PK Siemens

valid from 1 January 2021

Your Pension Fund with PK Siemens

Overview of the 2021 Pension Fund Regulations

Pension Fund of the Siemens Companies in Switzerland

Points to note

This abridged version of the 2017 Regulations of the Pension Fund of the Siemens Companies in Switzerland (PF SCS) summarises the main points of the Regulations from the perspective of the insured. The only legally binding and authoritative documents are the current German version of the 2021 Pension Fund Regulations (incl. any addenda), the Appendix to the 2021 Pension Fund Regulations and the "Limits" table, all of which can be found at **www.pk-siemens.ch**. Regulations governing insured employed by affiliated companies may differ in certain points. Masculine pronouns used in this short version of the Pension Fund Regulations always refer to persons of either sex.

Zurich, 2020

Pension Fund of the Siemens Companies in Switzerland

1. Joining and leaving

2021 Pension Fund Regulations: Articles 4–6, 10–13, 18, 42–44

The PF SCS insures employees against the risk of old age (from age 21) and the risks of disability and death (from age 18). In the event of a change of employer, the insured's individual savings capital will be transferred from the old pension fund to the new pension fund (PF SCS).

Joining the PF SCS

Who can join the PF SCS?
Provided their earnings are at least equal to the minimum annual BVG salary, all employees are admitted to the PF SCS for the risks of death and disability from 1 January following their 17th birthday. Retirement pension provision begins from 1 January following their 20th birthday.

Employees who have already reached or passed their ordinary AHV retirement age when they start working for the employer, or whose employment relationship lasts for less than three months, will not be admitted.

Can part-time employees join the PF SCS?
Part-time employees can join if their earnings would be at least equal to the minimum annual BVG salary if they were working full-time.

What salary components are insured under the PF SCS?
The pensionable salary under the PF SCS corresponds to the annual salary less the coordination deduction. The lower and upper limits of the pensionable salary are shown in the "Limits" table under **www.pk-siemens.ch**.

The annual salary corresponds to the basic annual salary plus the annual target bonus. Remuneration agreed at the beginning of the calendar year (e.g. for shift work) is taken into account, but other fringe benefits (e.g. special bonuses) are not.

The coordination deduction amounts to 40 % of the annual salary, and is limited to 7/8 of the maximum AHV retirement pension.

What are my obligations on joining?
Complete and sign the admission form and send it to the PF SCS as soon as possible after joining the company.

You are required to have the whole of your previously acquired pension savings (vested benefits) transferred to the PF SCS. Please notify your previous pension fund and any other providers of vested benefits accounts of your forthcoming move to the PF SCS in good time.

Leaving the PF SCS

How high is the termination benefit?
The amount of the termination benefit is the same as the balance of the Savings Account (vested benefits). Insured are kept regularly updated on the balance of their Savings Account in their annual pension statements.

What happens to the termination benefit?
When the insured joins a new pension fund, the termination benefit is transferred to that fund. If the new employer is not yet known when the insured leaves, the capital can be transferred to a newly opened vested benefits account.

What is the position on termination of the employment relationship?
If you are insured under a new pension fund immediately after termination of your employment, the new pension fund will be responsible for your continuing insurance cover. Otherwise, the PF SCS will continue to cover you for the risks of death and disability for a further month.

Can the vested benefits be withdrawn in cash on departure?
In principle, vested benefits cannot be taken in cash unless

- the insured is leaving Switzerland permanently (subject to international social security agreements);
- the insured takes up self-employment in Switzerland as his main occupation.

2. Financing and purchase of additional benefits with PF SCS

2021 Pension Fund Regulations: Articles 17, 19, 20, Appendices A1, A2
A2The benefits of the PF SCS are financed by the savings contributions of the insured members and the employer. The savings contributions are defined as a percentage of the insured's pensionable salary. The savings contributions are credited to the individual savings account, the balance of which is further increased by the interest payments of the PF SCS. The insured are able to choose the amount of their savings contributions from three different savings plans (Standard, Plus, Surplus).

