



Q&A - changes within Columna Collective Foundation Group Invest with effect from January 1, 2025

Question	Answer
General information	
Why are the benefit parameters being changed?	The Board of Trustees of Columna Collective Foundation Group Invest is committed to providing the latest attractive and sustainable Pillar 2 benefits. It has already made a key move in this respect by switching to semi-autonomy – insured persons are earning more interest, and the redistribution within the Foundation from working insureds to pensioners has been significantly reduced. That said, redistribution persists due to higher life expectancy. The adjustment of the conversion rate is the next step toward ensuring sustainable pension funding and greater generational fairness.
What exactly is changing?	Key points at a glance: <ul style="list-style-type: none">• Columna Collective Foundation Group Invest will gradually adjust its conversion rates between 2025 and 2027 until they reach 6.0% for mandatory and 5.3% for voluntary savings for both men and women aged 65. At the same time, the Foundation is introducing a new, second calculation method that benefits the insureds, especially those with lower voluntary retirement assets.• In this way, it is significantly reducing the redistribution from people who are still working to those who have retired, ensuring fair, attractive and sustainable benefit levels for insureds.• This adjustment will take place in stages over the course of three years, This allows insureds to plan with greater reliability, and it cushions any pension reductions.• There will be no change to existing retirement pensions or lump sums.
When do the changes come into effect?	The changes will take effect on January 1, 2025.
Who is affected by the changes?	All of the approved changes apply to existing and new customers of Columna Collective Foundation Group Invest.
Who decided on the changes?	The Board of Trustees of Columna Collective Foundation Group Invest, which is made up of employee and employer representatives.
Adjustment to the conversion rate / New calculation method	
Which conversion rate model will be used in future?	The Foundation will continue to use its split conversion rate model, i.e. it will apply one conversion rate to mandatory savings and another to voluntary savings. Thus, expanding your plan or buying in will pay off in the future too, boosting your pension later, even if now the amounts involved are small.

Question

Answer

Which conversion rates will apply in the future?

The Columna Collective Foundation Group Invest will gradually adjust its conversion rates between 2025 and 2027 until they reach 6.0% for mandatory and 5.3% for voluntary savings for both men and women aged 65.

Conversion rates from 2025

	Conversion rate	2025	2026	2027
Pension calculation 1	Mandatory	6.55%	6.30%	6.00%
	Extra-mandatory	5.45%	5.40%	5.30%
Pension calculation 2	Mandatory	6.80%	6.80%	6.80%
	Extra-mandatory	5.45%	5.40%	5.30%
	Adjustment factor Extra-mandatory	80%	70%	50%

The conversion rates apply to women and men aged 65.

The conversion rate of the previous year applies if you retire on January 1.

The former conversion rates – 6.8% in the case of mandatory assets and 5.5% in the case of voluntary assets for men aged 65 or 5.365% for women aged 64 – will continue to apply to anyone retiring by the end of 2024.

Is there any provision for a transitional solution?

The conversion rate adjustments will gradually take place over the next three years. This means insureds can plan with greater reliability, and it cushions any pension reductions, especially for people who are about to retire.

How exactly will the new calculation method for retirement pensions work?

Together with the new conversion rates, the Foundation is introducing a new two-part calculation method for retirement pensions, which always benefits the insureds.

Why are there two different pension calculations?

Depending on how much the mandatory and voluntary parts of the retirement savings amount to, one of the pension calculations will be higher. **Insureds are always paid out the higher amount as an annual pension.** This means insureds with lower voluntary savings can also benefit from higher pensions. Since every franc they have saved serves to build their pension, even smaller buy-ins pay off.

Calculation 1 is based on the target conversion rates of 6.0% for mandatory assets and 5.3% for voluntary assets for 2027.

Calculation 2 uses the statutory minimum conversion rate of 6.8% for the mandatory part and also uses what is known as an adjustment factor for the voluntary part for the benefit of the insureds. This means that in every case the legally prescribed minimum benefits will be met or exceeded.

