



Helvetia – News on the 2nd pillar 2012.

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helvetia 

Editorial.



Donald Desax
Head of Market Area
and Member of Executive
Management Board

Helvetia Insurance,
Market area Group Life

Dear Customer,

With this edition of “Helvetia – News on the 2nd pillar” we would like to inform you of current and important changes in the employee benefit scheme in 2012. The table of contents on the next page will give you a quick overview of the individual topics.

Where did the Swiss economy stand in 2011? Sovereign debt reached record levels worldwide and the central export markets for Switzerland, namely the USA and the euro-zone, weakened. Thanks to a cautious economic policy the Swiss economy is in good shape. However, due to measures taken by the various governments and national banks, it can be assumed that the low interest rate and the associated prospects for yields will remain stubbornly static in the near future.

The occupational benefit scheme in Switzerland is part of this global dynamic and must adapt itself to this new situation. The low interest rates and the low-yield investment markets have forced the Federal Council to lower the minimal interest rate in the LOB for 2012 from currently 2.0% to 1.5%. This adjustment is extremely moderate, but, in the interests of the 2nd pillar, it is going in the right direction.

Helvetia supports maintaining the occupational benefit scheme on a firm footing as part of the tried-and-tested three pillar concept. Our concept of a sustainable, stable and secure employee benefit scheme proves itself once again. For this reason we anticipate attractive interest and risk surpluses for 2011 on the one hand, but we shall choose the supplementary interest rate for 2012 with care and caution. The security of the occupational benefit scheme is our top priority.

The publication “Helvetia – News on the 2nd pillar” is a service provided by Helvetia Insurance for its collective life customers. It provides information and clarity and the aim of its features is to support you as our customer in the administration and organisation of your employee benefit scheme. We are happy if we are successful in this. Thank you for choosing Helvetia as your partner.

Yours sincerely,

Donald Desax

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Conditions.

What surplus participation is Helvetia granting for 2011? How much interest will the old-age savings earn in 2012? What does “projected interest rate” mean? We answer these questions.



Carolin Diem-John
Federally accredited
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Surplus participation 2011

As an employee benefit scheme customer of Helvetia you will benefit from an attractive surplus participation for 2011. You will find the percentages for the different types of surplus in the following tables.

Risk surplus 2011¹

2011	in %
Surplus rate for risk premium disability	10.0
Surplus rate for risk premium death	25.0

¹ Customers with a special surplus agreement or with collective insurance outside of the occupational benefit scheme are excluded from the risk surplus.

Interest surplus and total yield 2011²

2011	in %
LOB old-age savings	
Surplus rate	0.0
Guaranteed interest	2.0
Total yield	2.0
Supplementary old-age savings/ Liechtenstein	
Surplus rate	0.9
Guaranteed interest	1.5
Total yield	2.4

² Applies for full insurance solutions offered by Helvetia Collective foundations and company-own foundations with a full insurance contract

Together with the guaranteed interest rate of 1.5%, the interest surplus on the supplementary old-age savings and for customers in Liechtenstein results in a total yield for 2011 of 2.4%.

In the LOB mandatory area part of the investment income must be used for the financing of the pension conversion rate, which is too high. The need for financing amounts on average to 0.4% of the old-age savings, whereby a correspondingly lower total yield of 2.0% is achieved.

Surplus credit

The 2011 surplus participation is calculated as part of the processing of your contract on the reference date and is credited as per 01.01 2012. You will find details of the individual surplus credit for your insurance contract in the surplus calculation, which you will receive together with the collective certificates and insurance certificates for 2012.

