



Regulation on partial liquidation

Vita BVG

**Vita BVG Collective Foundation,
of Zurich Life Insurance Company Ltd, Zurich**

Regulation on partial liquidation

1 Purpose

According to Art. 53b BVG, these regulations govern the requirements and procedure for the partial liquidation of the Vita BVG Collective Foundation of Zurich Life Insurance Company Ltd (hereinafter referred to as the Foundation) and affiliated pension funds. In the event of a total liquidation of the Foundation, the determination of Art. 53c BVG, Art. 53d BVG and Art. 23 FZG shall apply. The determination of Art. 27g and 27h BVV 2 apply in the case of both partial and total liquidation.

2 Partial liquidation of the Foundation

Apart from the foundation capital financed by the founder, the foundation has no foundation funds. In the event of a partial liquidation of the foundation as a result of the termination of affiliation contracts, there is therefore no additional claim to collective foundation assets.

3 Partial or total liquidation of a pension fund

3.1 General principle

In the event of a partial or total liquidation of an employer pension scheme, the retirement capital of the departing insured persons is increased by an individual or collective share of the non-committed funds of the employer pension scheme.

3.2 Conditions for the partial liquidation

The conditions for the partial liquidation of an employer pension scheme are presumed to be met if

- a) the workforce of the affiliated employer is significantly reduced for economic reasons and this measure results in the involuntary departure of a significant proportion of the insured persons or the loss of a significant proportion of the retirement capital of the pension fund, or

- b) the company of the affiliated employer is restructured, and this measure results in the involuntary departure of a significant proportion of the insured persons or the disposal of a significant proportion of the retirement capital of the pension fund, or
- c) the affiliation contract is partially terminated (i.e. only the active and disabled insured persons leave the pension fund).

The staff reduction is deemed to be significant if - depending on the number of insured persons before the start of the reduction in personnel or restructuring - the following reductions in insured persons and termination benefits from the pension fund occur:

- Contract of up to 10 insured persons: 3 involuntary departures and 25% of the retirement assets;
- Contract with 11 to 25 insured persons: 4 involuntary departures and 20% of retirement assets;
- Contract with 26 to 50 insured persons: 5 involuntary departures and 15% of retirement assets;
- Contract with more than 50 insured persons: 10% involuntary departures of active insured persons and 10% of retirement assets

A company is restructured if previous areas of activity of the affiliated employer company are merged, discontinued, sold, outsourced or changed in any other way and the number of employees of the employer pension fund is reduced by at least 5% as a result and the retirement assets decrease by 5%.

The date of departure of the insured person who is the first to leave the company and the pension fund involuntarily as a result of the business decision is deemed to be the start of the staff reduction or restructuring. The end date is the departure date of the insured person who is the last to leave the company and the pension fund involuntarily.

Only economically justified departures are considered relevant staff departures. If the restructuring of a company results in early retirements, these are also count as relevant staff departures. The restructuring of a company is also deemed to have taken place if the staff departures are replaced by new staff.

The Foundation Board shall determine the date or time frame for determining the group of persons affected by the partial liquidation. It takes into account a possible successive reduction in staff as follows: The decisive factor is a reduction in the workforce or a restructuring which takes place within a period of 12 months after the relevant resolution of the competent institutions of the founding company or the affiliated company. If the dismantling plan provides for a longer or shorter period, this period is decisive.

3.3 Condition for the total liquidation

Condition for a total liquidation is the complete termination of the contract of affiliation (i.e. all active insured persons and any pensioners leave the pension fund). In the event of a total liquidation, the provisions on partial liquidation apply mutatis mutandis. However, the duty to inform is limited to the insured persons concerned. However, there is no total liquidation if

- a) the pension fund changes the pension provider altogether, or
- b) the pension fund has neither active insured persons nor pensioners at the time of cancellation of the affiliation contract (liquidation of an "empty" contract).

3.4 Key dates and basis

In the case of partial liquidation as a result of staff reductions or restructuring, the reference date for determining the non-committed funds or the deficit is the balance sheet date, i.e. 31 December prior to the beginning of the calendar year in which the staff reduction or restructuring of the company begins.

The effective date in the event of partial or complete dissolution of the affiliation

contract is the date of partial or complete dissolution of the affiliation contract.

This date is decisive for the calculation of the amount of non-committed funds or the deficit, the fluctuation reserves and provisions.

3.5 Determination of non-committed funds

The non-committed funds of the pension fund consist of:

- a) the non-committed funds of the pension fund (pension account) and
- b) the employer contribution reserve if the employer ceases operations.

The non-committed funds of the pension fund are allocated in accordance with the distribution plan.

