How do I read my Insurance Certificate?

Certificate Header

Insurance Certificate as per xx/xx/xxxx indicates the date as of which the Insurance Certificate is effective. The certificate header also contains personal information of each member such as address, pension insurance (AHV) number, marital status, date of birth, date of enrolment, regulatory pension date and client affiliation.

Your salary and occupational benefit contributions

Reference annual salary for the pension fund

The reference annual salary for the pension fund will be reported to the pension fund by the employer.

See also Regulation Art. 17

Annual pensionable salary

In order to calculate the annual pensionable salary, the reference annual salary for the pension will be reduced by the current co-ordination amount of CHF 15,000. The co-ordination amount will be reduced for part-time employees in relation to the current degree of employment. The annual pensionable salary is used to obtain annual contributions.

See also Regulation Art. 18

Sample calculation the annual pensionable salary:

Julian has a reference annual salary of CHF 80,000 for the pension. His annual pensionable salary is CHF 65,000 (CHF 80,000 minus CHF 15,000 = CHF 65,000).

Member’s annual contribution

Employees below the age of 25 pay 1 % of the salary liable for contributions to cover the event of death and disability risk by 31 December following the 24th birthday.

For employees who are 25 years of age and older (as of 1 January of the year in which they will become 25 years old), the contribution amount depends upon the contribution option chosen by the member, either Standard, Plus or Minus. Members who choose the Standard option pay 8 %, members choosing the Minus option pay 6 % and members who choose the Plus option pay 10 % of the salary liable for contributions. Deducted from this amount is 1.75 %, which is the so-called risk contribution towards the coverage of the risk of death and disability. The difference (total contribution minus 1.75 %) is used for building the savings capital and is correspondingly designated as the savings contribution.

See also Regulation Art. 23

Sample calculation of the member’s annual contribution (Standard option):

Julian’s salary liable for contributions is CHF 65,000. Therefore, his annual contribution amounts to CHF 5,200 (CHF 65,000 x 8 % = CHF 5,200). CHF 4,062.50 is used to invest as retirement savings capital (CHF 65,000 x 6.25 % = CHF 4,062.50) and CHF 1,137.50 is needed to cover the event of death and disability risk (CHF 65,000 x 1.75 %).
Retirement credits for current year

The retirement credit is comprised of the portion of the member's savings contribution (4.25 %, 6.25 % or 8.25 %, depending on the contribution option chosen) and the portion of the employer's savings contribution, which amounts to 8.25 %. Thus, for members over 25 years of age, 12.5 %, 14.5 % or 16.5 % of the salary liable for contributions is used to form the retirement credit.

Not apparent on the insurance certificate and therefore mentioned here is that the employee - in addition to the savings contribution - also pays a risk contribution amounting to 1.75 % for members over 25 years of age and 1 % for members below 25 years of age.

See also Regulation Art. 23 and 24

Sample calculation of retirement credits for the current year (Standard option):
Julian's salary liable for contributions is CHF 65,000. The annual retirement credits credited to his account amounts to CHF 9,425 (CHF 65,000 x 14.5 % = CHF 9,425). CHF 4,062.50 are paid by Julian (CHF 65,000 x 6.25 % = CHF 4,062.50) and CHF 5,362.50 by the employer (CHF 65,000 x 8.25 % = CHF 5,362.50).

Member's total contributions

Personal contributions correspond to the total of the savings and risk contributions without interest which the member has paid into the Pension Fund of Alcatel-Lucent Ltd since joining. This amount is needed to calculate the minimum contribution when withdrawing from the fund.

Current degree of employment

The degree of employment is needed to calculate the amount of the co-ordination deduction.

Co-ordination amount

The co-ordination deduction sum for members with a 100 % employment status is CHF 15,000. This sum is adjusted for part-time employees according to the degree of employment.

See also Regulation Article 18 and Attachment A

Sample calculation of the co-ordination deduction sum:
Maria works 50 % of the time. Her co-ordination deduction sum is CHF 7,500 (CHF 15,000 x 50 % = CHF 7,500).

