referred to as the "Foundation") and of its affiliated pension funds. The conditions in art. 53 section c BVG, art. 53 section d BVG art. 18a and 19 FZG shall apply in the event of total liquidation of the Foundation.

2 Partial liquidation of the Foundation

2.1 Conditions

¹The conditions necessary for a partial liquidation are met if

- a) an affiliated employer makes a substantial reduction of the workforce;
- b) an affiliated employer is restructured;
- c) the affiliation agreement of an affiliated employer is terminated, and a substantial reduction of all insured as well as all pension capital of the Foundation results from the associated departures from the pension fund.

2.2 Substantial reduction of the workforce

¹A reduction of the workforce of an associated employer is substantial when it causes at least three thousandths of all persons actively insured by the Foundation to involuntarily depart, thus causing the pension capital of all active insured to be reduced by at least three thousandths.

²The reduction begins with the first departure and ends with the last departure within a period of twelve months after a resolution for departure is made by the responsible body of the associated employer. This deadline applies if the reduction is made over a longer or shorter period.

2.3 Restructuring

Restructuring exists when current fields of business activity of an affiliated employer are merged, discontinued, sold, outsourced or changed in another way,

causing at least two thousandths of all persons actively insured by the Foundation to involuntarily depart, thus causing the pension capital of all active insured to be reduced by at least two thousandths.

2.4 Terminating the affiliation agreement

Termination of the affiliation agreement of an affiliated employer leads to partial liquidation of the Foundation when it causes at least three thousandths of all persons actively insured by the Foundation and the Foundation's pensioners to depart, thus causing the pension capital of all active insured and pensioners to be reduced by at least three thousandths.

2.5 Multiple circumstances

¹If multiple circumstances exist simultaneously according to sub-paragraphs 2.2., 2.3 and/or 2.4, they will only be regarded to be a single circumstance of partial liquidation if they are closely related.

²If multiple affiliation agreements are terminated at the same time without these agreement terminations being closely related, they only meet the requirements for a partial liquidation as a whole if they cause at least 7% of all persons actively insured by the Foundation and pensioners of the Foundation to depart, thus causing the pension capital of the Foundation to be reduced by 5%.

2.6 Key dates and basis

¹The key date for partial liquidation of the Foundation is the December 31 that is the closest to the conclusion of the substantial reduction of the workforce, to the conclusion of restructuring or to termination of the affiliation agreement.

²This key date shall also apply to the ascertainment of the non-committed funds or the deficiency, the fluctuation reserves and the reserves. Partial liquidation balance sheets are based on the actuarial and commercial balance sheets, which provide a true and fair view of the Foundation's financial situation based on market values.

³The December 31 before the reduction of the workforce or before the restructuring applies to determining a substantial reduction of all persons actively insured by the foundation. The key date for terminating an affiliation agreement is December 31 of the previous year.

2.7 Collective departure

¹A collective departure exists when at least ten plan participants (active and pensioners) of a pension fund move to the same new pension fund together as a group and at the same time.

²All other cases are individual departures.

2.8 Non-committed funds

¹For the purpose of distributing the non-committed funds, a distinction is made between remaining members and departing members.

²The remaining members encompass those active insured still affiliated with the Foundation on the key date of the partial liquidation and at the end of the following calendar year. Departing members include those active insured still affiliated with the Foundation on the key date of the partial liquidation and who involuntarily or due to the termination of the affiliation agreement departed from the Foundation by the end of the following calendar year.

³For departing members, allocation of non-committed funds is made proportional to the total pension capital (active insured and pensioners) as of the key date of partial liquidation of the Foundation.

⁴Non-committed funds are transferred to departing members individually or collectively.

⁵Non-committed funds allocated to the remaining members remain in the Foundation in full.

⁶If the assets or liabilities of the pension fund should change in excess of 10% between the key date of the partial liquidation and the transfer of the funds, the funds to be transferred or credited shall be adjusted accordingly.

2.9 Collective claim to value fluctuation and interest reserves

¹In the event of a collective departure of insured, there is, in addition to the claim to the non-committed funds, also a collective pro rata claim to the value fluctuation and interest reserves provided that the departing collective contributed to forming these value fluctuation and interest reserves.

