Leica Pensionskasse

("Leica Pension Fund")

Pension Fund Regulations

valid from 1 January 2015

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This Englisch version "Pension Fund Regulations" is an informal translation from the original German version "Vorsorgereglement" and is provided for easy reference. Only the German original version is legally binding.

A General provisions

1. Name, legal basis

1.1 **Leica Pension Fund** (hereinafter referred to as the pension fund) is the name of a foundation within the meaning of Art. 80 et seqq. of the Swiss Civil Code, Art. 331 of the Swiss Code of Obligations and Art. 48 (2) of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). It is entered in the register of occupational pension plans of the Canton of St. Gallen.

1.2 The Foundation Council has issued these Pension Fund Regulations on the basis of the foundation charter and in conformity with the statutory provisions.

2. Purpose

2.1 The purpose of the foundation is the provision of occupational pension plans in the context of the BVG and its implementing regulations for the employees of Leica Geosystems AG and enterprises with a close economic or financial affiliation with Leica and also for the dependants and survivors of Leica's employees in order to protect them against the economic consequences of old age, disability and death. The association of an affiliated enterprise takes place on the basis of a written association agreement which has to be notified to the supervisory authority.

2.2 The pension fund provides at least the pension benefits stipulated under the BVG. In addition, the pension fund undertakes to comply with the mandatory statutory provisions that are not explicitly mentioned in these pension fund regulations to the extent that they concern the pension fund. The pension fund keeps a "shadow account" for each insured person showing the BVG retirement assets accumulated for this person and their minimum entitlements under the BVG.

3. Terms and acronyms

3.1 The following terms are used in these pension fund regulations:

- "Founder": Leica Geosystems AG in Heerbrugg/SG;
- "Company": the founder and the associated enterprises;
- "Employees": all persons who have an employment relationship with the company;
- "Insured persons"; all persons admitted into the pension fund in accordance with these pension fund regulations who are liable for contributions;
- "AHV" and "IV": Swiss old-age and survivors insurance and Swiss disability insurance;
- "BVG": the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans;
- "BVV2": the Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans;
- "FZG": the Federal Law on Vesting in Occupational Old-age, Survivors' and Disability Benefit Plans;
- "WEF": the Promotion of Home-ownership utilising Funds from the Occupational Pension Plan (Art. 30a – Art. 30g BVG);
- "WEFV": the Ordinance on the Promotion of Home-ownership utilising Funds from the Occupational Pension Plan.

3.2 Wherever persons are referred to in the masculine or the feminine form in the following provisions, this always means both genders.

4. Definitions

4.1 Financial year

The financial year corresponds to the calendar year. It begins on 1 January and ends on 31 December.

4.2 Insured age

The insured age results from the difference between the current calendar year and the year of birth.

4.3 Retirement age

The normal retirement age for men and women under these regulations is reached on the first day of the month after they turn 65.

The retirement age is between 58 and 70 years of age.

4.4 Annual salary

The annual salary corresponds to the contractual annual salary; generally 13 monthly salaries plus a bonus.

The incentive that is paid can be included in the annual salary with the company's consent. In this case the change in the definition of the annual salary will be recorded in an addendum to these pension fund regulations.

The annual salary does not include family allowances, child allowances or any pay received from other employers. Salary elements paid only occasionally are not taken into account.

An affiliated enterprise may require a different definition of the annual salary. Shift allowances and compensation for overtime can be included in the annual salary. In this case, the association agreement must be amended accordingly. The employees of this company must be informed accordingly.

4.5 Insured salary

The insured salary corresponds to the annual salary.

The maximum insured salary is equivalent to nine times the maximum AHV annuity (cf. Annex with key figures).

When determining the pension benefits payable before the normal retirement age as a result of the death or invalidity of an insured person, the insured salary corresponds to 106% of the average of the insured salaries from the last 12 months before the final salary payment.§ When the insured salary is determined in this way, any bonuses or incentives that are paid are not under any circumstances taken into account. This arrangement shall also apply analogously to the determination of savings credits following the end of the liability to pay contributions resulting from incapacity to work, in accordance with Art. 37.1.

If the insured salary is reduced by a maximum of 50% after the insured person has reached the age of 58, this person may apply for their plan to be continued on the basis of the salary previously insured. The insurance will then be continued until AHV retirement age at the latest (cf. Annex with key figures). The contributions of the company will be determined on the basis of the reduced insured salary. The savings and risk contributions of the insured person correspond to the previous total savings and risk contributions of the company and of the insured person, reduced by the effective savings and risk contributions of the company.

A different arrangement applies in the context of a VP model (early retirement model). This arrangement is as follows: The insured salary corresponds to the salary previously insured. The contributions of the insured person will be determined on the basis of the reduced insured salary. The company's savings and risk contributions correspond to the previous total savings and risk contributions of the company and of the insured person less the effective savings and risk contributions of the insured person.

4.6 Savings capital

The retirement benefits payable on retirement and the vested benefit payable due to the termination of the contract of employment are calculated on the basis of the existing savings capital. The savings capital consists of:

- the savings credits
- the vested benefits contributed from previous pension plans
- the purchase amounts and
- the interest.

The annual savings credits as a percentage of the insured salary are defined in Enclosure 1.

The savings credit is credited to the savings capital on 31 December of each year or on the date when an employee leaves the company; no interest is due in the current year.

Interest is paid on the vested benefits contributed and any purchase amounts as from the value date.

4.7 Early retirement savings capital

The early retirement savings capital consists of:

- the purchase amounts contributed for early retirement (cf. Art. 39.5), and
- the interest.

4.8 Interest rate

The interest rate accruing on the savings capital and early retirement savings capital is set each year in advance by the Foundation Council on the basis of the BVG minimum interest rate set by the Swiss Federal Council and the actuarial position of the pension fund (cf. Annex with key figures).

In the event of good performance of the capital investments the Foundation Council may grant the insured persons an interest bonus on 31 December. This shall also apply to insured persons who retired on 31 December or who left the pension fund as a result of dissolution of the employment. However, this shall not apply to insured persons who leave or left the pension fund before 1 December as result of dissolution of the employment.

B Group of insured persons

5. Admission to the pension fund

5.1 The employees of the company or an affiliated enterprise must join the pension fund if their annual salary according to Art. 4.4 exceeds the minimum salary stipulated by the BVG (cf. Annex with key figures).

5.2 Admission to the pension fund shall occur at the beginning of the employment with the company or affiliated enterprise, at the earliest, however, on 1 January after turning 17.

5.3 The following shall not be admitted to the pension fund:

a) persons who have reached the normal AHV retirement age (cf. Annex with key figures);
b) persons who are at least 70 per cent disabled and persons who are still provisionally insured with their former pension plan in accordance with Art. 26a BVG;
c) persons whose employment agreement was concluded for a maximum of three months;
d) persons who pursue a full-time independent or dependent employment outside the company and in the latter case are already compulsorily insured for the salary obtained therefrom;
e) persons who do not work permanently in Switzerland or who probably will not do so and have adequate insurance abroad. For this purpose they must apply for exemption from their admission to the pension fund.

5.4 Temporary employment

If temporary employment without interruption for the period of three months is extended, the person affected shall be simultaneously admitted to the pension fund.

If several successive appointments or deployments at the company last longer than three months and no interruption exceeds three months, the person affected shall be admitted to the pension fund on the first day of fourth month of work overall. However, if it is agreed before first beginning to work that the appointment or deployment duration is to exceed a total of three months, the person affected shall be admitted to the pension fund from the beginning of the employment.

5.5 Free selection of benefit plan

Normally, especially in the year of joining, insured persons are insured in Plan A. However, from insurance age 45 (cf. Art. 4.2) they can switch to Plan B. Switching from Plan B to Plan A is likewise possible.

The plan switch occurs on 1 January on the basis of a written declaration of the insured person to the pension fund. This declaration must be available at the latest on 30 September before the plan switch. It is not possible to switch plans during the calendar year.

The switch from Plan A to Plan B shall occur on the condition that the insured person is fully able to work. The pension fund may demand information on the health condition of the insured person (cf. Art. 7).

6. Beginning and end of the insurance

6.1 The insurance begins on admission to the pension fund.

6.2 The insurance ends on the termination of the employment relationship with the company unless the person in question is entitled to pension benefits. The risks of death and disability remain insured for one month after the termination of the employment relationship unless a new employment relationship has previously been commenced (cf. Art. 22).

7. Health check

7.1 The pension fund may require information about the state of health of a person to be newly admitted to the pension fund or have this person examined by a medical examiner.

7.2 In the event of an unsatisfactory health condition, the pension fund shall be entitled to apply reservations to disability and death benefits that exceed the pension benefits according to BVG and to restrict the insured pension benefits. This shall remain subject to the provisions of Art. 7.5.

The pension fund may also merely exclude individual illnesses or disabilities and their consequences in whole or in part from the disability or death insurance, but otherwise grant the full insurance.

7.3 Such a reservation shall last for no longer than 5 years.

7.4 As long as the health check for the insured person being newly admitted has not been completed and unconditional admission to the pension fund confirmed in writing, admission to the pension fund will be provisional. The admission procedure should normally be concluded 6 months after the start of the employment relationship at the latest. If an unsatisfactory state of health is ascertained during this period, reservations will be made and the insured pension benefits reduced accordingly.