All insured and the employer also pay risk contributions which are used for the collective financing of the disability and survivors' benefits of PF SCS.

To increase their retirement benefits, all insured covered for the risk of old age have the option of voluntarily purchasing additional benefits under the PF SCS; these benefits purchases are credited to their individual savings account. Insured who have made early withdrawals under the home ownership promotion scheme will only be able to purchase additional benefits once they have repaid the full amount withdrawn; early withdrawals can be repaid until three years before the insured reaches ordinary retirement age.

What savings plans can you choose from?
By default, you will be covered by the Standard savings plan. You can choose a different savings plan either on joining the Pension Fund or by 1 December of the current calendar year, thereby improving your retirement benefits. This decision will apply for the whole of the following calendar year.

The amount of the savings and risk contributions according to age and savings plan can be found on the PK Siemens website **www.pk-siemens.ch** in the infocenter.

How much interest is paid on the Savings Account?
The Board of Trustees determines the interest rate for the following calendar year, taking into account the financial situation of the PF SCS.

What is the maximum purchase amount?
Table A2 in the Appendix to the 2017 Pension Fund Regulations shows the maximum amount of the Savings Account. The maximum purchase amount corresponds to the maximum balance of the Savings Account, less the existing savings capital. Any early withdrawals for home ownership purposes must first be repaid in full.

How are purchases treated for tax purposes?
Purchases of benefits under the PF SCS can in principle be deducted from the insured's taxable income. Because of differences between the tax systems at cantonal and communal level, it is advisable to clarify the position with the tax authorities responsible in advance. The PF SCS cannot accept responsibility for any tax consequences of purchases of benefits under the PF SCS.

3. Retirement

2021 Pension Fund Regulations: Articles 24, 25, 27, Appendices A3

Ordinary retirement age is 65 for men and women. Retirement benefits can be taken both as a retirement pension and as a lump sum. Partial lump-sum withdrawals are also possible.

You may take early retirement from the first of the month following your 58th birthday. If you remain in employment beyond ordinary retirement age, you may defer receipt of your retirement benefits until the first of the month following the month in which your reach age 70. Partial retirement arrangements are also possible, in a maximum of three stages (including up to two stages with lump-sum withdrawals).

How high is the conversion rate?

The following table shows the conversion rates after retirement age for those born in 1955 or later:

Retirement age	Conversion rate
58	3.95
59	4.10
60	4.25
61	4.40
62	4.55
63	4.70
64	4.85
65	5.00
66	5.15
67	5.30
68	5.45
69	5.60
70	5.75

Intermediate values are interpolated linearly to the nearest month.

For those born between 1952 and 1954, the following conversion rates apply at retirement age 65:

Year of birth	Conversion rate at age 65
1954	5.05
1953	5.10
1952	5.15

For insured taking their retirement pension before age 65, the conversion rate of the year in which they turn 65 is reduced by 0.0125 % per month.

For insured taking their retirement pension after age 65, the conversion rate of the year in which they turn 65 is increased by 0.0125 % per month.

For insured persons who joined the PK Siemens before July 1, 2017, the transitional provisions for the pension fund regulations apply, which you can find on the PK Siemens website **www.pk-siemens.ch** in the infocenter.

How is the retirement pension calculated?
The annual retirement pension is calculated as follows:
SC × CR = RP
SC = Savings capital at the time of retirement
CR = Conversion rate for the retirement age
RP = Retirement pension per year

The conversion rate determines what proportion of the savings capital in the Savings Account is paid out as an annual retirement pension.

Example: 65-year-old insured (born in 1955)

Savings capital = CHF 500’000, conversion rate = 5.00 %

Annual retirement pension = CHF 500’000 × 5.00 % = CHF 25’000

What is a lump-sum withdrawal?
A lump-sum withdrawal means that some or all of the savings capital of the Savings Account is paid out as a lump sum instead of being converted into a pension.