Appropriation of surplus

As a rule, both the risk and the interest surpluses are credited to the individual surplus safekeeping accounts of the insured persons, subject to a resolution of the Board of trustees or the Board of foundation that determines a different appropriation of the surplus. ▶



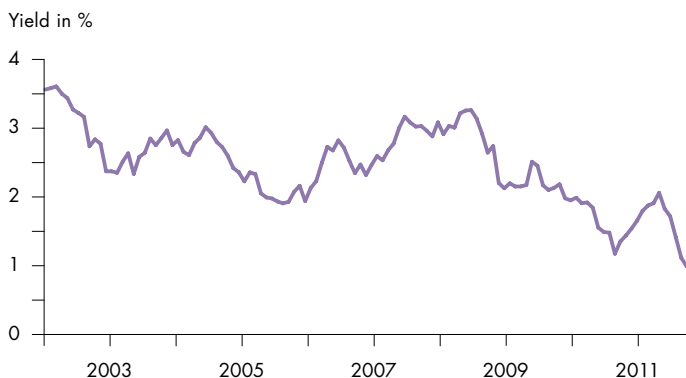
Interest on the old-age savings for 2012 as part of full insurance

The level of interest in Switzerland has been on the decline for many years. Following a brief recovery in the first quarter of this year, there was a further fall in summer 2011: The yields on 10-year federal bonds that are used as a reference point came in at under 1.0% – the lowest level ever recorded. Partly to blame for this are the measures taken by the Swiss National Bank (SNB) to weaken the Swiss franc and the flight of worried investors into safer investments following the volatility of the markets in the last few months.

The sovereign debt crisis of some western states, which is far from over, and the stalled economic recovery give no hope of a major change in this trend in the short term. It is to be assumed that the Swiss insurance landscape must brace itself for low to very low interest rates on secure investments for a long period to come.

Yield on 10-year federal bonds

Development 2002–2011



10-year federal bonds at historic low: In August 2011 their yield fell below 1.0% for the first time ever. Source: SNB.

Against this background Helvetia has set the guaranteed interest rate on the supplementary old-age savings at 1.0% for 2012.

Helvetia grants the LOB minimal interest rate on the LOB old-age savings, which has been lowered from 2.0% to 1.5% by the Federal Council as per 01.01.2012. Read [the Federal Council's statement](#) in its media release (available in German, French and Italian).

Naturally, we will continue to do our utmost to pay an attractive surplus participation in addition to the guaranteed interest. You will find information on this from December 2012 in the same place in "Helvetia – News on the 2nd pillar 2013".

Guaranteed interest for the old-age savings 2012¹

2012	in %
LOB mandatory old-age savings	1.5
Supplementary old-age savings/ Liechtenstein	1.0

¹ Applies for full insurance solutions offered by Helvetia Collective foundations and company-own foundations with a full insurance contract



The projected interest rate explained in brief

The amount of the guaranteed interest for the old-age savings is variable and is always determined using the time horizon of one year. The development of the old-age savings can therefore currently only be predicted until the end of 2012 with any level of accuracy. In contrast, for calculations further in the future, such as the extrapolation of the assumed retirement benefits, an assumption regarding the level of interest for the years up to retirement age must be made. This hypothetical interest rate is also called the “projected interest rate”.

The projected interest rate is not guaranteed and is for information purposes only: The projected assumed retirement benefits are intended as clarification for the insured person and should be understood as target figures. Due to the sometimes very long investment horizon – depending on the age of the insured person the retirement age could be ten, twenty or even forty years in the future – the projected interest rate provides an estimate of the medium- to long-term interest to be expected on the old-age savings.

Due to its long-term nature, the projected interest rate is held as stable as possible over a longer period. This ensures that the assumed retirement benefits are not exposed to major fluctuations on an annual basis. However, it is equally important that the projected interest rate should reflect the future yield expectations as realistically as possible. This is so that insured persons who are due to retire in the next 10 to 15 years have a relatively reliable basis for their personal pension planning.

The delay in any hoped-for change in the interest rate trend and the subdued forecasts on the yields to be realised on the investment markets in the future mean that a correction in future expectations must be made today. For this reason, the Helvetia Collective foundations now use a projected interest rate of 2.25% (previously 2.5%). This is why the as-

«The projected interest rate is not guaranteed and is for information purposes only.»

sumed retirement benefits shown on the insurance certificate valid as of 01.01.2012 are lower than in the previous year. However, this measure has no influence on the amount of the old-age savings that will effectively be available at the time of retirement. This is because, for the annual determination of the guaranteed interest only the current development of the investment markets is decisive, not however the amount of the projected interest rate.



