



# Regulations on partial liquidation

## Vita Plus

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

# Regulations on partial liquidation

## Edition 2014

### 1 Object

Based on art. 53b BVG, these regulations govern the conditions and procedure to be adopted for the partial liquidation of the Vita Plus Joint Foundation of Zurich Life Insurance Company Ltd (hereinafter referred to as «Foundation») and of its affiliated pension funds. The conditions in art. 53c BVG, art. 53d BVG and art. 23 FZG shall apply in the event of total liquidation of the Foundation. Art. 27g and 27h BVV 2 additionally apply in the event of both a partial and a total liquidation.

### 2 Partial liquidation of the Foundation

With the exception of the foundation capital financed by the founding company, the Foundation disposes of no foundation assets. In the event of a partial liquidation of the foundation as a consequence of the annulment of affiliation agreements, no additional claim thus exists to the foundation's collective assets.

### 3 Partial or total liquidation of a pension fund

#### 3.1 General principle

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

#### 3.2 Condition for the partial liquidation

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

- a) the workforce of the affiliated employer is substantially reduced for economic reasons and this measure involves the involuntary departure of a substantial number of the active insured persons or the exit of a sub-

stantial share of the retirement savings of the pension fund, or

- b) the workforce of the affiliated employer is restructured, which results in the involuntary departure of a substantial number of the active insured persons or the exit of a substantial share of the retirement savings of the pension fund, or
- c) the affiliation contract is partly annulled (only active and disabled insured persons leave the pension fund).

2. The workforce reduction is considered to be substantial – according to the number of active insured persons before the workforce reduction or restructuring – if the following reduction in the number of active insured persons and termination benefits results:

- a) contract of up to 5 insured persons: at least 2 involuntary departures;
- b) contract with 6 to 10 insured persons: at least 3 involuntary departures;
- c) contract with 11 to 25 insured persons: at least 4 involuntary departures;
- d) contract with 26 to 50 insured persons: at least 5 involuntary departures;
- e) contract with over 50 insured persons: at least 10% involuntary departures.

In addition to the reduction of the active insured persons (a – e), at least 10% of the vested benefits of the active insured persons must leave the pension plan.

3. There must be the following involuntary reductions of the active insured persons and the termination benefits in the event of restructuring of the employer's affiliated company:

- a) contract of up to 5 insured persons: at least 2 involuntary departures;
- b) contract with 6 to 10 insured persons: at least 3 involuntary departures;

- c) contract with 11 to 25 insured persons: at least 4 involuntary departures;
- d) contract with 26 to 100 insured persons: at least 5 involuntary departures;
- e) contract with over 100 insured persons: at least 5% involuntary departures.

In addition to the reduction of the active insured persons (a – e), at least 5% of the vested benefits of the active insured persons must leave the pension plan.

The restructuring of a company is understood to involve measures taken by the employer that are not primarily aimed at reducing the workforce and dismissing staff. It applies primarily to organizational measures which result in the discontinuation of tasks which have so far been carried out by the company or the transfer of entire operations to another company.

4. The start of a workforce reduction or restructuring is deemed to be the departure date of the insured person 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 insured person who is the last person to leave the company and the pension fund involuntarily.

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

6. If the non-committed funds amount to less than 5% of the retirement savings

(as of the key date of the partial liquidation) of the active insured persons remaining in the pension fund and if it amounts to less than CHF 1,000 per person in this group, no non-committed funds are distributed.

### 3.3 Condition for a total liquidation

The condition for a total liquidation is the complete termination of the affiliation agreement (i.e. all active insured persons and any pensioners leave the pension fund). A total liquidation is waived, however, if

- a) the pension fund transfers in full to another pension provider, or
- b) the pension fund at the time of the annulment of the affiliation contract has neither active insured persons nor pensioners (liquidation of an «empty» contract).