How can I take my retirement benefit as a lump sum?
You must notify PF SCS in writing what proportion of your retirement benefits you wish to take as a lump sum at least one month before retirement. This declaration must be signed by yourself and your spouse and must not be more than three months old.

What other options are there?
You may request an increase in the prospective spouse’s pension payable to your spouse after your decease. However, this will reduce your retirement pension. If you choose this option, you must notify the PF SCS of your decision in writing three months before the first pension payment at the latest.

Are any additional benefits paid for children of pension recipients?
The PF SCS does not pay any child pensions to retired persons.

4. Early retirement

2021 Pension Fund Regulations: Articles 26, 36–41, Appendices A4 and A5

Insured persons can take early retirement from the first month following their 58th birthday.

In addition to the benefits purchases credited to the Savings Account, they can also make voluntary benefits purchases to compensate for retirement pension losses as a result of taking early retirement. This is achieved by buying into an individual Early Retirement Account.

Insured persons also have the option of drawing an AHV replacement pension between the first month following their 58th birthday and the date on which they reach AHV retirement age; choosing this option will have the effect of reducing their ordinary retirement pension. The AHV replacement pension is intended to finance the transitional period between the end of the insured’s working life and AHV retirement age.

Early retirement

What is the early retirement account?
From 1 January of the year following his 20th birthday, the insured has the option of making voluntary benefits purchases with a view to fully or partially compensating for pension reductions which would result from taking early retirement.

When is it possible to purchase these benefits?
You can purchase Early Retirement Account benefits if the following three conditions are fulfilled:

- you have exhausted your options for purchasing additional Savings Account benefits;
- the maximum amount in the Early Retirement Account has not yet been exhausted;
- you have repaid any early withdrawals for home ownership purposes in full.

What amount of additional benefits can I purchase?
The maximum purchase value depends on your age, savings plan, pensionable salary and planned retirement age. The details are set out in Appendix A5 of the 2021 Pension Fund Regulations.

For insured persons who joined the PK Siemens before July 1, 2017, the transitional provisions for the pension fund regulations apply, which you can find on the PK Siemens website **www.pk-siemens.ch** in the infocenter.

AHV replacement pension

What is an AHV replacement pension?
Insured persons who take early retirement may draw an AHV replacement pension for the period from when they retire until the date on which they reach AHV retirement age.

How high is the AHV replacement pension?
The amount of the AHV replacement pension can be freely determined by the insured, but may not exceed the maximum AHV retirement pension. The amount of the pension remains unchanged throughout the period over which the pension is paid.

What points need to be considered?
The AHV replacement pension is financed from the savings capital, which is why the retirement pension is reduced accordingly.

5. Disability

2021 Pension Fund Regulations: Articles 21, 29, 30

Insured who are at least 40 % disabled are entitled to a disability pension. Insured who are at least 70 % disabled will receive a full disability pension; this corresponds to 60 % of the pensionable salary.

How high is the disability pension?
The amount of the disability pension depends on the degree of disability. A degree of disability of 70 % or more is classed as full disability. A degree of disability of less than 70 % is classed as partial disability.

The disability pension for full disability amounts to 60 % of the pensionable salary before the onset of incapacity for work.

The table below shows the amount of the disability pension as a function of the degree of disability:

Degree of disability	Disability pension as a percentage of full pension
40 %	25 %
50 %	50 %
60 %	75 %
70 %	100 %

From when will the disability pension be paid?
Entitlement to a disability pension will commence upon becoming entitled to a pension under Federal Disability Insurance (IV). Pension payments will normally start at the earliest from the month in which daily allowance payments cease.

Are any additional benefits paid for children?
Recipients of disability pensions are entitled to an additional disabled person's child's pension if they have children under 18 years of age (or under 25 if the child is in education or training). An additional sum equal to 20 % of the disability pension is paid for each child.