Market and social insurances.

Important steps are under way in the reform process for the social insurances. On 01.01.2012 various adjustments enter into force. We would like to inform you of the most important amendments in Switzerland.



Marianne Kostur
Officer for Specialist Training

Helvetia Insurance,
Market area Group Life

In the DI various important directions in financial consolidation are being set. Following the rejection of the latest draft of the 11th OASI revision by parliament, the Federal Council is now pushing for dialogue and cooperation between the parties, the social partners and the cantons, in order to come up with constructive and socially acceptable solutions in the Old-age and Survivors' Benefit Insurance. A first result can already be seen. Supervision has been tightened in the occupational benefit scheme.

In 2012 various amendments will enter into force. We wish to support you by informing you of the latest developments in social insurance. You will find an overview of the currently valid provisions of the social insurances in our [information sheet "Overview of Swiss social insurances scheme. Facts and figures 2012"](#).

The most important adjustments in the 1st pillar (OASI, DI and supplementary benefits)

In 2012 the 1st pillar will be characterised by the 6th DI revision. In addition, adjustments to the OASI will be entering into force that are intended to simplify implementation and administration in particular.

«The first tranche of measures (DI revision 6a) enters into force as per 01.01.2012.»

The 6th DI revision has been divided into two parts and aims at sustainably balancing the DI bill. The first tranche of measures (DI revision 6a) enters into force as per 01.01.2012. A second tranche has been drawn up for those measures that cannot be implemented so quickly (DI revision 6b). This is expected to enter into force in 2015.

Key measures DI revision 6a

Integration measures in pension revision

This forms the key point of the adjustments and aims at reintegrating long-term recipients of DI pensions back into the workforce as far as possible. In order to achieve this, the existing integration measures have been expanded and supplemented. There are protection measures in place to ensure that persons who apply for reintegration are not worse off than previously. Therefore, during the reintegration process the previous pension continues to be paid and there is a safety provision in place in case the reintegration should fail within three years. A special examination and specific regulations apply, however, due to the tighter practice regarding the granting of pensions to persons who were awarded a pension prior to 01.01.2008 based on non-diagnosable pain situations. The 2nd pillar is also affected by this revision point. You will find the relevant information in the following explanation of the adjustments to the 2nd pillar. ▶



Introduction of an assistance contribution

In future, people with a disability will themselves be able to employ a person to provide them with assistance and will receive an assistance contribution from the DI for this. This benefit creates better integration opportunities, can unburden family members who are carers more effectively and avoid or delay admittance to a home. This measure is cost-neutral for the DI as it facilitates savings in the hindrance allocation at the same time.

More competitive elements in the procurement of aid

True competition between the service providers should facilitate more cost efficiency whilst the quality of care remains at the same level. Thus, the conclusion of tariff contracts (e.g. for hearing aids) will now be possible with all market players and not just with intermediaries. In addition, public order awarding processes (e.g. tenders) can be used in exceptional cases if the other procedures are deemed to be ineffective.

Measures for improvements in the implementation and contributions area of the OASI

Following the rejection of the latest draft of the 11th OASI revision by parliament, the Federal Council has had the measures that were not contested in the discussion set out in the separate document "Improvements in implementation", in order to facilitate a quick implementation. Parliament approved the adjustments to the law in its summer session 2011 and the provisions will enter into force on 01.01.2012.

The adjustments in the area of contributions also affect the DI and the income compensation regulations (IC).