The minimum BVG benefits remain guaranteed in all cases.

7.5 The pension benefits acquired in accordance with Art. 38 with the entry contribution may not be reduced by a new health reservation. The amount of time that has passed since a reservation was imposed by the former pension plan is taken into account when calculating the new reservation period for the pension benefits acquired with the entry contribution.

7.6 If the occurrence of the inability to work, whose cause led to the disability or death was before the end of the reservation period, the benefits due shall be reduced according to the reservation applied. The reduction shall last until the end of the claim to the normal benefits.

8. Disability

8.1 An insured person is deemed disabled if he or she is no longer able to carry out their previous employment or another employment commensurate with their knowledge and skills for health reasons (accident, illness or infirmity) and the employment relationship therefore ends before normal retirement age or there is a reduction in the annual salary.

8.2 A reduction in earning capacity of less than 40% is not considered to be disability and does not therefore make a person eligible for disability benefits from the pension fund. Furthermore, no disability is recognised under these pension fund regulations as long as the insured person still receives at least 80% of their full annual salary or an appropriate substitute income (e.g. a daily allowance for accident or sickness), at least half of which is co-funded by the company.

8.3 Disability is recognised and the degree of disability ascertained on the basis of the decision of the IV.

If an insured person is temporarily resident abroad (one year at most) and is not insured by the IV during this period, the degree of disability will be ascertained on the basis of an expert opinion by the pension fund's medical examiner.

An insured person is partially disabled if his degree of disability is at least 40%.

An insured person is fully disabled if his degree of disability is at least 70%.

8.4 If the insured person has caused the disability intentionally or through gross negligence or has extended the duration of this disability, the Foundation Council may reduce the disability benefits paid by the pension fund in accordance with the degree of personal fault.

8.5 The Foundation Council shall have the right at any time to request an expert opinion from a medical examiner concerning the state of health of an insured person who is disabled. If the insured person resists such an examination or refuses to accept an employment that is offered and reasonable in view of their knowledge and skills as well as their state of health, this person will lose their entitlement to a pension from the pension fund and will receive the vested benefit according to Art. 20 in its place.

C Pension benefits

9. Summary of benefits

9.1 Retirement benefits

- Lifetime annuity and/or a lump-sum payment
- AHV transitional pension
- Partial pension
- Retired person's child's pension

9.2 Survivors' benefits

- Spouse's pension
- Life partner's pension
- Orphan's pension
- Lump-sum death benefit

9.3 Disability benefits

- Disability pension
- Disabled person's child's pension

10. Retirement benefits

10.1 Each insured person who reaches the normal retirement age (cf. Art. 4.3) and goes into retirement will receive retirement benefits.

10.2 If the employment contract is ended after reaching the age of 58, the insured person may request early retirement and receive a pension. The appropriate written declaration is to be made to the pension fund at the latest before the effective retirement date. If early retirement is not requested, the insured person will receive vested benefits (cf. Art. 20).

10.3 The retirement benefit shall fall due in the first month after dissolution of the employment as a result of the retirement or early retirement.

10.4 The retirement benefits will normally take the form of a lifetime annuity.

The amount of the payable annual annuity is calculated by multiplying the savings capital available at retirement age (incl. early retirement savings capital in accordance with Art. 39.5) by the appropriate conversion rate (cf. Art. 10.10 and Enclosure 2).

10.5 The payable retirement benefits can be taken entirely or partially in capital form. The capital settlement shall correspond to no more than the existing savings capital. If the existing savings capital is paid out in full, all further claims by the insured person or his/her surviving dependents against the pension fund shall expire.

On payment of the capital settlement the existing savings capital will be reduced accordingly. The payable reduced annuity is determined on the basis of the reduced savings capital in accordance with Art. 10.4. The spouse, life partner and orphan's pensions which remain insured are calculated on the basis of the payable reduced annuity.

10.6 Should the insured person wish a capital settlement, the notification period is one month before effective retirement. On expiry of the notification period, the decision is final.

In the case of insured persons who are married, in a registered partnership or living in a life partnership, the application must be signed by both spouses or partners and their signatures must be legally attested.

10.7 The insured annuity is determined on the basis of the projected savings capital in accordance with Art. 10.4.

The projected savings capital is determined by means of

- the available savings capital,
- the future savings credits (cf. Art. 4.6),
- the projected interest rate (see Annex with key figures) and
- the normal retirement age of 65.

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10.8 If, with the agreement of the company, an insured person remains in the employment of the company beyond the normal retirement age, he/she may apply for his/her pension provision to be continued with compulsory contributions. The insured salary will be determined on the basis of the effective annual salary (cf. Art. 4.4 and Art. 4.5).

The savings contribution rates remain unchanged (cf. Enclosure 1).

No more risk contributions are paid from an insured age of 66 (cf. Art. 4.2).

On termination of the employment contract, at the latest at the end of the month after his/her 70^{th} birthday, the insured person shall be entitled to retirement benefits.

The payable annual annuity corresponds to the savings capital available at the effective retirement age, multiplied by the appropriate conversion rate (cf. Art. 10.10).

If an insured person who is married dies during the continuation of the pension scheme after normal retirement age and the surviving spouse at the time of the insured person's death fulfils one of the two criteria set out in Art. 14.1, the surviving spouse will be entitled to a spouse's pension of 60% of the annuity determined at the end of the month of death. In addition, the surviving spouse shall be entitled to a lump-sum death benefit of 200% of the annuity determined at the end of the month in which the death occurs. In this case, no further lump-sum death benefit in accordance with Art. 17 shall be payable.

The same provisions as for a married insured person shall apply for an insured person living in a registered partnership.

If an unmarried insured person dies during the continuation of the pension scheme after the normal retirement age and the requirements in accordance with Art. 15.1 are fulfilled, the surviving partner shall be entitled to a life partner's pension of 60% of the annuity determined at the end of the month in which the death occurs. In addition, the surviving partner shall be entitled to a lump-sum death benefit of 200% of the annuity determined at the end of the month in which the death occurs. In this case, no further lump-sum death benefit in accordance with Art. 17 shall be payable.

If an insured person dies during the continuation of the pension scheme after the normal retirement age and there is no entitlement for a spouse's or life partner's pension, a lump-sum death benefit amounting to the available savings capital shall be payable. The persons entitled to claim shall be determined in accordance with Art. 17.1.

10.9 The insured person may request that after his/her effective retirement the co-insured spouse's or life partner's pension shall amount to 80% of the payable annuity.

The insured person must communicate his/her wish for a spouse's or life partner's pension to be increased to 80% of the payable annuity in writing, with a notification period of one month before effective retirement.

In the absence of written notification or in case of infringement of the notification period, the co-insured spouse's or life partner's pension shall amount to 60% of the payable annuity.

This option shall not exist for those drawing a disability pension, who have turned 65 (cf. Art. 18.3).

10.10 The conversion rate is determined on the basis of the effective retirement age and the amount of the co-insured spouse's or life partner's pension. The conversion rates are defined in Enclosure 2.

The retirement age is calculated accurate to the month. Between full years the conversion rate is interpolated in a linear fashion.

11. AHV transitional pension

11.1 If an insured person retires before the normal AHV retirement age (cf. Annex with key figures), this person can claim an AHV transitional pension which will be paid until normal AHV retirement age. The AHV transitional pension is constant and at most corresponds to the maximum AHV retirement pension (cf. Annex with key figures).

11.2 If an AHV transitional pension is paid, the available savings capital will be reduced by the cash value of the annual AHV transitional pension.

The retirement benefits that are payable and the insured pension benefits are calculated on the basis of the reduced savings capital.

The amount of the payable annual annuity corresponds to the reduced savings capital multiplied by the appropriate conversion rate (cf. Art. 10.4).

11.3 The cash value of the annual AHV transitional pension is calculated by multiplying the annual AHV transitional pension by a certain factor. This factor depends on the years and months remaining until AHV retirement age is reached (cf. Annex with key figures). The factors are defined in Enclosure 3.

12. Partial retirement

If an insured person reduces their degree of employment after turning 58 by at least 20%, they can apply for partial retirement. The annuity due is determined accordingly and the savings capital available correspondingly reduced.

The insured person can obtain their retirement benefit or a part thereof in capital form.

If the insured person draws several retirement benefits in capital form through partial retirement, he must take the associated tax consequences into account.

Otherwise the provisions of Art. 10 shall apply.

13. Retired person's child's pension

13.1 Pensioners drawing an annuity who have children within the meaning of Art. 31 are entitled to a retired person's child's pension.

The annual retired person's child's pension amounts to 20% of the annuity for each entitled child.

14. Spouse's pension

14.1 If a married person who is insured or entitled to a pension dies, the surviving spouse will receive a spouse's pension as long as one of the following two criteria are satisfied at the time of death:

- The surviving spouse has to support one or several children, or
- The surviving spouse has reached the age of 40 and the marriage has lasted for at least 3 years.

If the surviving spouse does not satisfy any of these requirements, he/she shall be entitled to a single compensation payment amounting to triple the annual amount of the spouse's pension.