Total buy-ins, without interest

Total of all previously vested termination benefits transferred from pension schemes, vesting accounts or vested benefit policies.

Date of last termination benefit transferred in

This date corresponds to the date as of which the last termination benefit has been transferred into the Pension Fund of Alcatel-Lucent if multiple vested termination benefits have been transferred from previous pension schemes, vesting accounts or vested benefit policies.

Total of voluntary purchases, without interest

Total of all voluntary purchases

Total contributions for financing early retirement, with interest

Corresponds to the credit of the so called supplemental account, which can be opened after you have bought into the full regulatory benefits, and is used for financing early retirement (= reduction of pension cut in the event of early retirement) or financing the bridging pension.

See also Regulation Art. 21
Your insured benefits

Accrued retirement savings capital

The accrued retirement savings capital is comprised of:

- The total amount of retirement credits from the employee and employer (since 1 August 2009, according to the member’s choice of contribution options: 12.5 %, 14.5 % or 16.5 % of salary liable to contributions), plus interest
- Deposits of vested termination benefits of previous pension schemes, vesting accounts or vested benefit policies plus interest
- Voluntary payments within Articles 20 and 21 of the regulations, plus interest
- Possible benefits stipulated by the Foundation Board, plus interest

The retirement savings capital shown on the certificate always relates to the date displayed on the certificate header. On an insurance certificate dated 01/01/2010, the accrued retirement savings capital therefore corresponds to the retirement savings capital on 01/01/2010.

The accrued retirement savings capital is used to calculate the projected retirement savings capital at normal retirement date.

Projected retirement savings capital at normal retirement date (interest rate 2 %)

The retirement savings credit projected for the day of normal retirement is a fictitious projection based on the existing retirement savings credit. This value depends on various factors, particularly upon the insured salary and the thus resulting retirement credits, as well as from the interest rate applied to your retirement savings capital. It is assumed in this projection that the insured salary and retirement credits will remain constant until the date of normal retirement. The interest credits are based on the respective current interest rate (this is 2.0% in 2010).

The retirement savings capital projected for the day of normal retirement is an assumed value, which can still change many times and therefore is not guaranteed. It is used to calculate the benefits in the event of endowment, death or disability.

Retirement pension

The retirement pension corresponds to the annual amount that you will receive from your fund if you retire at the regular retirement age (currently 65 for men/64 for women).

The retirement savings capital is converted to a pension upon retirement by means of multiplication with the statutory conversion rate (since 1 January 2009, 6.40% for men at age 65 and 6.45% for women at age 64). The rates are calculated actuarially and are based on the death and longevity probabilities. The retirement pension listed on the Insurance Certification thus amounts to 6.40% of the retirement savings capital projected on the day of normal retirement for men, and 6.45% of the project retirement savings capital for women.

For early retirement the retirement savings capital accrued at the time of early retirement is converted into a pension using a reduced conversion rate. As a reduced conversion rate is applied and future interest and retirement credits have not been accrued up to the regular retirement age in the event of an early retirement, the pension displayed on the certificate can vary significantly.

See also Regulation Art. 33ff.
You have the option of withdrawing the entire pension or a portion thereof as capital. A 12-month notice is required to withdraw capital. For married couples, spousal consent is required by means of signing the request to withdraw the capital.