What happens to the Savings Account?
The Savings Accounts of recipients of disability pensions will continue to be managed. The PF SCS will finance the savings contributions component (Standard savings plan) in accordance with the entitlement to a disability pension (waiver of contributions).

What happens at age 65?
Once the insured reaches age 65, the disability pension will be replaced by a retirement pension. As in the case of an active insured person, the amount of the retirement pension will correspond to the savings capital at age 65 multiplied by the conversion rate at age 65.

Is the pension paid by the PF SCS coordinated with other insurers' benefits?
Yes. The aim is to ensure that the total pensions paid do not exceed 90 % of the presumed lost income.

6. Death

2021 Pension Fund Regulations: Articles 31–35

In the event of the death of an active insured or a recipient of a retirement or disability pension, the PF SCS will pay a life-long pension to the spouse/partner provided certain conditions are fulfilled.

Registered partnerships are treated in the same way as married couples.

Who is entitled to a spouse's pension?
The surviving spouse will be entitled to a spouse's pension provided that at least one of the following conditions is fulfilled:

- The spouse is responsible for the maintenance of at least one joint child.
- The spouse is over 40 and had been married to the deceased insured for at least three years.

How high is the pension if the insured dies before age 65?
The spouse's pension amounts to 40 % of the pensionable salary, payable until such time as the deceased insured would have reached ordinary retirement age.

How high is the pension if the insured dies after ordinary retirement age (65)?
If the insured was over 65 (ordinary retirement age) when he died, the spouse's pension will amount to 60 % of the retirement pension insured at the time of the insured's death.

When are pensions reduced and by how much?
Pensions are reduced in two cases:

- If the insured was over 65 at the time of marriage, the surviving spouse's pension will be reduced to the minimum BVG benefits.
- If the surviving spouse is more than 10 years younger than the deceased spouse, the surviving spouse's pension will be reduced by 3 % for each additional year of age difference.

Do children receive compensation?
Children are entitled to an orphan's pension if they are under 18 (or under 25 if they are in education or training). The orphan's pension is equal to 20 % of the retirement or disability pension paid.

Will a lump-sum death benefit be paid?
Lump-sum death benefits will be paid, but the amount will be reduced by the amount of benefits already received and future benefits due.

Where the insured was under 65 at the time of death:
- Savings Account balance less present value of any survivor's benefits.

Where the insured was over 65 at the time of death:
- 300 % of the annual retirement pension less benefits already received.

Who is entitled to a partner's pension?
The surviving partner will only be entitled to a partner's pension if the following three conditions are fulfilled:

- The surviving partner is over 45 and had lived with the deceased insured for more than 5 years prior to his death (partners of retirement pensioners will only be entitled if these conditions were fulfilled before age 65);
- The surviving partner is not drawing any other survivor's pension and is not entitled to do so;
- The notification with PF SCS took place during the lifetime.

How high is the partner's pension?
If the conditions for entitlement are met, the partner's pension will be the same as the spouse's pension.

Is the pension paid by the PF SCS coordinated with other insurers' benefits (e.g. IV)?
Yes. The aim is to ensure that the total pensions paid do not exceed 90% of the presumed lost income.

7. Lump-sum withdrawal for home ownership purposes; divorce

2021 Pension Fund Regulations: Articles 33, 49, 50

Insured persons have the option of financing home ownership by means of a lump-sum withdrawal. An alternative to the withdrawal of a lump sum is to pledge the savings capital in favour of the mortgage lender.

In the event of divorce/dissolution of registered partnerships, the benefits acquired during the marriage are split equally. Divorce therefore has an impact on the insured benefits and the acquired retirement capital.

Lump-sum withdrawal for home ownership purposes

Until when is it possible to withdraw a lump sum to finance home ownership?
You can withdraw a lump sum for home ownership purposes once every five years until three years before your 65th birthday. For tax reasons, you may not have purchased additional benefits during the three years before the lump-sum withdrawal.

How much capital can be withdrawn?
The minimum amount is CHF 20,000. Until age 50, the whole of the Savings Account can be withdrawn; from age 50 onward a limit applies.