14.2 The entitlement commences on the first day of the month following the death of the insured person, but at the earliest after the end of the continuing salary payment, and ends at the end of the month of death or on the remarriage of the surviving spouse (cf. Art. 14.6).

14.3 Registered partnership

Surviving registered partners have the same legal status as surviving spouses. A new registered partnership of the surviving registered partner is treated in the same way as remarriage on the part of a surviving spouse.

14.4 Amount of spouse’s pension

If the insured person dies before retirement, the spouse’s pension shall correspond to 60% of the insured annuity (cf. Art. 10.7) plus 10% of the insured salary.

If the insured person dies during the deferment of the retirement benefit, the spouse’s pension due shall correspond to 60% of the annuity determined at the end of the month of death on the basis of the savings capital available (cf. Art. 10.8).

If the insured person drew a disability pension before his death, the spouse’s pension shall amount to 60% of the current disability pension. If the insured person made one or several early withdrawals to fund home ownership, the payable spouse's pension will be actuarially reduced (cf. Art. 24).

If the insured person drew an annuity before his death, the spouse’s pension shall amount to 60% or 80% of the current annuity, depending on how the insured person had decided upon his retirement in accordance with Art. 10.9.

14.5 Coordination with the accident or military insurance

If the bereaved spouse receives a spouse's pension from the accident or military insurance, the previously determined spouse’s pension of the pension fund shall be reduced by the spouse’s pension of the accident or military insurance.

The normal spouse’s pension shall at all events correspond to at least the minimum BVG widow’s-/widower’s pension.

14.6 If the surviving spouse is more than 10 years younger than the deceased insured person, the payable spouse's pension will be reduced by 2.5% for each full year above the age-difference of 10 years.

If the deceased insured person had reached the age of 60 at the time of marriage, the payable spouse's pension will be reduced by 2.5% for each full year above the said age-limit at the time of marriage.

The above-mentioned reductions are cumulative.

These reductions do not apply if the surviving spouse has passed the age of 50 on the commencement of the entitlement and the marriage has lasted for at least 20 years.

The reduced spouse’s pension will in all cases be at least equivalent to the minimum BVG widow’s/widower’s pension.

14.7 If the surviving spouse remarries, the pension entitlement will lapse and a lump-sum payment of two annual pensions will be made. Art. 14.3 (registered partnership) will be considered analogously.

14.8 Divorced spouses who have not remarried are also entitled to a spouse's pension if the marriage lasted for at least 10 years.

However, the pension benefits from the pension fund will be limited to the part of the maintenance contribution according to the divorce decree that exceeds the AHV benefits and/or the benefits paid by a social security insurance abroad.

14.9 This shall remain subject to the provisions of Art. 41.

15. Life partner’s pension

15.1 If an unmarried insured person lives with an unmarried, unrelated person up to their death in the same household, the surviving partner shall have a claim to the same pension benefits as a surviving spouse (cf. Art. 14) if at the time of death the surviving partner had to provide for the support of one or more common children.

15.2 The provisions of Art. 14.4 – Art. 14.9 shall apply in addition.

15.3 The BVG does not provide for a pension to be paid to life partners.

15.4 There is no entitlement to a life partner's pension if the surviving life partner already draws a widow's or widower's pension from the AHV or a spouse's pension or a life-partner's pension from a pension plan.

15.5 The insured person must give the pension fund written notice of the existence of a partnership.

The entitled life partner must contact the pension fund in writing no later than 6 months after the death of his/her partner.

16. Orphan's pension

16.1 If an insured person dies, an orphan's pension will become payable for each entitled child in accordance with Art. 31 on the first day of the month following the death of the insured person.

16.2 If the insured person dies before drawing an annuity or a disability pension, the orphan's pension will amount to 20% of the insured disability pension at the time of death (cf. Art. 18.3).

16.3 If the insured person drew an annuity or a disability pension before their death, the orphan's pension will amount to 20% of the current annuity or disability pension.

16.4 Coordination with the accident or military insurance

If the entitled child is paid an orphan's pension under the accident or military insurance, the normal orphan's pension from the pension fund will be reduced by the amount received from the accident or military insurance.

The payable orphan's pension shall in all cases be equivalent to the minimum orphan's pension under the BVG.

16.5 If a child has lost both parents, the normal orphan's pension will be doubled.

16.6 This shall remain subject to the provisions of Art. 41.

17. Lump-sum death benefit

17.1 If a person who is insured or entitled to an annuity dies, the persons identified below shall be entitled to a lump-sum death benefit subject to Art. 17.8, Art. 17.10 and Art. 17.11:

a) the bereaved spouse or bereaved registered partner and the children entitled to a pension of the deceased person in accordance with Art. 31.

b) In the absence of beneficiaries according to a): natural persons who have been receiving substantial support from the deceased or the person who can prove to have maintained a life partnership with the deceased without interruption in the 5 years preceding the time of death or the person who has to provide for the support of one or more joint children. The insured person must report the beneficiaries or life partnership to the pension fund in writing. The pension fund will confirm receipt of this notification.

A beneficiary according to b) who draws a widower's or widow's pension is not entitled to claim a lump-sum death benefit.

c) In the absence of beneficiaries according to b): the remaining children, parents or siblings of the deceased person.

17.2 The insured person may freely define the beneficiaries' entitlements within a particular group of beneficiaries (article 17.1 letter a, b or c) by notifying the pension fund in writing. The notification must be available to the pension during the lifetime of the deceased person.

If no notification was available to the pension fund during the lifetime of the deceased person, the lump-sum death benefit due shall be divided as follows within the group of beneficiaries between the beneficiaries:

- group a:	all beneficiaries in equal shares
- group b:	all beneficiaries in equal shares
- group c:	the remaining children in equal shares, in their absence, the parents in equal shares, in their absence, the siblings in equal shares.

17.3 The person asserting the claim must substantiate this claim within three months of the death of the insured person in the event of any dispute.

17.4 If no beneficiaries according to Art. 17.1 are available, any remaining savings capital shall lapse in favour of the pension fund.

17.5 On the death of an insured person the lump-sum death benefit shall correspond to whichever is higher of the following two amounts:

- the savings capital available at the time of death.
- the insured salary less any interest-free early withdrawals to fund home ownership.

The lump-sum death benefit shall be reduced by any compensation in place of a spouse's pension or life partner pension.

If a spouse's pension or life partner's pension becomes due, the lump-sum death benefit shall be reduced by the cash value of this pension.

In all cases the lump-sum death benefit is at least CHF 0.--.

The just determined lump-sum death benefit shall be increased by any early retirement savings capital available.

17.6 On the death of a disabled person before reaching the retirement age of 65, the lump-sum death benefit is equivalent to whichever is higher of the following two amounts:

- the savings capital available at the time of death.
- the insured salary at the beginning of disability reduced by any interest-free early withdrawals for residential property.

If a spouse's pension or life partner's pension becomes due, the lump-sum death benefit shall be reduced by the cash value of this pension.

The lump-sum death benefit shall be reduced by any compensation in place of a spouse's pension or life partner pension.

In all cases the lump-sum death benefit is at least CHF 0.--.

The just determined lump-sum death benefit shall be increased by any early retirement savings capital available.

17.7 If a disabled person dies after reaching the retirement age of 65 and before turning 70, the lump-sum death benefit will be equivalent to 500% of the annual disability pension from the age of 65 less the interest-free disability pensions drawn from the age of 65.

If a spouse's pension or life partner's pension in addition becomes due, the lump-sum death benefit shall be reduced by the annual spouse's pension or life partner's pension multiplied by the remaining time in years (including fractions of years) to the time when the deceased disabled person would have turned 70.

The lump-sum death benefit shall be reduced by any compensation in place of a spouse's pension or life partner pension.

In all cases the lump-sum death benefit is at least CHF 0.--.

17.8 If a disabled person dies after turning 70 no lump-sum death benefit will be due.

17.9 If a retired person dies within the first five years of retirement, the lump-sum death benefit will be equivalent to 500% of the annual annuity paid upon retirement less the interest-free annuities that have been drawn.

If a spouse's pension or life partner's pension in addition becomes due, the lump-sum death benefit shall be reduced by the annual spouse's pension or life partner's pension multiplied by the remaining time in years (including fractions of years) until the expiry of the first five years from retirement.

The lump-sum death benefit shall be reduced by any compensation in place of a spouse's pension or life partner pension.

In all cases the lump-sum death benefit is at least CHF 0.--.

17.10 If a retired person dies five years after retirement no lump-sum death benefit will be due.

17.11 No lump-sum death benefit is due on the death of the surviving spouse, registered partner or life partner with pension entitlements.

18. Disability pension

18.1 If an insured person becomes disabled before reaching the age of 65 (cf. Art. 8), he/she shall be paid a disability pension.

18.2 The commencement of the disability pension will usually be contemporaneous with the commencement of the disability pension under the IV. However, as long as no disability is recognised under these pension fund regulations (cf. Art. 8) no pension may be claimed from the pension fund.

If the insured person reaches the age of 65 as a disabled person, he or she is entitled to claim a disability pension depending on the previous degree of disability.

The pension entitlement lapses once the insured person is no longer disabled or on the death of the insured person.