Why is the conversion rate being changed?

The conversion rates currently in use are too high in view of increasing life expectancy.

Columna Collective Foundation Group Invest pursues the strategy of always offering fair and financially sustainable pension solutions. Given the current return outlook and higher life expectancy, the lifelong pensions currently promised on retirement can no longer be financed sustainably. Funding shortfalls known as conversion losses arise, leading to an unplanned redistribution of assets from working insureds to pensioners. This redistribution is at odds with the fundamental principle of the second pillar, which is that everyone saves for their own retirement.

Adjusting the conversion rate will significantly reduce this redistribution, helping to ensure sustainable pension funding and greater generational fairness.

Question	Answer
Why is the conversion rate being changed now?	The Board of Trustees of Columna Collective Foundation Group Invest checks on an ongoing basis whether any adjustments are necessary to maintain a stable pension fund that provides competitive benefits. It is adjusting the conversion rates to take into account the rising life expectancy and to lower the redistribution between working insureds and retirees. This allows it to make the system fairer for all generations and secure consistently fair and attractive pensions for its insureds.
The statutory minimum conversion rate is set at 6.8%. How can the conversion rate be lower than this?	<p>The statutory minimum conversion rate, currently set at 6.8%, applies to mandatory assets in occupational benefits insurance, i.e. the minimum according to the Occupational Pensions Act. Pension funds are free to set their own conversion rate for voluntary assets.</p> <p>Even with a conversion rate below the statutory minimum (currently 6.8%), the statutory minimum benefits for mandatory assets are paid at all times. To monitor this, a control account (known as a shadow account) is kept for every single insured person.</p> <p>The two-part calculation method that the AXA Columna Collective Foundation Group Invest uses ensures that the statutory minimum benefits are maintained because the current statutory minimum conversion rate of 6.8% is applied to the mandatory portion of the retirement savings. This means that in every case the legally prescribed minimum benefits will be met or exceeded.</p> <p>If the retirement pension calculated using the conversion rate is lower than the statutory minimum, the pension fund must increase it to that amount.</p>
Outlook: What is likely to happen to the conversion rate in future? Are any further adjustments to be expected?	The Board of Trustees of Columna Collective Foundation Group Invest remains committed to providing an attractive, modern and stable second-pillar solution. No further adjustments to the benefit parameters are planned at present, but the core tasks of the Board of Trustees include monitoring developments on an ongoing basis and finding the fairest and most attractive occupational benefits solution for all insured persons.
<h3>Information for employers and working insureds</h3>	
How are future retirement pensions calculated?	<p>Each individual's future pension is different and depends on a range of factors, including how much retirement capital they have saved while working and the relative proportions of mandatory and voluntary assets.</p> <p>Generally speaking, retirement assets x conversion rate = annual pension.</p>
Where can I see how much my future pension will be?	Insureds can calculate their future pension in the myAXA pensions portal.
How will the adjustment of the conversion rate affect a lump-sum withdrawal?	Lump sums are not affected by the adjustment of the conversion rate. The conversion rate only applies to retirement capital that is converted into a pension.
Will the adjustment of the conversion rate affect early retirements?	Yes. The reduction of the conversion rate will also affect early retirements if the pension option is chosen. The pension is correspondingly lower.
Why is there now a single conversion rate for both women and men?	The Board of Trustees specifically chose the same conversion rate for both men and women retiring at age 65. Following the OASI reform, both men and women will also have the same reference age of 65 in the future.