Four points are particularly worth mentioning:

- People who have taken early retirement can now remain affiliated with the previous compensation fund and no longer have to switch to the cantonal compensation fund.
- The contributions to the OASI, DI and income compensation (IC) paid by persons who work in Switzerland but are employed by a company that is not domiciled in Switzerland were previously assessed using the sinking contribution scale in analogy with self-employed persons. This advantage vis-à-vis employees has been lifted. The same contribution rates as those for other employees now apply for these persons.
- The maximum contribution rate for the OASI, DI and IC for unemployed persons is now coupled to the minimum contribution (currently CHF 475) and amounts to 50 times this sum, i.e. CHF 23,750.
- Care credits will now also be granted if the person requiring care is easily reached, i.e. if he/she can be reached within one hour or he/she lives at a distance of not more than 30 kilometres. ▶



Adjustments to the 2nd pillar (LOB)

Maximum amounts

The maximum amounts in the occupational benefit scheme remain unchanged vis-à-vis the previous year's edition (see edition "[Helvetia – News on the 2nd pillar 2011](#)").

LOB minimal interest rate

On the other hand, the LOB minimal interest rate has been reduced to 1.5%.

«The integration-oriented pension revision of the DI also affects the 2nd pillar.»

No pension adjustments based on retrospective price developments

The adjustment to the price index is generally carried out every two years at the same time as the adjustment of the OASI pensions. The next adjustment is set for 01.01.2013. In the intervening year, the adjustment of those pensions that have reached a term of three years, i.e. pensions that were paid out for the first time in 2008, is therefore an exception to this. The price development that underlies the adjustment between September 2008¹ and September 2011² was, however, negative, with the result that these pensions did not need to be adjusted.

¹ September index 2008: 99.8; basis December 2010 = 100

² September index 2011: 99.7; basis December 2010 = 100

Impact of the current DI revision on the 2nd pillar

The integration-oriented pension revision of the DI also affects the occupational benefit scheme. If a person can be partially or fully reintegrated into working life, this means that the existing pensions from the DI can be reduced or discontinued. However, the previous employee benefit institution obliged to pay benefits remains responsible for a further three years and the insured person remains insured to the same degree as prior to the change in level of disability. The benefits due to the insured person prior to the change in level of disability are reduced if necessary. During this three-year protective period no contributions are paid either by the insured person or the employer on the additional salary earned. This protective measure is intended to give those persons who apply for reintegration the security that they will not be worse off than before if the reintegration procedure is not successful. In addition, it should guarantee that employers are not charged contributions or renewed benefit payments that fall due later on from their pension fund. On the contrary, it is intended to promote the hiring of those persons wishing to be reintegrated into work. Important implementation questions still need to be clarified and will be determined by the Federal Council in the form of an ordinance. ▶



(Photo: parlament.ch)

Important steps are under way in the reform process for the social insurances.

Structural reform strengthens supervision

The second stage in the structural reform entered into force on 01.08.2011. It includes stricter governance provisions. The third stage enters into force on 01.01.2012. Direct supervision will now be carried out exclusively by cantonal and/or regional supervisory authorities. The supervision of employee benefit institutions with a national or international character – which includes the Helvetia Collective foundations – currently carried out by the Federal Social Insurance Office (FSIO) will be transferred to the cantons by the end of 2014 at the latest. The superintendence that has up until now been carried out by the Federal Council, ergo the FSIO, will become the responsibility of an independent superintendence commission. This will be responsible for ensuring a uniform practice of supervision amongst the cantonal and/or regional supervisory authorities.

Important amendments to the other social insurances

The legal maximum duration for the receipt of **reduction in working hours compensation from the unemployment insurance (UI)** is increased from 12 to 18 months¹. The previously valid reduced waiting period will remain in force. These regulations remain in force until 31.12.2013.

¹ The previous provisions with a maximum duration for benefits of 24 months were valid only until the end of 2011.

What you as employer must note:

- The maximum amounts remain unchanged vis-à-vis the previous year.
- The minimal interest rate is now 1.5%.