18.3 Level of full disability pension

The disability pension shall amount to 45% of the insured salary at the end of the month in which the disabled person turned 65 for a fully disabled insured person (degree of invalidity of at least 70%).

The disability pension will be calculated on the first day of the month after the insured person has turned 65 on the basis of the continued savings capital (including early retirement savings capital) and at the valid conversion rate at the retirement age of 65 (cf. Enclosure 2). The co-insured spouse's pension or life partner's pension shall amount to 60% of the current disability pension (cf. Art. 14.4).

18.4 Coordination with the accident or military insurance

If the insured person receives a disability pension from the accident or military insurance, the previously determined disability pension of the pension fund shall be reduced by the disability pension of the accident or military insurance.

The normal disability pension shall at any rate correspond to the minimum BVG disability pension.

18.5 Depending on the degree of disability, the partial disability pension for a partially disabled insured person amounts to:

Degree of disability in %		Partial disability pension in % of the full disability pension
less than	40%	0%
at least	40%	25%
at least	50%	50%
at least	60%	75%
at least	70%	100%

18.6 If an insured person is entitled to a partial disability pension, the pension fund will divide this person's savings capital into an inactive and an active part as follows:

Degree of disability in %		Inactive part of the savings capital in % of the total savings capital	Active part of the savings capital in % of the total savings capital
less than	40%	0%	100%
at least	40%	25%	75%
at least	50%	50%	50%
at least	60%	75%	25%
at least	70%	100%	0%

The inactive part of the savings capital will be augmented on the basis of the degree of disability, the corresponding proportion of the insured salary in accordance with Art. 4.5 (for pension benefits as a result of disability), the savings credits according to Enclosure 1 and the interest rate according to Art. 4.8.

18.7 If a partially disabled person leaves the company, because it can no longer offer him/her any suitable work, he/she shall receive the partial invalidity pension together with any associated children’s annuities. In addition, vested benefits in accordance with Art. 20 shall be constituted for the active portion. The spouse-, life partner- and orphan’s pensions, which continue to be insured, and the lump-sum death benefit shall be calculated according to the current partial disability pension.

18.8 If the insured person was at least 20% but less than 40% incapacitated on being admitted to the pension fund as the result of a birth defect and was insured by the pension fund at the time when this incapacitation, whose cause led to the disability, rose to more than 40%, this person will be entitled to the minimum disability benefits under the BVG.

18.9 If the insured person was disabled as a minor and was therefore at least 20% but less than 40% incapacitated on being admitted to the pension fund and was insured by the pension fund at the time when this incapacitation, whose cause led to the disability, rose to more than 40%, this person will be entitled to the minimum disability benefits under the BVG.

18.10 Capital option

On reaching the age of 65, the insured person may request a single lump-sum payment instead of the disability pension or part of the disability pension, as from the first day of the following month. The period of notification shall be one month. On expiry of the notification period, the decision is final.

The amount of the lump-sum payment will be calculated on the basis of the disability pension payable from the age of 65, or part of the disability pension, by dividing it by the valid conversion rate at the age of 65 in accordance with Enclosure 2.

Upon payment of the capital settlement the further claims of the insured person or his/her survivors vis-à-vis the pension fund shall be reduced on account of the portion of the disability pension due drawn in capital form.

In the case of insured persons who are married, in a registered partnership or living in a life partnership, the application must be signed by both spouses, both registered partners or life partners and their signatures must be legally attested.

18.11 Claim to available early retirement savings capital

If the insured person has a claim to a full disability pension, he/she can demand payment of the available early retirement savings capital (cf. Art. 4.7).

In the remaining cases the disabled person is entitled to the available early retirement savings capital upon turning 65.

19. Disabled person’s child’s pension

19.1 Insured persons who draw a disability pension from the pension fund are entitled to claim a disabled person's child's pension for each child in accordance with Art 31.

19.2 The annual disabled person's child's pension amounts to 20% of the disability pension payable.

19.3 The annuity will first be paid together with the disability pension in accordance with Art. 18.2 and will stop when the disability pension is no longer paid or when the possible entitlement to a child’s pension in accordance with Art. 31 lapses.

D Termination provisions

20. Vested benefit

20.1 If the company or an insured person terminates the employment relationship before the insured person has reached retirement age and if this person has no entitlement to pension benefits, the insured person will leave the pension fund and will be entitled to a vested benefit.

20.2 The amount of vested benefit payable will be equivalent to the savings capital on the date when the insured person leaves the company plus the early retirement savings capital (cf. Art. 15 FZG: claims under a defined contribution plan).

20.3 In all cases the vested benefit will be at least in accordance with the statutory requirements.

20.4 The pension fund will issue a statement concerning the insured person's vested benefit.

20.5 The vested benefit is payable when the insured person leaves the pension fund. From this date interest will be paid on the vested benefit at the minimum rate according to the BVG (cf. Annex with key figures). If the pension fund does not transfer the vested benefit within 30 days of receiving the necessary information, interest after the expiry of this period will be paid at the default rate set by the Federal Council (cf. Annex with key figures).

20.6 If the normal interest rate paid on savings capital (cf. Art. 4.8) is lower than the BVG minimum interest rate (cf. Annex with key figures) in the event of insufficient cover (cf. Art. 40.2), the minimum amount of the vested benefit will be calculated according to Art. 17 FZG with the aid of the normal interest rate.

21. Use of the vested benefits

21.1 If the insured person joins a new pension plan, the pension fund will transfer the vested benefits to the new pension plan.

21.2 Insured persons who do not join a new pension institution must inform the pension fund whether the vested benefits

a) are to be transferred to a Swiss life insurance company or to the pool for vested benefit policies to establish a vested benefit policy, or

b) to a vested benefits foundation to a vested benefits account.

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If this notification is not provided, the vested benefit shall be transferred to the Substitute Occupational Benefit Institution (cf. Art. 60 BVG) at the earliest after six months, at the latest two years after the vested benefits case.

21.3 The insured person may demand the cash payment of the vested benefit if

a) they are leaving Switzerland or the Principality of Liechtenstein for good, subject to Art. 21.4, or

b) they become self-employed and are no longer subject to compulsory pension insurance, or

c) the vested benefit amounts to less than one annual contribution of the insured person.

Cash payment to insured persons who are married, living in a registered partnership or in a life partnership is only allowed if the spouse, the registered partner or the life partner agrees by means of a certified signature.

21.4 The obligatory BVG portion of the vested benefit (BVG retirement assets) may not be paid out in cash if the retired person

a) leaves Switzerland for good, and
b) has a new place of residence in a member state of the EU or EFTA, and
c) is subject to compulsory pension insurance at their new place of residence and remains insured against the risks of old age, disability and death.

In this case, the obligatory BVG portion of the vested benefit in Switzerland must be transferred to a Swiss life insurance company or the pool for vested benefit policies or to a bank in accordance with the stipulations of Art. 21.2.

22. Extended cover/extended liability

22.1 The pension benefits for death and disability insured at the time when the pension plan is terminated will remain insured with no changes until the start of a new pension plan, but only for a maximum period of one month (period of extended cover).

22.2 If an insured person is not fully capable of work at the time when the pension plan is terminated or by the time that the extended period of cover expires and if this person is then declared disabled within 360 days due to the same cause (cf. Art. 8), this person will be entitled to a disability pension. If the degree of disability increases within a further 90 days due to the same cause, the disability pension will be increased accordingly.

22.3 If the degree of disability of a person who was disabled on the termination of the pension plan or on the expiry of the extended period of cover increases within 90 days due to the same cause, the disability pension will be increased accordingly.

22.4 If the disability or the increase in the degree of disability does not occur within the said periods, any claim to a disability pension or the increase of the disability pension will entirely depend on the minimum provisions of the BVG.

22.5 If the pension fund has to pay survivors' or disability benefits after it has transferred the vested benefit, the vested benefit must be refunded to the pension fund if this is necessary in order for the survivors' benefits or the disability benefits to be paid. The survivors' benefits and disability benefits will be actuarially reduced if no refund is made.

E Promotion of home ownership

23. Financing of residential property

23.1 Insured persons may pledge or prematurely withdraw a certain amount to fund residential property for their own needs in accordance with the WEF provisions (Art. 30a – 30g BVG) up until the date when they reach the age of 62, but not after that.

23.2 Until they reach the age of 50, the amount is limited to the relevant amount of the vested benefit; after the age of 50, to the amount of vested benefit at the age of 50 or half of the available vested benefit if this is higher.

23.3 A sum of at least CHF 20,000.00 must be withdrawn.

23.4 For insured persons who are married and insured persons living in a registered partnership or with a life partner the pledging and the early withdrawal are only allowed if the spouse, the partner or the life partner agrees to this in writing.

23.5 Early withdrawal has the effect of a restriction on disposal. This must be noted in the land register. Registration will be carried out by the pension fund.

24. Reduction of the insured pension benefits in the case of early withdrawal

24.1 The available savings capital shall be reduced by the early withdrawal.

24.2 The insured retirement benefits and vested benefit shall be correspondingly reduced on account of the reduced savings capital.

24.3 The insured survivors' benefits of active insured persons shall be correspondingly reduced on account of the reduced savings capital.

24.4 The insured survivors' benefits of disabled insured persons shall undergo corresponding actuarial reduction on account of the early amount. The reduction shall occur on the first of the month after the death of the insured person.