Question	Answer
What can I do to increase my future pension?	You can increase your personal retirement assets through voluntary buy-ins, provided you have not already reached the maximum buy-in amount. You should check beforehand how a voluntary buy-in will affect both your future pension and your tax situation. You can also save additional capital for your retirement in the third pillar.
What can I do as an employer to improve the occupational benefits insurance I provide for my staff?	Employers have a number of options to improve coverage for their staff in the second pillar. For example, they can increase the share of employer's pension contributions to more than 50 %, insure a higher proportion of employees' salaries or buy more extensive risk benefits.
How much more interest can insured persons expect on average over the long term?	This depends on financial market performance and the Foundation's funding ratio, so it is impossible to forecast.
How does potential extra interest affect retirement assets?	<p>Even an additional half of a percentage point in interest has a significant impact over the long term, as the following example shows:</p> <p>CHF 100,000 starting capital, earning interest of 1.0% over 20 years yields CHF 122,019 CHF 100,000 starting capital, earning interest of 1.5% over 20 years yields CHF 134,685</p> <p>CHF 100,000 starting capital, earning interest of 1.0% over 40 years yields CHF 148,886 CHF 100,000 starting capital, earning interest of 1.5% over 40 years yields CHF 181,401</p>
What investment strategy does the Foundation follow?	Columna Collective Foundation Group Invest continues to use different investment strategies for mandatory and voluntary assets. The two different investment strategies form the basis of the interest model that the Foundation also uses. Based on this approach, voluntary retirement assets will tend to pay higher interest.
Information for pensioners	
What will happen to existing retirement pensions?	Current retirement pensions are not affected by these adjustments.
How will the adjustment of the conversion rate affect current survivors and disability pensions?	The adjustment of the conversion rate has no effect on current survivors and disability pensions.
General information on the conversion rate, redistribution, and key figures	
What is a conversion rate?	The conversion rate determines how much pension a person receives from the day they retire. It determines the percentage at which the retirement capital they saved up while working is converted into a lifelong annual pension. With a conversion rate of 5.6%, for example, someone who has CHF 100,000 in retirement capital will receive a pension of CHF 5,600 a year.
What is meant by conversion losses?	The conversion rate determines how much a person's annual pension will be when they retire. If the conversion rate currently in use is above the correct level from an actuarial point of view, then every time someone retires, the pension fund needs to have more capital in reserve than the assets that person has actually saved in order to fund his or her retirement pension. This is the reason for the ever-increasing redistribution of assets from working insureds to retirees. The difference between the assets accumulated and the capital actually needed is referred to as a conversion loss.

Question	Answer
Is it not possible to offset conversion losses with investment returns?	Conversion losses have indeed been offset with investment returns up to now, which amounts to cross-subsidization of pensioners by working insured persons. However, investment returns should really accrue to the latter. As the conversion rate is still too high, the extent of redistribution is rising steadily – despite the measures that have already been taken. Allowing this to continue would not be fair to working insureds, who would lose out on interest income on their retirement assets as a result. In addition, it is basically no longer financially viable in spite of rising yields. Further measures are therefore needed to ensure sustainable pension funding and greater generational fairness.
What is the extent of redistribution at the moment?	Up to CHF 20 million a year is currently being redistributed from working insureds to retirees in the AXA Columna Collective Foundation Group Invest, and the latest forecasts suggest that this will rise to more than CHF 50 million in the next five years.
Which conversion rate models exist in the marketplace?	There are various models in the occupational benefits insurance marketplace, but the comprehensive and split models are the most common.
What is the difference between a comprehensive conversion rate model and a split one?	<p>A comprehensive conversion rate means that the same conversion rate is applied to a person's entire retirement assets (i.e. both mandatory and voluntary assets).</p> <p>Split conversion rates mean that mandatory and voluntary assets are treated differently, with two different conversion rates used to calculate the annual retirement pension.</p>
Why are you not waiting for the outcome of the vote on reforming the Occupational Pensions Act?	Right now we do not know what the electorate will decide. The Board of Trustees wants to secure the Foundation's financial stability and competitive benefits for the long term, regardless of any legal reform, for the good of the insured persons and the Foundation as a whole. It acts independently and makes forward-looking decisions in line with the Foundation's strategy and circumstances.

If you have any further questions on the changes within Columna Collective Foundation Group Invest with effect from January 1, 2025, we will be happy to help.

Please get in touch with your AXA contact or advisor.