What can the capital be used for?
The capital must be used to finance residential property for the insured's own use. For example:

- Acquiring or build a residential property;
- Financing investments in an existing residential property;
- Repaying a mortgage.

What is the procedure?
First, a written application is submitted to the PF SCS requesting information on the maximum amount that can be withdrawn as a lump sum and the resulting reductions in benefits.

If you wish to make use of the lump-sum withdrawal option, you will need to submit additional contractual documents to the PF SCS. The written consent of your spouse will also be required.

What are the disadvantages of a lump-sum withdrawal for home ownership purposes?
A lump-sum withdrawal will result in reduced benefits (e.g. a reduced retirement pension). In addition, if a lump sum is withdrawn from the PF SCS, capital taxes will be payable.

Will I still be insured against the risks of death and disability?
Yes. However, because the lump-sum withdrawal will reduce your retirement capital, survivors' benefits will be reduced as of ordinary retirement age, and, if you are disabled, you will receive a smaller retirement pension from age 65 onward.

Can the lump sum withdrawn be repaid?
A (partial) repayment is possible up until age 65.

What alternatives are there?
An alternative to a lump-sum withdrawal is to (partially) pledge the savings capital. Pledging does not affect your insured benefits.

Divorce

How is the savings capital divided?
In the event of divorce/dissolution of civil partnerships, the benefits acquired during the marriage are divided equally. This division of the savings capital applies both to active insured and to retirement pensioners.

What implications does the division have for the savings capital/pension?
For active insured persons, the savings capital acquired during the marriage is divided equally.

For recipients of disability pensions, the amount of the disability pension will remain unchanged after the division, but the savings capital will be split in the same way as for active insured persons.

For retirement pensioners, the division will result in a reduction in the retirement benefits.

8. Appendix: Terms used

AHV
Swiss Federal Retirement and Survivor's Insurance

BVG
Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans

Conversion rate
Percentage at which the retirement savings are converted into a pension. Depends on age at retirement.

Employees
Any person employed by the Employer

Employer
Siemens Schweiz AG and other employers who have become affiliated to the Pension Fund on the basis of an affiliation agreement

Insured (active)
Employee of the Employer insured (or former employee with continued insurance cover pursuant to Art. 9a) by the Pension Fund for whom an insured event has not yet occurred

Insured event
The insured events of old age, disability and death

IV
Swiss Federal Disability Insurance

IVG
Federal law on disability insurance

Pension Fund
Pension Fund of the Siemens Companies in Switzerland (PF SCS)

Pensioners
All persons receiving a pension from the PF SCS

Recipients of a disability pension
Persons receiving a disability pension from the PF SCS

Registered partners
Partners living under the civil status regime of a "registered partnership" in accordance with the Federal Law on the Registration of Partnerships for Same-Sex Couples (Partnership Act, PartG). Under the 2021 Pension Fund Regulations of the PF SCS, registered partners have the same legal status as married persons.

Retirement age, (ordinary)
Insured persons reach ordinary retirement age on the first of the month following their 65th birthday.

Retirement age, (ordinary) AHV
Insured persons reach their ordinary AHV retirement age on the first of the month following their 64th birthday (for women) and on the first of the month following their 65th birthday (for men).

Retirement pensioners
Persons who receive a retirement pension from the PF SCS

Risk contribution
Contribution to the financing of disability and death benefits

Savings Account
Account for the savings capital of the insured

Savings capital
Capital held by the insured in the Savings Account. Consists of the BVG savings capital, plus savings capital from non-mandatory pension provision.

Savings contribution
Savings contribution defined by the Pension Fund Regulations. Savings contributions are credited to the Savings Account.

Vested benefits
Capital in accordance with the Federal Law on Vesting in Pension Plans (FZG) which all insured accumulate in their pension fund, provided they pay their savings contributions

At **www.pk-siemens.ch** you will find further information and the valid pension fund regulations.

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