²Claims to value fluctuation reserves are equivalent to pro rata claims to pension capital of the active insured and pensioners. There shall be no claim to value fluctuation reserves if the partial liquidation was caused by the departing collective.

³Allocation of the interest reserves between the departing and remaining members takes place on the basis of the pension capital of the active insured. Only those active insured whose employers have been affiliated with the Foundation for at least one year at the time of the creation of the interest reserve shall be considered.

⁴Transfer of the value fluctuation and interest reserves to the departing members takes place collectively. The insured do not have any claim to individual allocation of the value fluctuation and interest reserves.

⁵The value fluctuation reserves and interest allocated to the remaining members shall remain in the Foundation in full.

⁶If the assets or liabilities of the Foundation should change in excess of 10% between the key date of the partial liquidation and the transfer of the funds, the funds to be transferred shall be adjusted accordingly.

2.10 Offsetting the deficiency

¹If a deficiency is determined as of the key date of the partial liquidation of the Foundation pursuant to art. 44 OPP 2, it shall be allocated to the departing members (actively insured and pensioners) proportional to the total pension capital of the active insured and of the pensioners (as of the key date of the partial liquidation).

²The portions of the deficiency apportioned to the departing members remain in the Foundation without allocation to the departing members.

³For the departing members, the deficiency apportioned to them shall be first proportionally deducted from the technical reserves and then proportionally deducted from the individual retirement savings of the actively insured as well as from the pension capital of the pensioners. Entry benefits, purchases, early withdrawals, redemptions in connection with home ownership support as well as payments in and out in the event of divorce within six months prior to the key date in accordance with subparagraph 2.6 are added to or deducted from the retirement savings. Retirement savings as defined by art. 15 BVG may not be reduced when they are transferred.

⁴If the assets or liabilities of the Foundation should change in excess of 10% between the key date of the partial liquidation and the transfer of the funds, the funds to be transferred (deficiency) shall be adjusted accordingly.

2.11 Collective claim to reserves

¹In the event of a collective departure, a collective claim to reserves shall only exist if the technical risks are transferred as well and the departing collective contributed to forming the reserves.

²When determining the technical reserves, additional technical reserves may be formed in the partial liquidation balance sheet that result from taking into account the changed investment and/or obligation structure.

³There shall be no claim to reserves if the partial liquidation was caused by the departing collective.

2.12 Transfer of funds

Assets are normally transferred in the form of a monetary payment in Swiss francs.

3 Partial or total liquidation of a pension fund

3.1 General principle

¹In the event of a partial or total liquidation of a pension fund, the retirement savings of the departing active insured as well as the pension capital of the pensioners shall be increased by an individual or collective share of the non-committed funds of the pension fund.

²In the event of a deficiency in accordance with sub-paragraph 3.7, the retirement savings of the departing active insured and the pension capital of the pensioners shall be individually reduced.

3.2 Condition for partial liquidation of a pension fund

¹The condition for a partial liquidation of a pension fund shall be met if

- a) the workforce of the affiliated employer or actively insured members belonging to an affiliated professional association is substantially reduced and the resulting departures from the pension fund cause the withdrawal of a substantial share of the pension capital, or
- b) the company of the affiliated employer is restructured, which results in the departure of a substantial number of the active insured or the withdrawal of a substantial share of the retirement savings of the pension fund, or
- c) the affiliation agreement is partly annulled (only active and disabled plan participants leave the pension fund). In the event that the joinder agreement of a member of an affiliated association is terminated, the conditions are only met if a substantial reduction of the active insured and of the pension capital of the affiliated association is associated with the departure.

²The reduction of the workforce is considered to be substantial if within a pension fund:

- a) in the case of at least ten active insured, at least three involuntary departures and 25% of the pension capital of all active insured leave the Foundation;

- b) in the case of at least eleven to 25 active insured, at least four involuntary departures and 20% of the pension capital of all active insured leave the Foundation;
- c) in the case of at least 26 to 50 active insured, at least five involuntary departures and 15% of the pension capital of all active insured leave the Foundation;
- d) in the case of over 50 active insured, at least ten involuntary departures and 10% of the pension capital of all active insured leave the Foundation.