24.5 The pension fund will advise the insured person making the early withdrawal of options to compensate for the benefit reductions in the event of death by taking out supplementary insurance. The contributions for this must be paid in full by the insured person.

25. Repayment of early withdrawal

25.1 The amount that has been withdrawn early must be repaid if

- the residential property is sold,
- rights are granted to this residential property that are comparable with a disposal,
- the amount cannot be set off against survivors' benefits in the event of death.

25.2 The minimum amount that must be repaid is CHF 20,000.00.

25.3 Moreover, the insured person can repay the amount withdrawn at any time in compliance with the conditions set out under Art. 25.4.

25.4 Repayment shall be permissible until:

- the day before the person in question reaches the age of 62,
- the occurrence of an insured event; or
- the cash payment of the vested benefit.

F Divorce, dissolution of a registered partnership

26. Division of the vested benefit due to divorce

26.1 In the event of divorce, the vested benefit acquired during the time of the marriage will be divided up in accordance with Art. 22 et seqq. FZG and the portion due to the divorced spouse will be transferred to the divorced spouse's pension plan.

26.2 These provisions shall apply analogously in the event of court dissolution of the registered partnership.

26.3 The court will officially notify the pension fund of the amount to be transferred with the necessary information concerning the maintenance of benefit cover.

26.4 The available savings capital will be reduced accordingly through the transfer. The insured pension benefits from the pension fund will be reduced as a result of the reduction in the savings capital.

27. Making up the amount transferred

The insured person has the option of making up the amount transferred by making voluntary contributions.

G General provisions concerning the pension benefits

28. Payment

28.1 The pensions will normally be transferred in monthly instalments and in Swiss francs (CHF), rounded to the next franc and paid at the end of the month into the postal account or bank account of the person entitled to the pension.

If the person entitled to the pension demands that their pension is paid outside of Switzerland, the European Community and EFTA states (Iceland, Liechtenstein or Norway), the person entitled to the pension shall bear the transaction costs.

28.2 The full pension is paid for the month when the pension entitlement lapses.

28.3 Insurance benefits and refunds that are not paid to entitled persons for any reason accrue to the pension fund.

29. Assignment, pledging and offsetting of claims

29.1 Entitlements to benefits under these pension fund regulations may neither be assigned nor pledged before they have become payable. This is without prejudice to the provisions concerning the promotion of home ownership in accordance with Art. 23 – 25 of these pension fund regulations.

29.2 Entitlements to benefits under these pension fund regulations may only be set off against claims that the employer has assigned to the pension fund if they relate to contributions that have not been deducted from the salary.

30. Reduction of pension benefits in the event of over-insurance

30.1 If the pension benefits paid by the pension fund as a result of death or disability together with AHV/IV benefits, benefits from accident or military insurance and foreign social security insurance together result in a total income of more than 100% of the last full insured salary according to Art. 4.5 (i.e. in the case of a full-time employment), the pension benefits paid by the pension fund will be reduced to such an extent that the said limit is no longer exceeded. Furthermore, those drawing disability benefits shall have earned income or substitute income that continues to be achieved or could reasonably be achieved taken into account. Any non-recurrent capital payments shall be converted to equivalent annuities. Indemnity payments shall be excluded from the coordination.

30.2 The income of the widow or widower and the orphans will be added together.

30.3 Benefits from private insurance policies and benefits from insurance policies that the company has explicitly designated as not being of relevance will not be taken into account.

30.4 If the AHV/IV insurance, the military insurance, the accident insurance or a foreign social security insurance reduces, withdraws or denies benefits because the entitled person has caused their own death or disability due to a gross negligence or refused a reintegration measure of the IV, the pension fund may reduce its benefits to a corresponding extent.

At any rate, in the case of deduction in accordance with Art. 30.1 the unreduced benefits of AHV/IV, the accident or military insurance and foreign social security insurances shall be taken into account.

30.5 Entitled persons must assign their claims against liable third parties if the pension benefits paid by the pension fund together with the compensation owed by third parties for the same period exceed the corresponding claim. The pension benefits will be deferred until the assignment has taken place.

30.6 If an insured person is no longer in the pension fund when the entitlement to benefits arises, but has most recently belonged to the pension fund, the pension fund must make advance payments in the amount of the statutory minimum. If it is definite which pension plan is liable, the pension fund may recover any amounts paid from this pension plan.

31. Entitlement to children's annuity

31.1 Children's annuities are annuities for the children of insured persons who are retired or disabled and also orphans' pensions.

31.2 When drawing an annuity, in the event of death or invalidity a claim to children' annuities arises for:

- children until they turn 18,
- children still in education until concluding their education if they are not in full-time work, at the longest, however, until they turn 25 and
- disabled children who are at least 70% disabled until they become able to work, at the longest, however, until they turn 25.

31.3 Children are understood as children as defined in Art. 252 of the Swiss Civil Code (ZGB). Foster children entirely or largely supported by the insured person have the same status.

32. Subrogation

In relation to a third party who is liable for the insured event, the pension fund shall assume the rights of the insured person and the insured person's survivors in accordance with Art. 17.1 up to the amount of the benefits payable under these regulations at the time of the event.

33. Refund of benefits unjustly drawn

33.1 Benefits that have been drawn unlawfully must be refunded. No refund needs to be made if the recipient of the benefits has received the benefits in good faith and the refund would lead to a serious hardship.

33.2 The right to a refund becomes statute-barred one year after the pension fund has gained knowledge of it, but no later than after five years since the benefit was paid. If the right to a refund results from a criminal offence for which penal law stipulates a longer limitation period, this period shall be authoritative.

34. Adjustment to the price index

34.1 The old-age, survivors' and disability pensions will be adjusted to the price index in accordance with the financial possibilities of the pension fund. The Foundation Council will decide on an adjustment each year and explain the decision in the annual report.

34.2 In the "shadow account" (cf. Art. 2.2), the minimum BVG survivors' and BVG disability pensions will be adjusted to the price index in accordance with the instructions of the Federal Council. As long as the BVG survivors' and BVG disability pensions are lower than the survivors' and disability pensions according to the regulations, there will be no change in the survivors' and disability pensions according to the regulations. If the BVG survivors' and BVG disability pensions are higher than the survivors' and disability pensions according to the regulations, the survivors' and disability pensions according to the regulations will be increased accordingly.

35. Limitation period for claims

35.1 The entitlements to benefits will not become statute-barred unless the insured person has left the pension fund at the time when the insured event occurs.

35.2 Claims to periodic contributions and benefits (including any savings credits in the case of disability) become statute-barred after five years; other claims become statute-barred after ten years. Articles 129 – 142 of the Swiss Code of Obligations shall apply.

35.3 The provisions of Art. 41 BVG shall apply in addition.

36. Duties of disclosure

36.1 The pension fund must be notified of any events that affect the pension benefits such as

- a claim to a disability pension from the IV,
- changes in the degree of disability of persons entitled to a pension,
- the death of persons drawing a pension,
- the end of the education of children above the age of 18 for whom annuities are being drawn,
- a change of marital status.

36.2 In order to claim pension benefits the corresponding documents must be submitted to the pension fund (life certificate, proof of age, death certificate, medical certificate etc.).

36.3 The pension fund is not liable for the consequences of any failure to comply with these duties of disclosure.

36.4 Each insured person will be sent an annual pension statement concerning their contributions, the insured pension benefits and the level of their vested benefit. In addition, the insured persons will be informed in accordance with Art. 86b BVG.

36.5 Furthermore, the pension fund will inform the insured persons each year of the organisation, the funding and the composition of the Foundation Council. On request, the pension fund will also provide the insured persons with technical information concerning the financial position of the pension fund.

36.6 Important documents pertaining to the pension plan will be kept for 10 years after the liability to pay benefits has ended or after the transfer of the termination benefit.

H Funding

37. Contributions and liability to pay contributions

37.1 The liability to pay contributions shall begin with the admission to the pension fund and continue until retirement (early or normal), until the end of the month of death of the insured person or in the event of the inability to work or earn income as long as the company is obliged to continue to pay the salary, at the longest, however, until the normal retirement age 65 (cf. Art. 4.3).

37.2 The company will deduct the contributions of the insured persons from their salary and transfer these contributions to the pension fund each month together with the company's contributions.

37.3 The contributions of the insured persons and of the company to fund the pension benefits depend on the insurance age (cf. Art. 4.2) and the insured salary of the insured person, depending on the plan.

The contribution rates for plans A and B are defined in Enclosure 1.

37.4 The transition to the next highest contribution level takes place on 1 January of each year.

37.5 The savings contributions are intended to build up the individual savings capital by means of savings credits (cf. Art. 4.6). In the event of death before retirement the available savings capital will be used to help fund the survivors' benefits.

37.6 The risk contributions are intended to fund the survivors' benefits and disability benefits.

37.7 The Foundation Council may alter the level of the savings and risk contributions and the contributions to ensure the conversion rates on 1 January of each year.

37.8 Unpaid holiday

During the duration of unpaid holiday of a year at most the savings contributions of the insured person and company lapse. The insured person shall remain insured during this period for the previously insured survivors' and disability benefits and must pay the entire risk contribution. In this case the insured salary during the unpaid holiday shall correspond to the last insured salary before the beginning of the unpaid holiday.