### 3.4 Key date

1.  
In the event of partial liquidation due to a workforce reduction or restructuring, the key date for determining the unrestricted assets is the balance sheet date, i.e. December 31 before the beginning of the calendar year in which the workforce reduction or restructuring starts.
2.  
The key date in the event of the partial or complete annulment of the affiliation contract is the date of the partial or complete annulment of the affiliation contract.
3.  
This key date is used as the basis for the calculation of the amount of the non-committed funds.

### 3.5 Determination of non-committed funds

1.  
The non-committed funds of the pension fund shall comprise
  - a) the non-committed funds of the pension fund (pension account) and
  - b) the employer contribution reserve if the employer discontinues operations itself.
2.  
The non-committed funds of the pension fund shall be allocated according to the distribution plan.

### 3.6 Distribution of non-committed funds

1.  
The non-committed funds shall be distributed primarily as follows:
  - a) the active insured persons 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. Pensioners will not be taken into consideration if the average share per pensioner amounts to less than CHF 6,000.
2.  
The non-committed funds of active insured persons shall subsequently be calculated on the basis of their retirement savings.
3.  
Entry benefits and purchases, early withdrawals and 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 3.4 are added to or deducted from the retirement saving.
4.  
The non-committed funds of the pensioners shall be distributed on the basis of the actuarial reserves for pensions and used for a pension increase.
5.  
If a group of at least 10 insured persons transfers to a new pension fund (collective termination of employment), their share of the non-committed funds shall be transferred on a collective basis. In other cases the non-committed funds can be credited individually to the retirement savings or actuarial reserves for pensions.
6.  
Claim to non-committed funds in the event of partial or total liquidation: In the event of significant changes in the assets or liabilities between the key date of partial or total liquidation and the transfer of the funds, the non-committed funds to be transferred are to be adjusted accordingly (article 27g para. 2 BVV 2).

Collective claim to provisions and fluctuation reserves in the event of partial or total liquidations: In the event of significant changes in the assets or liabilities between the key date of partial or total liquidation and the transfer of the non-committed funds, the provisions and fluctuation reserves to be transferred are to be adjusted accordingly (article 27h para. 4 BVV 2).

A significant change is considered to be a difference of 10% between the key date and the transfer of the non-committed funds or fluctuation reserves.

### 3.7 Procedure

1.  
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.
2.  
The determination of the need to carry out a partial liquidation in the case of a reduction in the workforce or a restructuring of the company rests with the Administration Committee. In the case of a partial or complete annulment of the affiliation contract, the partial or total liquidation shall be triggered without any additional waiting period.
3.  
If the conditions for a partial or full liquidation of a pension fund are met, the Foundation shall inform the Administration Committee of the pension fund about the situation determined and the next steps to be taken. The Administration Committee of the pension fund shall pass on this information to the insured persons.
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 with regard to the resolution on the partial or total liquidation, the amount of the non-committed funds and the distribution plan:
  - a) The persons affected have the right to examine the documentation on the premises of the Foundation and

if necessary appeal against the decision of the Administration Committee within 30 days of delivery of the information.

- b) If the existing differences cannot be resolved mutually, 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 contract 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 is issued by the supervisory authority exists.

6.  
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.

### **3.8 Non-regulated cases**

Any cases not expressly regulated by these regulations shall be dealt with *mutatis mutandis* by the Foundation in accordance with the legal provisions.

## **4 Concluding provisions**

### **4.1 Issuance and amendments**

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

### **4.2 Effective date**

This regulation was approved by the Foundation Board on June 3, 2014. Following approval by the supervisory authority, it comes into force as of July 1, 2014. For any partial liquidations before

this regulation comes into force, the regulations on partial liquidation dated May 7, 2008, shall apply, taking into account the regulatory provisions of the BVV 2 as modified on June 1, 2009.

Zurich, June 2014

Vita Plus Joint Foundation of  
Zurich Life Insurance Company Ltd

The Foundation Board

**The German original of this translation is binding.**