



## Helvetia's surplus statement – explained in brief.

Would you like to know how the surplus credit balance for your employee benefit scheme contract is calculated? The surplus statement provides you with all the important information about this – in a clear and transparent form. In the following we would like to explain this document to you in more detail and answer some frequently asked questions.

### **What does the surplus statement show?**

As a customer of the Helvetia employee benefit scheme you have an entitlement to profit sharing. This is always determined retroactively for the year just ended and credited on the following 01.01. The surplus statement shows

- the types of surplus that the participation is composed of and
- how the credit is calculated for your contract.

To a certain degree, the surplus statement translates the abstract surplus plan into a concrete sum of francs that is credited to your contract.

### **When do you receive the surplus statement?**

The surplus statement is drawn up once annually as part of the processing of your contract on the reference date. You always receive the document with your collective and insurance certificates for the new insurance year.

### **Who is included in the statement?**

The statement is an aggregate of the surplus credit balances of all the active and disabled persons who are insured in your contract as per 01.01. of the new year.

Those insured persons who could not be carried forward to the new year at the time the statement was drawn up are not included (e.g. pending earning disability cases). Their profit sharing is calculated and credited at a later date.

Example of a surplus statement. Depending on the type of contract, not all the positions shown here will be listed.

## Surplus statement for the 2010 financial year

Contract No. 012345.11  
Company Test AG

### Details of the 2010 profit sharing

The surplus credit for 2010 is comprised of the following:

Type of surplus <sup>1</sup>	Reference amount <sup>1</sup> in CHF <sup>4</sup>	Surplus rate in % <sup>3</sup>	Surplus in CHF <sup>2</sup>
Interest, compulsory savings	1'400'000.00	0.10	1'400.00
Interest, supplementary savings	900'000.00	0.50	4'500.00
<b>Total</b>	<b>2'300'000.00</b>		<b>5'900.00</b>
Risk, disability	41'500.00	10.00	4'150.00
Risk, death	11'300.00	25.00	2'825.00
<b>Total</b>	<b>52'800.00</b>		<b>6'975.00</b>
<b>Surplus credit, total</b>			<b>12'875.00</b>

<sup>1</sup> relevant reference amount per type of surplus: see overleaf

- <sup>5</sup> Unless specified otherwise in the pension fund regulations, profit shares will be credited to the interest-bearing excess accounts of active and disabled insured persons as of 1 January 2011. The amounts paid per person can be found on the premium invoice.

### <sup>6</sup> Total yield 2010

Old-age savings have resulted in the following total yield for 2010:

	Guaranteed interest in %	Interest surplus in %	Total yield in %
Compulsory old-age savings	2.00	0.10	<b>2.10</b>
Supplementary old-age savings	2.00	0.50	<b>2.50</b>
<b>Retirement savings, total</b>			<b>2.26</b> <sup>7</sup>

- <sup>8</sup> The total yield is further augmented by risk surpluses in the amount of CHF 6'975.00.

## <sup>1</sup> Why are there different types of surplus?

Income surpluses are derived from different sources: a distinction is made between the savings, risk and cost processes. In order for the profit sharing to be associated as closely as possible to its source and thereby allocated correctly to its originator, different types of surpluses are granted.

You will find further information on the origins of surpluses and on the general functioning of Helvetia's surplus system in the information sheet "Collective life surplus system" at [www.helvetia.ch/en/geschaeftskunden/berufliche\\_vorsorge/infocenter](http://www.helvetia.ch/en/geschaeftskunden/berufliche_vorsorge/infocenter).

## 2 How is the surplus amount calculated in CHF?

Helvetia determines the profit sharing for the insured employee benefit institutions annually in a surplus plan, whereby the amount of the surpluses is defined in the form of surplus rates.

The surplus amount in CHF corresponds to the surplus rate in % under 3, multiplied by the reference amount under 4. The reference amount is thereby dependent on the type of surplus.

Type of surplus	Reference amount
Interest surplus compulsory savings	Compulsory old-age savings <sup>A</sup>
Interest surplus supplementary savings	Supplementary old-age savings <sup>A</sup>
Risk surplus disability	Risk premium for disability benefits <sup>B</sup>
Risk surplus death	Risk premium for death benefits <sup>B</sup>
Cost surplus	Cost premium <sup>B</sup>

<sup>A</sup> As far as the old-age savings are concerned, these are the savings that are actually available in the year just ended for the insured persons listed in the statement. Amendments made during the course of a calendar year are included according to the value date. Example:

	in CHF
Old-age savings as per 01.01.	100 000
Inclusion of single premium as per 01.10.	20 000
<b>Reference amount<sup>1</sup></b>	<b>105 000</b>

<sup>1</sup> Calculation formula:  $100\,000 + 20\,000 \times \frac{90}{360}$

The old-age savings earn interest for the full year as of 01.01. However, the single premium only earns interest for 3 months at 30 days per month. The old-age credits are included in the old-age savings as per 31.12. and therefore only become part of the reference amount in the following year.

<sup>B</sup> Risk premiums are premiums that are levied for insurance coverage for the risks disability and death. The risk premiums levied in the insurance year just ended are taken into account in the reference amount for the risk surplus. The cost premiums are not included in this.

<sup>C</sup> Cost premiums are premiums that are levied for the services provided in the administration of occupational benefits insurance and insurance solutions as well as customer advice. Due to the balanced results in the area of administrative costs over several years, no cost surplus is currently distributed.

### 5 How are the surpluses used?

As a rule, the surpluses are credited annually to the interest-bearing excess accounts of the active and disabled insured persons. This applies for all types of surplus in equal measure. In the case of death or retirement as well as premature termination of employment, the accrued assets of the entitled person are paid out as capital benefits, i.e. they are used to increase the termination benefit. Any other use of the surpluses is only possible upon the explicit resolution of the joint commission (Board of trustees/Board of foundation).

### 6 What does the total yield comprise?

The total yield is made up of the guaranteed interest for the old-age savings and the participation in the interest profit sharing.

The guaranteed interest for the old-age savings for the current year is determined in advance and credited in every case. The employee benefit institutions decide on the level of interest. In the LOB compulsory area it corresponds at least to the LOB minimal interest rate determined by the Federal Council.

The participation in the interest profit sharing for the current year is determined by Helvetia every autumn and credited on the following 01.01.

For the calculation of the total yield "Total retirement savings" <sup>7</sup> the total yields in the compulsory and the supplementary areas are always weighted with the corresponding old-age savings. Example:

	Amount of old-age savings in CHF	Total yield in %
Compulsory savings	1 400 000	2.10
Supplementary savings	900 000	2.50
<b>Total retirement savings<sup>1</sup></b>		<b>2.26</b>

<sup>1</sup> Calculation formula:  $\frac{1\,400\,000 \times 2.10\% + 900\,000 \times 2.50\%}{2\,300\,000}$

<sup>8</sup> As a rule, not only the interest surpluses but also any risk and cost surpluses are used to increase the savings assets of the insured (see <sup>5</sup>). Thus they additionally increase the total yield.

**So simple. Just ask us.**

#### Helvetia Insurance

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