

Interest model valid from 1.1.2020

The Board of Trustees has drawn up a guideline regarding the interest on retirement assets and other pension resources especially in order to provide greater transparency and predictability vis-à-vis its affiliated pension funds.

Generally, the interest is dependent on the level of the target fluctuation reserve and hence on the coverage ratio. If the investment performance in the current year corresponds to at least the BVG minimum interest rate, the Board of Trustees will credit the retirement assets with interest at a minimum in accordance with the table below.

Level	Forecast coverage ratio as at 31.12.XX (BoT meeting in Nov.)	Basic and supplementary interest (extra-mandatory)	Total interest
5	≥ 113.0%	BVG minimum interest rate +1.75%	=2.75%
4	≥ 110.0%	BVG minimum interest rate +1.25%	=2.25%
3	≥ 107.0%	BVG minimum interest rate +1.00%	=2.00%
2	≥ 104.0%	BVG minimum interest rate +0.75%	=1.75%
1	≥ 100.0%	BVG minimum interest rate	=1.00%
0	< 100.0%	0% up to BVG min.interest	

The Board of Trustees, on setting the interest rates for the employer contribution reserves and the unallocated assets, uses the currently valid BVG minimum interest rate as its basis. The interest rate for these funds should be 50% of the BVG minimum interest rate. However, the definitive rate is not determined by the Board of Trustees until the end of the year, taking into account the coverage ratio as well as the condition that the investment performance achieved should equal at least the BVG minimum interest rate.

Example:

If, for example, the coverage ratio on 31.12 reaches 110%, an interest rate of 2.25% (1.00% BVG minimum interest + 1.25%) applies for 2021.

The BVG minimum interest rate is set by the Federal Council in the fall of the previous year.

Disclaimer

The Board of Trustees expressly reserves the right to deviate from this mechanism or to adapt it, in particular if

- changes emerge in the structure of the portfolio of insured persons,
- extreme situations arise in the financial markets,
- it would violate the legal framework according to Article 46 BVV 2,
- the requirements of the BVG and Foundation Supervision of the Canton of Zurich (BVS) limit the options of the interest model.

The Board of Trustees

Winterthur, September 16, 2020