Please note the following points during capital disbursement of the entire or part of the pension:

- The member assumes the risk of longevity
- The member assumes the interest rate environment risk
- The member disclaims all possible future benefit improvements on the portion that has been disbursed early

Disability pension

The disability pension displayed on the Insurance Certificate corresponds to the maximum benefit paid in the event of disability providing the insured person was a member when their disability began. It is calculated in the same way as the retirement pensions, with the difference that for the calculation of the projected retirement savings capital upon normal retirement, the current interest rate is used for the current year, and for the subsequent years up to age 65 or 64, the fictitious interest rate of 4.0% is applied. Generally, when combined with services provided by third parties, the member should not receive more than 100% of the annual salary which they could have earned if they had continued working, plus possible child benefits. The disability pension is paid out from the time entitlement to a disability pension exists with the Federal Disability Insurance. However, it will not be paid out as long as the member still receives a salary or salary replacement benefits (i.e.: sick pay), providing the latter is at least 80% of the salary and at least 50% is financed by the employer. The disability pension of the fund is paid at the same percentage as the disability pension of the Federal Disability Insurance.

See also Regulation Art. 27, Art. 40ff.

Spouse’s pension

The spouse’s pension corresponds to 60% of the disability pension if the deceased spouse was a current member and will be paid out to the surviving spouse in the event of death. If the surviving spouse is more than 15 years younger than the deceased spouse, the spouse’s pension will be reduced in accordance with regulatory regulations. Entitlement of a spouse’s pension commences as of the 1st of the month following the day of death: however, at the earliest upon the date of termination of the member’s salary entitlement. The spouse’s pension will be paid out up to the date of death of the rightful claimant or up to the date on which the rightful claimant remarries. In the event of remarriage, the surviving spouse is entitled to a one-off payment equal to three years of the spouse’s pension.

See also Regulation Art. 47ff.

Further details can be obtained from Regulation Art. 51ff.

Partners, as well as partners of the same sex are entitled to a partner’s pension in the event of their partner’s death in the amount equal to the spouse’s pension. However, the following stipulations must be complied with:

- Both partners are unmarried (See also Regulation Art. 51, Sect. a)
- Both partners have shared the same household for at least 5 years at the time of death or both partners have supported at least one joint child in the shared household at the time of death (See also Regulation Art. 51, Sect. b)
- A joint support liability was negotiated through a notarised certified Support Contract (See also Regulation Art. 51, Sect. c and Art. 52, Sect. 1)

Further details can be obtained from Regulation Art. 51ff.

The partner’s pension will be paid out up to the end of the month in which the rightful claimant dies, concludes a new support contract in accordance with Art. 52 or marries; however, at the most for 5 full years. The partner’s pension will be extended for a maximum of 5 full years respectively if the entitlement requirements continue to be fulfilled.
**Children’s pension**

The children’s pension is paid out to those receiving the retirement or disability pension. In the event of a death of a current, disabled or retired member, each of their children is entitled to a children’s pension. The children’s pension is paid out until the children turn 19. For children who are studying, are in the process of an apprenticeship or are disabled, the pension entitlement will terminate once their studies or apprenticeship has been completed or if the disability no longer applies; however, at the latest at the end of the month in which they turn 26. The children’s pension amounts to 20 % of the disability or retirement pension.

See also Regulation Art. 55ff.

**Death grant**

The death grant is a one-off payment to the rightful claimant (the surviving spouse, partner, children, parents or third parties) in the event of their death.

It amounts to 50 % of the annual disability or retirement pension; however, no more than the annual full minimum AHV-retirement pension (on 01/01/2010 = CHF 13,680).

See also Regulation Art. 59ff.

**Lump-sum death benefit**

The lump-sum death benefit is a one-off payment that beneficiaries (children, parents, siblings (are to be compensated partially by written notification)) receive from the fund, in the event of their death without a surviving spouse or partner.

The lump-sum death benefit amounts to 50 % of the retirement capital accrued at the time of death, or for disability and retirement pensioners, 50 % of the retirement capital accrued at the time retirement begins. From this lump-sum amount, the fund will deduct paid-out retirement pensions, capital compensation instead of retirement pensions as well as death grants.

See also Regulation Art. 63ff.

**Vested termination benefit**

The vested termination benefit corresponds to the amount to be transferred to the new personnel welfare institution when withdrawing from the fund. The vested termination benefit corresponds to the highest of the following three amounts: the accrued retirement savings capital, the legally calculated minimum amount in accordance with Art. 17 FZG (FLV Federal Law on Vesting in Occupational Old-age, Survivors’ and Disability Benefit Plan) or the BVG retirement savings capital (see below).