Further information

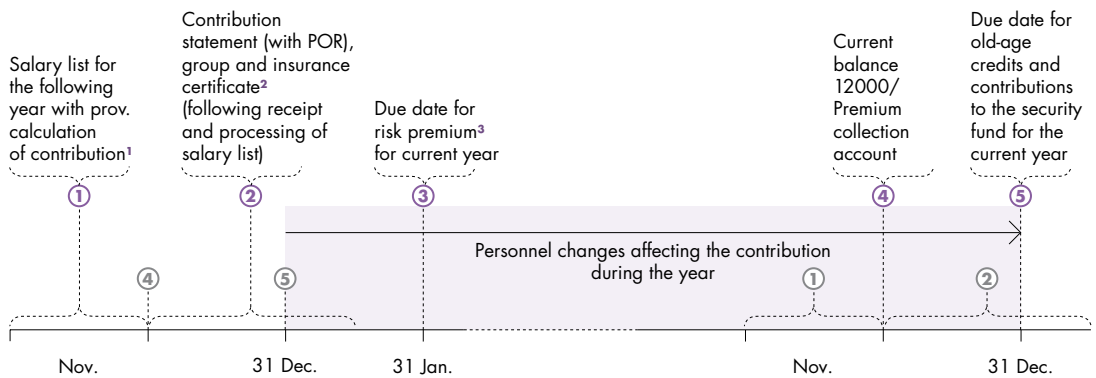
- Information sheets for the OASI/DI/IC at www.ahv.ch (available in German, French and Italian)
- Federal Social Insurance Office: Information on all social insurances at www.bsv.admin.ch
- Information sheet "Overview of Swiss social insurances scheme. Facts and figures 2012"
- Information on the DI revision 6a for employers: www.ahv-iv.info/Arbeitgeber/index.html?lang=de (available in German, French and Italian)

Useful tips.



The calculation process explained in brief

At contract level there are five major events in the course of the year:



¹ The invoice is based on the risk premiums levied in the current year and gives you the opportunity to pay the risk premium punctually up to 31.01. of the following year.

² Amendments that you have already notified to us are taken into account.

³ The contributions for the disability, death and inflation adjustment risks as well as for the costs are debited for the current salaries.

The processing of the salary list and every change in personnel that affects the contribution that you report to us in addition during the course of the year triggers an updated contribution invoice. This is issued based on the information that we currently hold on your contract of association. This is where you will find both the current contributions and those that are due in the near future, as well as future contributions that will become due at a later date, all clearly and transparently listed with due date and/or value date. This means that you always have a good overview of your 12000/Premium collection account.

Please note that so-called withdrawal changes such as termination of employment, retirement or death, as well as advance withdrawals for the promotion of home ownership or a divorce settlement, will advance the due date for the old-age credits to the registered change date instead of 31.12. of the current year.

If you should have any questions on this please ask your contact person. He/she will be happy to help you! You will find the relevant contact points in the sender details in your correspondence with Helvetia.





Create together and assume responsibility.

About the Board of trustees

Joint basis of the occupational benefit scheme

The idea of social partnership plays an enormous role in the implementation of the occupational benefit scheme. Employers can affiliate themselves directly to an LOB collective foundation by means of an affiliation contract, subject to the staff being in agreement with this. Once this contract has been signed, the associated company undertakes to set up the joint Board of trustees pursuant to the provisions of the organisation rules. "Joint" means nothing other than that there are equal numbers of employee and employer representatives on a Board of trustees. The Board of trustees co-structures the occupational benefit scheme in the company and thus bears a great deal of responsibility. Its decisions directly impact the insured persons and the employers at pension fund level.

Rights and duties

The rights can be roughly summarised in three points:

- Co-determination in the selection of the employee benefit institution
- Co-determination in new affiliations and in the termination of the contract of association
- The administration of the pension fund; this does not imply the administrative management of the portfolios of insured persons but the determination and approval of the benefit plan, inclusion in all matters regarding the employee benefit scheme, ergo the right to information, as well as resolutions regarding the appropriation of the free funds.

The duties refer primarily to the provision of information and cooperation in the administration, in particular

- monitoring reporting;
- cooperation in clarifying the entitlements to benefits;
- cooperation in implementing partial liquidations that are necessary due to reductions in the workforce/restructuring.

