

## Information sheet "Understanding the pension certificate"

When joining a company affiliated to our pension scheme, as well as annually during the first quarter, all insured persons receive their current pension certificate sent to their private address. This leaflet shows how a pension certificate is structured. It contains explanations and useful information on important topics. The following explanations are intended to help you better understand the information on your individual pension certificate. For further information, please refer to the valid pension regulations of the PKSÜ.

### *Reported annual salary*

The reported annual salary is usually the annual AHV salary declared by your employer and should correspond to your actual annual salary (gross salary according to your salary statement).

### *Insured annual salary*

The insured annual salary is decisive for the calculation of benefits and savings and risk contributions. The amount of the insured salary is determined on the basis of the legal requirements and in accordance with the regulations.

The difference between the eligible and the insured annual salary is the BVG co-ordination deduction; it corresponds to 7/8 of the maximum retirement pension according to the AHV full pension table.

## Contributions

### *Savings contribution*

The insured person and the employer jointly finance the benefits of the personal pension plan with their contributions. The savings contribution is used to accumulate retirement assets, which are generally converted into a retirement pension at the time of retirement.

### *Risk contribution*

The risk contribution is used to finance the mortality, disability and longevity risk, the contributions to the security fund and to finance the administrative and other costs of the pension fund.

## **Retirement benefits**

### *Projected retirement capital*

At retirement, future pensioners have the choice between a lifelong retirement pension, a one-time lump-sum payment or a mixture of both.

The current pension statement shows the expected capital or the expected pension at the time of ordinary and early retirement. The projected capital is extrapolated using the information known today (existing retirement savings capital, insured salary, annual savings contribution credits and insurance duration until retirement). The projected interest rate used for the extrapolation is based on the expected interest rate development on the capital markets and is noted on the statement on page 2. The capital forms the basis for the conversion of the retirement pension.

### *Projected bonus savings capital*

The bonus savings capital is created by retirement credits on any bonus payments and by interest credits. The interest rate for the bonus savings capital is the same as that for the retirement savings capital.

### *Projected conversion rate/projected retirement pension*

The conversion rate is decisive for the amount of the pension (see page 2 of the pension certificate). The multiplication of the conversion rate and the capital (retirement savings capital plus bonus savings capital) results in the pension. If you give up work early, the conversion rate is reduced and so is the pension. You receive the retirement pension for life after retirement.

### *Development of retirement capital*

This item shows the retirement savings capital (also called retirement assets) at the beginning and end of the past year, but without the bonus savings capital. This includes the annual savings contributions, transferred vested benefits, interest and voluntary purchases. Advance withdrawals for residential property or lump-sum benefits in the event of divorce are deducted. Upon termination of employment, the person concerned is entitled to the vested benefits (equivalent to retirement savings plus any bonus savings capital). The amount is transferred to the pension fund of the new employer. In the event that no new job is known or the person concerned takes up such a job abroad, the person concerned will be informed in writing after receipt of the notice of departure.

## **Risk benefits**

### *Disability pension*

If an insured person becomes permanently incapacitated in accordance with the Federal Disability Insurance, a disability pension will be paid. The benefit is paid after the waiting period specified in the regulations. The maximum disability pension is 60% of the insured annual salary. In the event of disability as a result of illness or accident, both the insured person and the employer are exempt from paying contributions. The insured retirement, survivors' and disability benefits remain at the same level.

### *Spouse's pension/child benefit*

In the event of the death of an insured person, the surviving spouse is entitled to a spouse's pension. It is paid out for life and amounts to 70% of the insured or current disability pension.

Surviving children are entitled to an orphan's pension in the event of the death of an insured person.

If an insured person becomes permanently incapacitated within the meaning of the Federal Disability Insurance, a disabled person's children's pension is paid for the children.

In accordance with the BVG, the orphan's pension and the disabled person's children's pension are paid until the age of 18, for children in education until the age of 25.

Benefits are paid after the waiting period specified in the regulations. The amount of the child's pension is 20% of the insured disability pension.

#### *Possible purchase in maximum benefits*

Most insured persons have a potential for purchases into the second pillar. The sum shown corresponds to the maximum amount that the insured person can additionally pay in if he/she wishes to improve the pension benefits. The amount is always recalculated on the reference date of the pension certificate.

With the purchase, higher or even the maximum pension benefits are achieved. For legal reasons, purchases can only be made once any advance withdrawals for home ownership have been repaid.

#### *Vested benefits in the event of marriage*

In the event of divorce, the vested termination benefit shown at the time of marriage serves as the basis for calculating the termination benefit acquired during the marriage.

#### *Retirement savings capital at age 50*

Up to the age of 50, the entire retirement savings capital is available to the insured person for a withdrawal for owner-occupied residential property.

#### *Advance withdrawals for home ownership*

The maximum possible advance withdrawal for home ownership corresponds to the respective vested benefit entitlement up to the age of 50. Thereafter, either half of the current vested benefit entitlement or the vested benefit entitlement at age 50 may be withdrawn, whichever is higher.

#### *Payments due to divorce*

The amount shown in this line corresponds to the amount transferred to the divorced spouse in the event of divorce and not yet reinvested. The insured person can pay the transferred amount back into the pension fund, but is not obliged to do so. The difference between the transferred and the already reinvested benefit is shown.

#### *Purchase for early retirement (not specified)*

Our regulations provide for the possibility of fully or partially offsetting a pension reduction resulting from early retirement by means of a so-called "purchase". We will be happy to calculate such a purchase for you.