The insured person can waive the risk insurance during the unpaid holiday with a written waiver declaration and consequently does not have to pay any risk contribution. In this case the insured salary during the unpaid holiday shall be set to CHF 0.

The company must report the unpaid holiday of an insured person to the pension fund before it begins.

37.9 Contributions to the BVG Guarantee Fund

The pension fund will bear the annual contribution to the BVG Guarantee Fund.

38. Entry contribution

38.1 The insured person shall contribute any vested benefits from former pension plans to the pension fund.

38.2 If an insured person joining the pension fund has made an early withdrawal of part of their vested benefit to fund home ownership and if the amount withdrawn is not contributed to the pension fund, this will be taken into account accordingly in Art. 17 (lump-sum death benefit).

39. Purchase

39.1 The insured person can at any time increase their savings capital up to a maximum amount in per cent of their insured salary from the insurance age 25, normally once per calendar year, with an additional purchase amount. The maximum possible purchase sum shall arise from the difference between the maximum possible savings capital in accordance with the table in enclosure 4 (depending on the pension plan) and the savings capital available on 31 December of the current year.

39.2 The maximum possible purchase amount will be reduced by any vested benefits that have not been transferred to the pension fund in accordance with Art. 3 and Art. 4 (2bis) FZG. In addition, the maximum possible purchase amount will be reduced by the part of any assets held under pillar 3a in excess of the maximum possible assets under pillar 3a according to Art. 60a (2) BVV2.

39.3 If the insured person has made early withdrawals to fund home ownership, no voluntary purchases may be made until the amounts withdrawn have been repaid.

If the insured person cannot repay the early withdrawals in accordance with Art. 30d (3) BVG and Art. 7 WEFV, the maximum possible purchase amounts will be reduced by the total sum of these early withdrawals.

39.4 If the pension fund has to transfer part of the vested benefit to the pension plan of a divorced spouse or a separated partner in accordance with Art. 22 et seqq. FZG in the case of divorce or the dissolution of a registered partnership, the insured person may make another purchase into the pension fund within the framework of the vested benefit transferred (cf. Art. 27).

39.5 Purchase for early retirement

An insured person can upon their admission to the pension fund or later make one or more additional purchase payments in order to compensate in whole or in part for the reduction of the annuity insured at the normal retirement age in the event of early retirement between the age of 58 and 65. These additional purchase amounts shall be credited to a separate savings account VP and bear interest. The maximum additional purchase amount corresponds to the difference between the additional purchase amount on the reference date according to Enclosure 5 and the available early retirement savings capital.

The insured person shall specify his desired retirement age (only full years possible) with the application for the first additional purchase amount in the pension fund. Before turning 58, the specified retirement age may be increased, but at most to 64. Once the retirement age has been fixed it may no longer be reduced.

Upon reaching the agreed retirement age, the annuity shall normally fall due. If the insured person extends their employment beyond the agreed retirement age, the insured salary shall be set to CHF 0 and the savings capital and early retirement savings capital only bear interest. In this case the annuity shall be deferred until the definitive dissolution of the employment.

The annuity due shall in any case correspond at most to 105% of the annuity insured upon reaching the agreed retirement age (cf. Art. 10.7). The conversion rate at the retirement age 65 shall be taken into account which is valid in the calendar year upon reaching the agreed retirement age.

39.6 Insured persons with an unsatisfactory health condition can only make a purchase with the approval of the Foundation Council.

39.7 The company may make purchases for individual insured persons.

39.8 If purchases were made, the pension benefits resulting therefrom may not be drawn in capital form within the next three years (cf. Art. 10.5 and Art. 21.3) or withdrawn early (cf. Art. 23). An exception are repurchases in the event of divorce or the dissolution of a registered partnership.

39.9 The insured person must comply with the instructions of the tax authorities regarding the deductibility of capital payments.

40. Actuarial audit

40.1 The Foundation Council shall have an actuarial balance sheet drawn up annually by a licensed expert for occupational pensions.

40.2 If a shortfall within the meaning of Art. 44 BVV2 is ascertained as a result of the actuarial audit, the Foundation Council shall look into reorganisation measures.

41. Reorganisation measures

41.1 In the event of insufficient cover in accordance with Art. 44 BVV2, the Foundation Council will analyse the cause and develop suitable measures that restore the financial balance within a reasonable period. For this purpose, the Foundation Council will prepare a programme of measures in observance of the legal basis and the instructions of the Federal Council. The programme of measures will be continually checked for effectiveness and adjusted if necessary.

41.2 As part of the programme of measures, the foundation council may decide to:

a) raise reorganisation contributions from the insured persons;
b) raise reorganisation contributions from the company;
c) raise reorganisation contributions from the persons entitled to a pension;
d) reduce the rate of interest paid on savings capital in accordance with Art. 4.8 and/or
e) temporarily reduce the savings credits in accordance with Enclosure 1.

The foundation council may also, as part of the programme of measures, restrict payment of the early withdrawal for residential property in terms of timing and amount, or refuse it entirely, if the early withdrawal is for the purpose of repaying mortgage loans.

The minimum pension benefits according to the BVG in the event of age, death and disability may not be reduced.

41.3 For persons entitled to a pension the reorganisation contribution will be raised by deducting it from the current pension. The maximum reorganisation contribution is equivalent to the total amount of the annuity increases in the last 10 years. The amount of the pension when the entitlement to a pension arises is guaranteed in all cases.

41.4 The programme of measures shall be drawn up in cooperation with the expert for occupational pensions.

41.5 The active insured persons, the company, the persons entitled to a pension and the responsible supervisory authority will be notified of the existing shortfall and the programme of measures that has been decided.

42. Partial liquidation

The conditions and procedure for partial liquidation shall be laid down in a separate set of regulations.

I Organisation and administration

The organisation and administration of the pension fund will be the subject of a separate set of regulations.

J Final provisions

43. Jurisdiction

43.1 Disputes concerning the application or interpretation of these pension fund regulations or questions that are not explicitly addressed in these pension fund regulations should first be submitted to the Foundation Council so that an amicable solution may be found.

43.2 Disputes between an insured or entitled person and the pension fund that cannot be settled internally will be decided by the Cantonal Insurance Court. The legal venue shall be the place of the defendant's Swiss headquarters or Swiss place of residence or the location of the establishment where the insured person is employed. The provisions of the BVG shall apply in relation to any appeal.

43.3 If these pension fund regulations are translated into a different language, only the German text shall be binding for their interpretation.

44. Gaps in the pension fund regulations

For points not specifically addressed by these pension fund regulations the Foundation Council has authority to make an appropriate decision in accordance with the sense and purpose of the pension fund. The statutory requirements must be observed in such a case.

45. Amendments, entry into force

45.1 These pension fund regulations enter into force on 1 January 2015 and replace the regulations of 1 January 2008 together with all addenda thereto.

45.2 The provisions of these pension fund regulations shall apply subject to the development of the statutory requirements and their interpretation, the development of supervisory practices and the case law.

45.3 These pension regulations can be amended by the Foundation Council at any time. Amendments of the pension regulations may under no circumstances result in the foundation assets being alienated from the foundation purpose, i.e. provision for the company employees. Entitlements already acquired shall no longer be affected by an amendment to the pension regulations; this shall remain subject to the provisions of Art. 41 (reorganisation measures) and the regulations on the partial liquidation of the pension fund.

45.4 The responsible supervisory authority must be informed of amendments to the pension fund regulations.

Heerbrugg, 27 November 2014

Foundation Council
of the Leica Pension Fund

Transitional provisions concerning the pension regulations of the Leica Pension Fund, valid from 1 January 2015

1. Transitional provisions for active insured persons and disabled persons with savings capital

1.1 As compensation for the reduction of the conversion rates, the savings capital of active insured persons and disabled persons will be increased by making a contribution. On 1 January 2015, the contribution will be calculated in such a way that the insured annuity (cf. Art. 10.7) on 1 January 2015 will be no more than 4% less than the insured annuity calculated with the savings credits and conversion rates of the previous regulations. The early retirement savings capital will not be taken into account here.

1.2 As from January 2015, the contribution will be credited to the savings capital in 48 monthly instalments. Interest will be paid from the date that the instalments are credited.

1.3 If insured persons entitled to the contribution leave the pension fund before 48 months have expired (vested benefit case), the instalments that have not been credited will remain in the pension fund.

1.4 For persons retiring from 2016, disabled persons reaching the normal retirement age from 2016 and in the event of death, the remaining instalments will be taken into account in full when calculating the annuities

If insured persons draw part of their retirement benefits in the form of a lump-sum payment or if a lump sum death benefit becomes payable, the instalments accounted for by the lump sum part will be treated like a vested benefit.

2. Transitional provisions for persons drawing a pension

2.1 The current annuities and survivors' pensions at the time when these pension fund regulations come into force as well as co-insured survivors' benefits will not be affected by these pension fund regulations.

2.2 For disabled persons entitled to a pension at the time when these pension fund regulations come into force and whose pension is first paid out after 1 January 1995, the disabled part of the savings capital will be further augmented on the basis of the degree of disability, the corresponding proportion of the insured salary according to Art. 4.5 (for pension benefits as a result of disability), the savings credits according to Enclosure 1 and the rate of interest according to Art. 4.8.