3.6 Allocation of non-committed funds

The non-committed funds are primarily divided between

- a) the active insured persons on the reference date of the partial or total liquidation on the basis of the sum of their retirement assets and
- b) The pensioners affiliated on the reference date of the partial or total liquidation on the basis of the sum of ten times the annual pensions.

If the non-committed funds amount to less than CHF 1,000 per capita for the insured persons remaining in the pension fund or for pensioners, the non-committed funds are not distributed.

The non-committed funds of the active insured persons are then determined on the basis of their retirement assets.

Entry benefits and purchases, advance withdrawals and in connection with the promotion of home ownership as well as deposits and withdrawals in the event of divorce within six months prior to the reference date in accordance with section 3.4 are added to (withdrawals) or deducted from (deposits) the retirement assets.

The non-committed funds of the retirees are divided up on the basis of the sum of ten times the annual pensions.

If at least 10 insured persons transfer as a group to another pension fund (collective departure), their share of the non-committed funds is transferred collectively. In other cases, the non-committed funds can be credited individually to the retirement assets or the pension actuarial reserve.

Entitlement to non-committed funds in the event of partial or total liquidation: In the event of significant changes in assets or liabilities between the date of the partial or total liquidation and the transfer of funds, the non-committed funds to be transferred must be adjusted accordingly (Art. 27g para. 2 BVV2).

Collective entitlement to provisions and fluctuation reserves in the event of partial or total liquidation: In the event of significant changes in assets or liabilities between the effective date of the partial or total liquidation and the transfer of the non-committed funds, the provisions and fluctuation reserves to be transferred must be adjusted accordingly (Art. 27h para. 4 BVV2).

A material change is defined as a difference of 10% between the effective date and the transfer of non-committed funds or equalization provisions.

3.7 Procedures

The employer shall immediately notify the Foundation of any reduction in staff or restructuring of his company which may lead to a partial liquidation.

The decision to carry out a partial liquidation in the event of a reduction in the workforce or a restructuring of the company lies with the Administration Committee. In the event of partial or complete cancellation of an affiliation contract, partial or total liquidation will be released without further waiting.

If the conditions for the partial or total liquidation of a pension fund are met, the Foundation shall inform the Administration Committee of the established facts and the further procedure. The Administration Committee forwards this information to the insured persons.

If it cannot be ensured that the written information can be sent to all persons

concerned, the Administration Committee or the Foundation on its behalf must also arrange for a one-off publication in the Swiss Commercial Gazette.

As soon as the distribution plan has been drawn up and the Administration Committees' decision on partial or total liquidation has been made, the Administration Committee shall inform all persons concerned in particular about the decision on partial or total liquidation, the amount of non-committed funds and the distribution plan:

- a) The persons concerned have the right to inspect the files at the Foundation within 30 days of receiving the information and, if necessary, to lodge an objection against the decision of the Administration Committee.
- b) If the existing differences cannot be resolved by mutual agreement, the Foundation shall set the persons concerned a period of 30 days to have the conditions, the procedure and the distribution plan reviewed and decided by the supervisory authority.

The distribution plan will not be implemented until it has become legally binding. It shall be deemed to be final if:

- a) no objections were raised within the set time limits, or
- b) all objections have been settled amicably, or
- c) a legally binding order of the supervisory authority has been issued.

Additional cost contributions may be charged to the pension fund concerned for the expenses incurred in the event of the partial or total liquidation of a pension fund.

4 Final provisions

4.1 Cost sharing

For expenses in connection with the partial liquidation of an employer pension fund and for expert opinions in connection with the settlement of objections and complaints, contributions may be charged to the employer pension fund concerned. The costs are calculated in accordance with the Administration Cost Regulations.

4.2 Unregulated cases

Cases not expressly regulated by these regulations shall be settled by the Foundation by analogous application in accordance with the statutory provisions.

4.3 Issuance and amendments

The present regulations are issued by the Foundation Board and approved by the supervisory authority. The Foundation Board may amend these Regulations at any time within the scope of the statutory provisions. This is subject to approval by the competent supervisory authority.

4.4 Effective date

These Regulations shall enter into force upon approval by the competent supervisory authority as per 1. January 2024. It replaces the edition of 2014.

The regulations applicable are those in force at the time when the relevant event occurred. This date falls on the end of the staff reduction or restructuring, or on the termination date in the event of partial or complete termination of the affiliation contract.

If these regulations are translated into other languages, the German original of this translation is binding.

Zurich, September 2023

Vita BVG Collective Foundation of
Zurich Life Insurance Company Ltd

The Foundation Board