The Board of trustees is entitled to view the personal data of the insured persons on account of its duties and responsibilities. These sensitive data must be handled confidentially.

The Board of trustees also has organisational duties. These include ensuring that a replacement election is carried out upon the departure of a member and that the committee has a sufficiently broad specialist knowledge acquired through appropriate further training. ▶



Becoming a member

The employer representatives are chosen by the employers. The employee representatives are elected. All the employees associated with the pension fund who are not instrumental in the policy formation in important company decisions in the employer company can be elected as employee representatives and have the right to vote. If a company with several subsidiaries becomes affiliated to a col-

«The elected Board of trustees ensures that the administrative tasks allotted to it at pension fund level are fulfilled.»

lective foundation, a pension fund is formed for every legal entity. Only those employee representatives who have an employment relationship with the relevant subsidiary can be considered for the pension funds of the subsidiary companies. Therefore, the company cannot put up its own employees for election to the pension funds of its subsidiary companies. Thanks to this regulation, the specific interests of a pension fund can be better ensured.

The period of office for a newly elected employee or employer representative is three

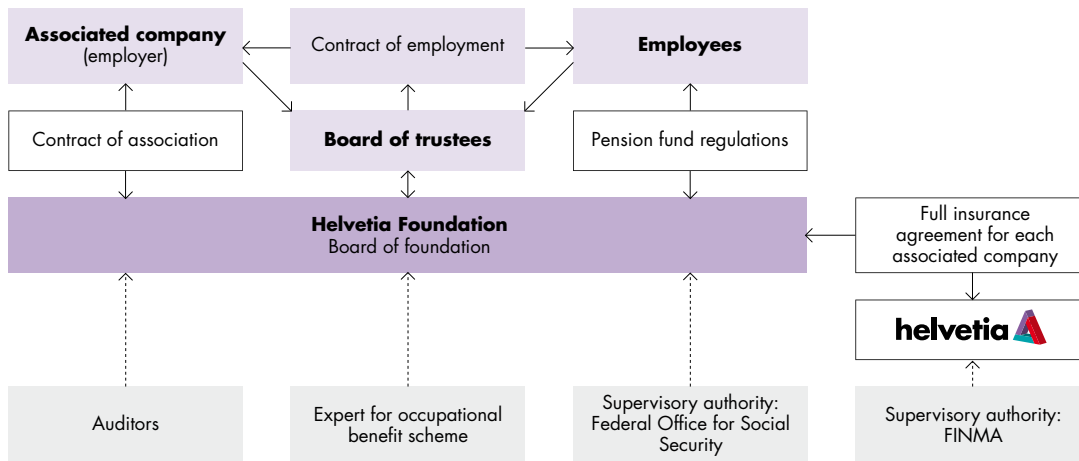
years and can be extended to a maximum of five years upon the written resolution of the Board of trustees. If no new elections are held upon the expiry of this period, the period of office is automatically prolonged for a further year. The termination of the employment relationship results in resignation from the Board of trustees. A replacement is elected for the remaining period of office.

Adoption of resolutions

In the organisation rules of the Helvetia Collective foundation the adoption of resolutions is described as follows:

- The Board constitutes itself, i.e. it elects its chairman from amongst its members, whereupon it is ready to act and/or adopt resolutions.
- In order to carry out the work of the pension fund, the Board of trustees meets as often as is necessary, but at least once every year.
- Meetings are called either at the request of the chairman or if half the members of the Board of trustees demand a meeting.
- Resolutions are passed by at the simple majority of votes of all the members. In the event of a tied vote the chairman has an additional vote.

For other collective foundations different provisions may apply for elections and the passing of resolutions. This will be determined in the organisation rules. ▶



Integration in the overall construct of the employee benefits administration

Every pension fund is independent from every other pension fund from an organisational and economic perspective. Therefore separate accounts are maintained for every individual pension fund. The elected Board of trustees ensures that the administrative tasks allotted to it at pension fund level are fulfilled. Minutes are taken to record the resolutions that have been taken and these are signed by one employee representative and one employer representative respectively. These minutes must be submitted to the Board of foundation.




