

## Staff memorandum

Leica Pensionskasse

Heinrich-Wild-Strasse 210  
CH-9435 Heerbrugg

Tel. +41 (0)71 727 30 32  
[info@pk-leica.ch](mailto:info@pk-leica.ch), [www.pk-leica.ch](http://www.pk-leica.ch)

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Valid for all members of the Leica Pension Fund

Re **Latest information from the Leica Pension Fund**

Dear Sir/Madam

Although the year 2020 has not yet been definitively closed in accounting terms, we are providing you below, as usual, with an interim report on the status of the Foundation and on the amended pension fund regulations:

### **Status as at the end of December 2020**

The Foundation's investment performance and funding ratio improved substantially in the second half of 2020 compared to the situation reported as at 30 April (then performance approx. -8%, coverage ratio around 106%) thanks to the significant recovery of the investment markets. Based on provisional results, the investment return at the end of 2020 is around -1% and the coverage ratio around 112%.

The slightly negative investment performance is a consequence of the high and abrupt losses in value of almost all asset classes in the first quarter and the only limited participation in the recovery in value in the subsequent quarters. The hedging measures used meant that the pension fund never fell into underfunding, but it only benefited to a limited extent from the price gains during the recovery phase. It became apparent that the hedging models used since 2010 were no longer having the desired effect. At the request of the Investment Commission, the Foundation Board has therefore decided not to use these models in the future.

We will provide you with more detailed information next spring as part of the reporting on the Annual Report 2020.

### **Interest on savings capital 2020 and 2021**

The Foundation Board has decided to pay interest on the savings capital at 1.75% in 2020 despite the negative performance of the investments. The interest rate is thus 0.75% above the minimum interest rate according to the BVG and is identical to the technical interest rate for pension recipients.

The interest rate for 2021 was set at 1.0%, corresponding to the BVG minimum interest rate that will continue to apply in the new year. This interest rate will be reviewed again in autumn 2021.

### **No adjustment of pensions as of 01.01.2021**

The Foundation Board has unanimously decided not to adjust the current pensions as of 1 January 2021. On the one hand, the annual increase in consumer prices was negative, and on the other hand, there is no scope for pension increases due to the lower coverage ratio.

### **New pension fund regulations, valid from 01.01.2021**

With effect from 01.01.2021, the Foundation Board has enacted new pension fund regulations that replaces the previous set of regulations and its addenda.

The new regulations can be read or downloaded from our website: [www.pk-leica.ch](http://www.pk-leica.ch).

The main changes compared to the previous version are as follows:

- The affiliated employers have extended options for defining the insured salary, in particular for insuring variable salary components (Art. 4.4).
- Insured persons who lose their job after the age of 58 (termination by the employer) now have the option of voluntarily continuing their insurance with the Leica Pension Fund (Art. 7).
- Integration or adaptation of previously valid provisions from divorce law (Art. 27 ff).

We wish you a healthy and successful 2021 and are at your disposal for any additional information.

Yours sincerely

Leica Pensionskasse



Fritz Nufer  
(Managing Director)