³Restructuring exists when current fields of business activity of an affiliated employer are merged, discontinued, sold, outsourced or changed in another way, and within a pension fund

- a) in the case of at least ten active insured, at least two involuntary departures and 17% of the pension capital of all active insured leave the Foundation,
- b) in the case of at least eleven to 25 active plan participants, at least three involuntary departures and 15% of the pension capital of all active insured leave the Foundation,
- c) in the case of at least 26 to 50 active insured, at least four involuntary departures and 12% of the pension capital of all active insured leave the Foundation,
- d) in the case of over 50 active plan participants, at least five involuntary departures and 5% of the retirement savings leave the Foundation.

⁴Termination of an affiliation agreement leads to partial liquidation of the pension fund if the persons entitled to a pension who are to be allocated to the pension fund remain in the Foundation.

⁵The start of a substantial workforce reduction or reduction of the members of the active insured of an affiliated professional association or of restructuring is deemed to be the departure date of the active insured who is the first to leave the company and the pension fund involuntarily as a result of the company's decision. The end is deemed to be the departure date of the active insured who is the last person to leave the company and the pension fund involuntarily within a time period of

twelve months after the decision for that person to leave the company and the pension fund was made by the responsible bodies of the affiliated company. This deadline applies if the reduction is made over a longer or shorter period.

⁶The departure of an active insured is deemed to be involuntary if their work relationship is terminated by the employer. A departure is also deemed to be involuntary if the active insured gives notice within six months of being informed of the reduction in the workforce or the restructuring in order to preempt notice being given by the employer or because they do not accept the new employment conditions offered.

⁷If multiple circumstances exist simultaneously according to paragraphs 2, 3 and/or 4 within a pension fund, they will only be regarded to be a single circumstance of partial liquidation if they are closely related.

⁸If the conditions for partial liquidation of the Foundation are met, the conditions for partial liquidation of the pension fund are also regarded as met. The right to totally liquidate the pension fund remains reserved.

3.3 Condition for a total liquidation

¹The condition for a total liquidation is complete termination of the affiliation agreement (i.e. all active insured and any pensioners leave the pension fund).

²A total liquidation is waived, however, if

- a) the pension fund transfers in full to another pension provider and no deficiency is allocated to the pension plan in accordance with sub-paragraph 3.5,
- or
- b) the pension fund at the time of the termination of the affiliation agreement has neither active insured nor pensioners (liquidation of an "empty" affiliation agreement).

3.4 Key dates and basis

¹The key date for partial or total liquidation of the pension fund is the December 31 that is the closest to the conclusion of the substantial reduction of the

workforce, to the conclusion of restructuring or to partial or complete termination of the affiliation agreement.

²This key date is used as the basis for the calculation of the amount of the non-committed funds or deficiency. Partial liquidation balance sheets are based on the actuarial and commercial balance sheets, which provide a true and fair view of the Foundation's financial situation based on market values.

3.5 Non-committed funds

Based on art. 3.6 et seq., active insured and/or pensioners departing from the pension fund have a proportional claim to the non-committed funds managed in the pension fund.

3.6 Transfer of funds

Assets are normally transferred in the form of a monetary payment in Swiss francs.

3.7 Distribution plan: distribution of non-committed funds/deficiency

¹The non-committed funds or deficiency shall be distributed in an initial step between

- a) the active insured as of the key date of the partial or total liquidation on the basis of their total retirement savings, and
- b) the affiliated pensioners as of the key date of the partial or total liquidation on the basis of the sum of ten times the annual pensions.

²Allocation to the active insured subsequently takes place proportional to the retirement savings.

³Entry benefits, purchases, early withdrawals, redemptions in connection with home ownership support as well as payments in and out in the event of divorce within six months prior to the key date in accordance with sub-paragraph 3.4 are added to or deducted from the retirement savings.

⁴The portions of the deficiency apportioned to the departing active insured shall be individually deducted from their departure payment provided that according to art. 15 BVG this does not reduce the retirement savings.

⁵ If the full departure payment has already been transferred, the active insured must reimburse it to the extent of the deduction.

⁶ The non-committed funds of the pensioners shall be distributed on the basis of the sum of ten times the annual pensions.

⁷ The portions of the deficiency apportioned to the departing pensioners shall be individually deducted from the pension capital.

⁸ In the event of a collective departure (sub-paragraph 2.7), their share of the non-committed funds shall be transferred on a collective basis. In all other cases, the non-committed funds can be credited individually to the active retirement savings or to the pension capital for pensioners.