The disability pension will be calculated on the first day of the month after the insured person has turned 65 on the basis of the continued savings capital (including early retirement savings capital) and using the valid conversion rate at the retirement age of 65 (cf. Enclosure 2). The co-insured spouse’s pension or life partner’s pension shall amount to 60% of the current disability pension (cf. Art. 14.4).

Heerbrugg, 27 November 2014

Foundation Council
of the Leica Pension Fund

Enclosure 1

Contributions of insured persons from 1 January 2015

in per cent of the insured salary

Plan A

Insurance age	Risk contribution	Savings contribution	Total contribution
18 - 24	1.00%	0.00%	1.00%
25 - 34	1.25%	3.25%	4.50%
35 - 44	1.25%	4.75%	6.00%
45 - 54	1.25%	6.75%	8.00%
55 - 65	1.00%	8.50%	9.50%
66 - 70	0.00%	8.50%	8.50%

Plan B

Insurance age	Risk contribution	Savings contribution	Total contribution
18 - 24	1.00%	0.00%	1.00%
25 - 34	1.25%	3.25%	4.50%
35 - 44	1.25%	4.75%	6.00%
45 - 54	1.25%	8.75%	10.00%
55 - 65	1.00%	10.50%	11.50%
66 - 70	0.00%	10.50%	10.50%

The risk contributions of the insured persons will be used to fund the insured risk benefits.

Enclosure 1

Contributions of the company from 1 January 2015

in per cent of the insured salary

Plans A and B

Insurance age	Risk contribution	Savings contribution	Total contribution
18 - 24	1.00%	0.00%	1.00%
25 - 34	1.25%	3.25%	4.50%
35 - 44	1.25%	4.75%	6.00%
45 - 54	1.25%	8.75%	10.00%
55 - 65	1.00%	10.50%	11.50%
66 - 70	0.00%	10.50%	10.50%

50% of the company's risk contributions will be used to fund the insured risk benefits and 50% to ensure the conversion rates.

Savings credits

	Savings credits in per cent of the insured salary	
Insurance age	Plan A	Plan B
18 - 24	0.0%	0.0%
25 - 34	6.5%	6.5%
35 - 44	9.5%	9.5%
45 - 54	15.5%	17.5%
55 - 65	19.0%	21.0%
66 - 70	19.0%	21.0%

Enclosure 2

Conversion rates for the co-insured spouse's pension = 60% of the annuity

Retirement age	Conversion rates according to the regulations			
	2015	2016	2017	2018
58	5.45%	5.25%	5.10%	4.95%
59	5.60%	5.40%	5.25%	5.10%
60	5.75%	5.55%	5.40%	5.25%
61	5.90%	5.70%	5.55%	5.40%
62	6.05%	5.85%	5.70%	5.55%
63	6.20%	6.00%	5.85%	5.70%
64	6.35%	6.15%	6.00%	5.85%
65	**6.50%**	**6.30%**	**6.15%**	**6.00%**
66	6.60%	6.40%	6.25%	6.10%
67	6.70%	6.50%	6.35%	6.20%
68	6.80%	6.60%	6.45%	6.30%
69	6.90%	6.70%	6.55%	6.40%
70	7.00%	6.80%	6.65%	6.50%

Conversion rates for the co-insured spouse's pension = 80% of the annuity

Retirement age	Conversion rates according to the regulations			
	2015	2016	2017	2018
58	4.95%	4.75%	4.60%	4.45%
59	5.10%	4.90%	4.75%	4.60%
60	5.25%	5.05%	4.90%	4.75%
61	5.40%	5.20%	5.05%	4.90%
62	5.55%	5.35%	5.20%	5.05%
63	5.70%	5.50%	5.35%	5.20%
64	5.85%	5.65%	5.50%	5.35%
65	**6.00%**	**5.80%**	**5.65%**	**5.50%**
66	6.10%	5.90%	5.75%	5.60%
67	6.20%	6.00%	5.85%	5.70%
68	6.30%	6.10%	5.95%	5.80%
69	6.40%	6.20%	6.05%	5.90%
70	6.50%	6.30%	6.15%	6.00%

Enclosure 3

Factor to calculate the cash value of the AHV transitional pension

The cash value of the annual AHV transitional pension is calculated by multiplying the annual AHV transitional pension by the following factor.

Number of years until AHV retirement age	Factor
0	0.000
1	0.987
2	1.945
3	2.875
4	3.778
5	4.654
6	5.505
7	6.332

For parts of years until the AHV retirement age a linear interpolation is made.

Enclosure 4

Purchase table

(in accordance with Art. 39.1)

valid from 1 January 2015

Insurance age	Maximum savings capital in per cent of the insured salary As at 31 December Plan A	Plan B
25	6.5%	6.5%
26	13.1%	13.1%
27	19.9%	19.9%
28	26.8%	26.8%
29	33.8%	33.8%
30	41.0%	41.0%
31	48.3%	48.3%
32	55.8%	55.8%
33	63.4%	63.4%
34	71.1%	71.1%
35	82.0%	82.0%
36	93.2%	93.2%
37	104.5%	104.5%
38	116.1%	116.1%
39	127.9%	127.9%
40	139.9%	139.9%
41	152.2%	152.2%
42	164.7%	164.7%
43	177.4%	177.4%
44	190.4%	190.4%
45	209.7%	211.7%
46	229.4%	233.4%
47	249.4%	255.5%
48	269.9%	278.1%
49	290.7%	301.1%
50	312.0%	324.6%
51	333.6%	348.5%
52	355.7%	372.9%
53	378.3%	397.8%
54	401.3%	423.1%
55	428.2%	452.5%
56	455.7%	482.5%
57	483.7%	513.1%
58	512.3%	544.2%
59	541.5%	576.0%
60	571.2%	608.4%
61	601.5%	641.5%
62	632.4%	675.2%
63	664.0%	709.5%
64	696.1%	744.6%
65	728.9%	780.4%

Enclosure 5

Additional purchase for early retirement

(in accordance with Art. 39.5)

Purchase table for plans A and B

valid from 1 January 2015

Insurance age	Maximum additional purchase in % of the insured salary for early retirement						
	58	**59**	**60**	**61**	**62**	**63**	**64**
25	194.4%	162.2%	131.8%	102.9%	75.3%	49.0%	24.0%
26	198.2%	165.4%	134.4%	104.9%	76.8%	50.0%	24.4%
27	202.1%	168.7%	137.1%	107.0%	78.3%	51.0%	24.9%
28	206.1%	172.1%	139.8%	109.1%	79.9%	52.0%	25.4%
29	210.2%	175.5%	142.6%	111.3%	81.5%	53.0%	25.9%
30	214.4%	178.9%	145.4%	113.5%	83.1%	54.1%	26.4%
31	218.6%	182.5%	148.3%	115.7%	84.7%	55.2%	27.0%
32	222.9%	186.1%	151.2%	118.0%	86.4%	56.2%	27.5%
33	227.4%	189.8%	154.2%	120.4%	88.1%	57.4%	28.0%
34	231.9%	193.5%	157.2%	122.7%	89.9%	58.5%	28.6%
35	236.5%	197.4%	160.4%	125.2%	91.6%	59.7%	29.2%
36	241.1%	201.3%	163.5%	127.6%	93.5%	60.8%	29.7%
37	245.9%	205.3%	166.8%	130.2%	95.3%	62.0%	30.3%
38	250.8%	209.3%	170.1%	132.7%	97.2%	63.3%	30.9%
39	255.7%	213.5%	173.4%	135.4%	99.1%	64.5%	31.5%
40	260.8%	217.7%	176.9%	138.1%	101.1%	65.8%	32.2%
41	266.0%	222.0%	180.4%	140.8%	103.1%	67.1%	32.8%
42	271.2%	226.4%	183.9%	143.6%	105.1%	68.4%	33.5%
43	276.6%	230.9%	187.6%	146.4%	107.2%	69.8%	34.1%
44	282.1%	235.5%	191.3%	149.3%	109.3%	71.2%	34.8%
45	287.7%	240.1%	195.1%	152.3%	111.5%	72.6%	35.5%
46	293.4%	244.9%	199.0%	155.3%	113.7%	74.0%	36.2%
47	299.2%	249.7%	202.9%	158.4%	116.0%	75.5%	36.9%
48	305.1%	254.7%	206.9%	161.5%	118.2%	77.0%	37.6%
49	311.1%	259.7%	211.0%	164.7%	120.6%	78.5%	38.4%
50	317.3%	264.9%	215.2%	168.0%	123.0%	80.1%	39.1%
51	323.6%	270.1%	219.4%	171.3%	125.4%	81.6%	39.9%
52	330.0%	275.5%	223.8%	174.7%	127.9%	83.3%	40.7%
53	336.5%	280.9%	228.2%	178.1%	130.4%	84.9%	41.5%
54	343.2%	286.5%	232.7%	181.7%	133.0%	86.6%	42.3%
55	350.0%	292.2%	237.4%	185.3%	135.6%	88.3%	43.2%
56	356.9%	297.9%	242.1%	188.9%	138.3%	90.1%	44.0%
57	364.0%	303.8%	246.8%	192.7%	141.1%	91.8%	44.9%
58	**371.2%**	309.9%	251.7%	196.5%	143.9%	93.7%	45.8%
59		**316.0%**	256.7%	200.4%	146.7%	95.5%	46.7%
60			**261.8%**	204.4%	149.6%	97.4%	47.6%
61				**208.4%**	152.6%	99.3%	48.6%
62					**155.6%**	101.3%	49.5%
63						**103.3%**	50.5%
64							**51.5%**