The minimum amount is calculated as follows:

- incoming vested termination benefit with interest
- plus purchase of benefits with interest
- plus amounts paid into the member’s fund without interest with an additional fee of 4 % per age year as of the 20th birthday, however no more than 100 % (as of the age of 45).

If you have made a deposit into the supplemental account for pre-financing early retirement, the vested termination benefit will additionally receive the credit of the supplemental account.

See also Regulation Art. 68ff.
BVG retirement savings capital

The BVG retirement savings capital is the legally stipulated retirement savings capital (automatic cession) and will be continuously updated for the purpose of comparison and reported at the time of withdrawal from the new personnel welfare institution. This is obtained through the summation and interest calculation of the legal retirement credits.

During retirement as well as in the event of vested termination and loss, the BVG retirement savings capital is used to obtain the minimum legal benefits.

Comparative calculation

Projected retirement savings capital at normal retirement date / Retirement pension

As mentioned above, the project retirement savings capital is subject to change. Therefore, a comparative calculation of the project retirement savings capital is listed here, along with the resulting retirement pension. Both parameters match the above-listed description, with the sole difference being that another interest rate is used for the calculation, the amount of which is always disclosed on the Insurance Certificate.

Further information

Maximum limit for the purchase of benefits

You have the option of paying this amount in order to buy into the maximum possible regulatory benefits. We recommend that you contact a tax consultant prior to the purchase to enable confirmation of deductibility, particularly if you still have a Pillar 3a policy or account.

Amount available for financing home ownership

Up to 31/12 of the year you turn 51, the maximum possible amount available to you for financing owner-occupied home ownership corresponds to the vested termination benefit.

Once you have already turned 51, the maximum possible amount available for financing owner-occupied home ownership corresponds specifically to the higher amount of the following:

- Vested termination benefit on 31/12 of the year you turn 51
- 50 % of the current vested termination benefit

The minimum amount that is required for financing owner-occupied home ownership is CHF 20,000. For members over the age of 50, the maximum possible amount for financing home ownership may not be displayed correctly on the Insurance Certificate.

See also Regulation Art. 75

Date of your last withdrawal for financing home ownership

This is where the date of your last withdrawal is displayed. Please inform us if you have made a withdrawal at a previous personnel welfare institution that is not displayed here. A withdrawal can only be made every 5 years.

Total withdrawals minus any repayments made

This is where the amount of pension fund monies is displayed that is currently still invested in home ownership. Please inform us if this amount is incorrect, i.e.: if you have made a withdrawal from a previous pension scheme.
Amount pledged

This is where the relevant amount is displayed if you have pledged a fixed amount with a bank. If you have pledged the respective current vested termination benefit and/or the entitled withdrawals, this is where the date of the pledge agreement is displayed.

Vested termination benefit at marriage

The amount displayed here corresponds to the vested termination benefit as of the marriage date. If the amount shows CHF 0 and a date is displayed in the line above, this does not necessarily mean that the vested termination benefit as of the marriage date amounted to CHF 0. The exact amount may not be accurately displayed on the certificate due to a late notification of the marriage date or due to the fact that it was not advised by the pension scheme in which you were a member at the time of marriage.

Date of marriage

The date of marriage is displayed here, if it has been notified. As of 01/01/1995, the vested termination benefit at the time of marriage must be recorded by the personnel welfare institution to enable the calculation of spouse entitlement in the event of a divorce. Please inform us about your marriage date if a date is not displayed here.

Result

This point displays the occurrences upon which the insurance certificate was issued.

The latter is significant in the event of deviations from the regulations. For persons who are receiving a partial disability pension, please note that the amounts displayed on the Insurance Certificate are subject to change. Individual circumstances cannot always be displayed on the certificate.

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