⁹ If the assets or liabilities of the pension fund should change in excess of 10% between the key date of the partial liquidation and the transfer of the funds, the funds to be transferred (including the deficiency) shall be adjusted accordingly.

3.8 Circumstances of simultaneous partial liquidation of the Foundation and partial/total liquidation of the pension fund

¹ Any claim to non-committed funds from partial liquidation of the pension fund shall be used to cover any deficiency from partial liquidation of the Foundation in favor of the departing members.

² Any claim to non-committed funds, value fluctuation reserves and/or reserves from partial liquidation of the Foundation shall be used in this sequence to cover any deficiency from partial/total liquidation of the pension fund in favor of the departing members.

4 Procedures and information

¹ The Foundation is responsible for conducting partial or total liquidation procedures.

² The employer shall inform the Foundation immediately of any reduction in the workforce and/or restructuring of the company, which may result in a partial liquidation.

³ The determination of the need to carry out a partial liquidation of the pension fund in the event of a reduction in the workforce or a restructuring of the company rests with the Administration Committee. In the event of a partial or complete termination of the affiliation agreement, the partial or total liquidation shall be triggered without any additional waiting period.

⁴ As soon as the distribution plan has been drawn up and the declaratory resolutions of the Administration Committee on the partial or total liquidation passed, the Administration Committee shall inform all persons affected in particular about the resolution on the partial or total liquidation, about the amount of the non-committed funds or of the deficiency, about the affected group of people, the distribution criteria and about the next actions that will be taken.

- a) The persons affected have the right to examine the documentation on the premises of the Foundation and if necessary to appeal to the Foundation against the decision of the Administration Committee within 30 days of delivery of the information.
- b) If the existing differences cannot be resolved amicably, the Foundation shall set the persons affected a deadline of 30 days to have the supervisory authority verify and decide on the conditions, procedure and distribution plan.

⁵ The distribution plan shall only apply once it becomes legally valid. The distribution plan shall be deemed legally valid if

- a) no objections have been raised within the defined deadlines, or
- b) all objections have been resolved amicably, or
- c) a legally enforceable decree issued by the supervisory authority exists.

⁶ The determination of the need to carry out a partial liquidation of the Foundation as well as drawing up the distribution plan rests with the Foundation Board.

⁷ The Foundation shall inform the Administration Committees concerned in writing of the resolution to carry out a partial liquidation. The Administration Committees shall pass on this information to the plan participants. The Foundation shall specify in particular the facts, the amount of the non-committed funds or deficiency, the amount of the fluctuation reserves and other reserves, the group of persons that is affected, the distribution criteria and the next steps to be taken.

- a) The plan participants have the right to examine the documentation on the premises of the Foundation and, if they deem it necessary, to make an appeal against the decision of the Foundation Board within 30 days of delivery of the information letter.
- b) If an amicable solution to the existing differences is not possible, the Foundation shall set the plan participants who raised the objections a deadline of 30 days within which to submit a request to the responsible supervisory authority that the matter be reviewed. In such a case, the conditions, procedure and distribution plan shall be reviewed and decided upon.

⁸ The partial liquidation of the Foundation is contained in the Foundation's notes to the annual financial statements. The auditors shall verify in their report that the partial liquidation was properly executed.

⁹ For administrative work in connection with a partial or total liquidation of a pension fund, the pension fund in question can be invoiced additional fees.

5 Final provisions

5.1 Issuance and amendments

These regulations have been issued by the Foundation Board and have been approved by the supervisory authority.

5.2 Effective date

¹ These regulations shall enter into force following the approval of the responsible supervisory authorities as of January 1, 2020. In the case of partial liquidations occurring before these regulations enter into force, the existing regulations

for partial liquidation dated September 2014 shall apply.

²The Foundation Board may amend these regulations at any time in accordance with legal requirements. This is subject to the approval of the supervisory authorities.

³The current regulations on partial liquidations are available online at www.vita.ch.

5.3 Unregulated cases

Cases that are not specifically regulated by these regulations shall be handled by the Foundation with consideration given to legal requirements and logical application thereof.

Zurich, November 17, 2020

Vita Collective Foundation

The Foundation Board

In the event of any inconsistency between this translation and the original German text, only the German version is legally binding.