Examples

1. Insured benefits

Age of insured person	45	
Insured salary = annual salary	70'000	
Available savings capital	100'000	
	Plan A	**Plan B**
Insured annuity (Art. 10.7)		
Available savings capital	100'000	100'000
Future savings credits (until age 65)	254'800	284'200
Future interest (projected interest rate 2.5%)	138'681	147'337
Projected savings capital at age 65	493'481	531'537
Conversion rate at age 65	6.0%	6.0%
Insured annual annuity (= conversion rate with projected savings capital)	**29'609**	**31'893**
Full disability pension (Art. 18.3)		
Annual disability pension (= 45% of the insured salary)	**31'500**	**31'500**
Spouse's pension (Art. 14.4)		
60% of the insured annuity	17'766	19'136
plus 10% of the insured salary	7'000	7'000
Annual spouse's pension	**24'766**	**26'136**

2. Retirement, partial retirement

2.1 Retirement and retirement benefit as a lump-sum payment (Art. 10.5)

Age of insured person	65	
Available savings capital at age 65	600'000	
	Retirement benefit with lump sum	**Retirement benefit without lump sum**
Retirement benefit in form of a lump-sum	**250'000**	**---**
Remaining savings capital (= available savings capital less lump-sum payment)	350'000	600'000
Conversion rate at age 65	6.0%	6.0%
Annuity payable each year (= conversion rate multiplied by remaining savings capital)	**21'000**	**36'000**

2.2 Partial retirement and AHV transitional pension

Age of insured person	63	
Available savings capital at age 63	500'000	
Partial retirement (Art. 12)	**Partial retire-ment**	**Continued insurance**
Percentages (together resulting in 100%)	40%	60%
Division of savings capital	200'000 40% of 500,000	300'000 60% of 500,000
Conversion rate at age 63	5.7%	
Partial annuity payable at age 63 (= conversion rate multiplied by savings capital on partial retirement)	**11'400**	This savings capital continues to be formed with the savings contributions on the salary still insured and with the interes
AHV transitional pension (Art. 11)		
AHV transitional pension applied for (per year)	**6'000**	
Number of years from age 63 to age 65	2	
Cash value factor (Enclosure 3)	1.945	
Cash value of the AHV transitional pension (Art. 11.3) (= 1.945 times 6,000)	11'670	
Available savings capital	200'000	
Reduction by the cash value of the transitional pension	-11'670	
Reduced savings capital	188'330	
Conversion rate at age 63	5.7%	
Reduced partial annuity payable at age 63 (= conversion rate times reduced savings capital)	**10'735**	
plus transitional pension applied for	6'000	
Total annual annuity from age 63 to 65	**16'735**	

3. Voluntary purchase (Art. 39.1)

Age of insured person	55	
Insured salary = annual salary	90'000	
Available savings capital at the end of current year	350'000	
	Plan A	**Plan B**
Maximum savings capital (in % of the insured salary)	428.2%	452.5%
Maximum savings capital in CHF (= percentage times insured salary)	385'380	407'250
Less available savings capital	-350'000	-350'000
Maximum possible purchase	**35'380**	**57'250**

Glossary

AHV transitional pension
In the case of retirement before the AHV retirement age (age 65 for men, 64 for women) an AHV transitional pension can be applied for as a substitute for the AHV pension that is not yet payable. The AHV transitional pension is funded from the insured person's savings capital. This reduces the annuity paid by the pension fund.

Purchase, voluntary
A voluntary purchase increases the personal savings capital and thus also the future annuity as well. Interest is paid on the purchase amount from the date of payment, in the same way as on the savings capital. The purchase is certified by the pension fund and can be deducted from taxable income in the year of payment. The maximum possible purchase is shown in the pension statement.

Entry contribution
This is the name given to the vested benefit that has to be transferred to the pension fund by the insured person's former pension plan or a vested benefits institution. The entry contribution is credited to the insured person's personal savings capital.

Vested benefit
This is the capital that is transferred to the insured person's new pension plan at the end of the employment relationship prior to retirement. The vested benefit is equivalent to the savings capital acquired up until the end of the employment relationship.
This means that the pension entitlements acquired up until this time are passed on to the new scheme so that they can continue to accumulate without any gaps.

Coordination of the benefits with accident or military insurance
If the accident or military insurer has to pay benefits in the event of disability or death, the pension fund will coordinate the benefits it pays with these insurers.

- If the benefits paid by these insurers are higher than the benefits paid by the pension fund, the pension fund will not pay any benefits.
- If the benefits paid by the pension fund would be higher than the benefits paid by these insurers, the pension fund will supplement these benefits up to the normal amount specified by the pension fund regulations.

When added together, the benefits paid by the accident or military insurers and the benefits paid by the pension fund will always be at least equivalent to the normal benefits according to the pension fund regulations.

Risk contributions
This is the portion of the contributions made by insured persons and the employer which is used to fund risks (disability or death prior to retirement age). The risk contributions that have been paid in remain in the pension fund until the end of the employment relationship.

The employer's risk contributions also include contributions to fund retirement costs.

Retirement age, normal
Retirement age is reached on the first day of the month after turning 65 and is the age when the retirement benefits become payable without any reduction or increase.

Insured persons can choose a retirement age anywhere between the ages of 58 and 70.

- If the retirement age is before the age of 65 – known as early retirement – the benefits will be lower.
- If the retirement age is after the age of 65 – known as deferred retirement – benefits will be higher. However, in order to apply for deferred retirement it must also be possible to continue the employment relationship.

Reorganisation, reorganisation measures
Reorganisation means all measures that have to be taken to reverse insufficient cover. The most important reorganisation measures include a lower rate of interest paid on savings capital and reorganisation contributions from the insured persons and the employer. The employer's reorganisation contributions must be at least as high as the reorganisation contributions of the employer's insured persons.

Savings credits, savings contributions
The savings credits are set as a percentage of the insured salary. They are credited to the savings capital of the insured persons each month. They are funded with the savings contributions made by the insured persons and the employer. When added together, the savings contributions deducted from the salary of an insured person and the savings contributions that the employer pays in for this person result in the exact savings contribution.

Insufficient cover
The BVG requires a pension fund's assets to be at least as high as the total sum of all savings capital of the insured persons and all pension payments for current pensioners. This total represents the pension fund's obligations. There must be a balance between assets and obligations.

If there is a decline in the assets, for instance due to a stock market down-turn, the assets may fall below the level of the obligations. This situation is known as insufficient cover.

The savings capital of the insured persons and the pension payments may not be reduced in order to re-establish a balance. The BVG requires that a shortfall be rectified through reorganisation measures.

Pension statement
Annual information in paper form for the insured persons. From this they can see:

- the contributions deducted from their salary each month,
- the retirement benefits they can expect
- the insurance benefits (disability and survivors' pensions) for the current year
- the development of the savings capital in the past year.

Interest rates
The **interest rate** paid on the savings capital of the insured persons is set annually by the Foundation Council It usually corresponds to at least the minimum BVG interest rate set by the Swiss Federal Council. If there are sufficient assets and a good return on capital, the Foundation Council may also set a higher interest rate.

The **technical interest rate** paid on the pensioners' pension assets is set by the Foundation Council on the basis of long-term earnings expectations. The technical interest rate is an actuarial variable. Pensioners neither draw an advantage nor suffer a disadvantage from a change in the technical interest rate. They are always paid the same monthly pension.

The **projected interest rate** is also set by the Foundation Council on the basis of long-term earnings expectations. The projected interest rate is used to extrapolate (project) the savings capital of the insured persons together with the savings credit still to be expected by normal retirement age. With this projection the retirement benefits that can be expected can be shown on the pension statement. The projected interest rate is an actuarial variable that is not guaranteed.

Kennzahlen 2015

AHV-Rentenalter Männer		65
AHV-Rentenalter Frauen		64
Maximale jährliche AHV-Altersrente 2015 (12 x CHF 2'350.--)	CHF	28'200.00
BVG-Mindestlohn 2015 (12 x CHF 1'762.50)	CHF	21'150.00
BVG-Mindestlohn 2015 für teilinvalide versicherte Personen		
Teilinvalidenrente in % Vollinvalidenrente		Mindestlohn aktiver Teil
25 %	CHF	15'862.50
50 %	CHF	10'575.00
75 %	CHF	5'287.50
Maximal versicherter Lohn 2015	CHF	253'800.00
Zinssatz 2015 (gemäss Art. 4.8)		1.75%
BVG-Mindestzinssatz 2015		1.75%
Verzugszinssatz 2015 (gemäss Art. 7 FZV)		2.75%
Technischer Zinssatz		3.00%
Projektionszinssatz (gemäss Art. 10.7)		2.50%

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