The Board of foundation, as the highest joint commission, is responsible for the strategic direction of a collective foundation. **The Board of foundation bears overall responsibility. The Boards of trustees together form the lower joint commission of a collective foundation.** A corresponding allocation of competences is undertaken. The Board of trustees charges the Board of foundation to observe the functions and duties that are allocated to it in the organisation rules. These are primarily matters that concern the collective foundation as a whole. **The Board of foundation represents the collective foundation.** If there are questions that affect an individual pension fund alone, the Board of trustees is responsible. It is necessary that the rights and duties are known so that the functions can be recognised and understood.

Further information

- Information sheet "Board of trustees" (available in German, French and Italian)
- Form "Minutes regarding the election of the Board of trustees" (only available in German, French and Italian)
- Form "Alternation or prolongation of the contract of association" (available in German, French and Italian)
- Current training courses at www.consultanet.ch/angebot/schulung.htm (available in German and French). For more information on the range of training courses offered by Consulta please contact thomas.schneider.1@consultanet.ch directly.

Important dates and further information.

2012



27 January	– Deadline for submitting salary lists 2012
31 January	– Due date for risk premium collective life 2012 – 4 th quarterly report 2011 of Helvetia Investment foundation ¹
30 April	– Annual report 2011 of Helvetia Investment foundation ¹ – 1 st quarterly report 2012 of Helvetia Investment foundation ¹
10 May	– Consulta – Basic course 1 for members of the Boards of trustees ²
End of May	– Operating statement collective life 2011 of Helvetia ³ – Annual report 2011 of Helvetia Investment foundation for the employee benefit scheme ³
June	– Annual report 2011 of Helvetia Prisma Investment foundation for the employee benefit scheme ³ – Annual report 2011 of Helvetia Collective foundation for the operational employee benefit scheme in the Principality of Liechtenstein ⁴
8 June	– Consulta – Basic course 2 for members of the Boards of trustees ²
21 June	– Consulta – Basic course 3 for members of the Boards of trustees ²
31 July	– 2 nd quarterly report 2012 of Helvetia Investment foundation ¹
23 August	– Consulta – Advanced course 1 for members of the Boards of trustees ²
13 September	– Consulta – Advanced course 2 for members of the Boards of trustees ²
31 October	– 3 rd quarterly report 2012 of Helvetia Investment foundation ¹
November	– Salary lists and provisional contribution statement 2013 (based on the processed salary changes 2012) ⁵
December	– Customer magazine Helvetia – News on the 2 nd pillar 2013 ⁶
31 December	– Due date for savings premium collective life 2012

¹ At www.helvetia-anlagestiftung.ch

(Website is available in German and French)

² All course descriptions at www.consultanet.ch

(Website is available in German and French)

³ At www.helvetia.ch/en/gk_vu-transparenz

(Website is available in German, French and Italian)

⁴ At www.helvetia.ch/en/helvetia_sammelstiftung_fl

(Website is available in German, French and Italian)

⁵ Documents sent to employers

⁶ At www.helvetia.ch/news_pillar2

(Website is available in German, French and Italian)



Further links

- Forms for amendments procedures in the employee benefit scheme at: www.helvetia.ch/geschaeftskunden/berufliche_vorsorge/englische_formulare.htm
- Information sheets on various topics regarding the employee benefit scheme at: www.helvetia.ch/geschaeftskunden/berufliche_vorsorge/infocenter.htm
- Information on prevention and reintegration at: www.helvetia.ch/geschaeftskunden/berufliche_vorsorge/gk-praevention-wiedereingliederung.htm
(available in German, French and Italian)

Personal consulting

Helvetia offers comprehensive insurance and pension solutions for companies and private individuals. Would you or your employees like a personal consultation? Please contact your advisor.

Your opinion

We would like to know what you think of this publication! Write to info.vu@helvetia.ch, if you have any suggestions, requests or criticism.

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