



AXA Foundation
for Occupational Benefits

Occupational benefits

Regulations on the partial liquidation of a collective foundation

AXA Foundation for Occupational Benefits, Winterthur

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Purpose, scope and definition of terms

No. 1

These regulations govern the conditions and procedures for partial liquidation of the collective foundation (hereinafter referred to as "Foundation"). Separate regulations govern the partial and total liquidation of occupational benefits funds affiliated with the Foundation.

Conditions for partial liquidation of the Foundation

Conditions for partial liquidation

No. 2

The conditions for partial liquidation of the Foundation are met if one or several affiliation contracts are fully or partially terminated. An affiliation contract is deemed to be partially terminated if all active insured persons and possibly some pensioners withdraw from the occupational benefits fund, except for at least one pensioner or incapacitated insured person.

Under these regulations, incapacitated insured persons include all those with current or foreseeable entitlement to exemption from contributions, for whom the longest waiting period for all disability benefits as defined in the pension fund regulations was still in effect on the date of partial liquidation, or for whom the Foundation does not yet have all the information it needs in order to establish or reject entitlement to a disability pension.

Under these regulations, disabled insured persons who are currently not entitled to a pension as defined in the Foundation's pension fund regulations are treated as active insured persons.

Procedure for the partial liquidation of the Foundation

Execution of partial liquidation

No. 3

The Foundation is responsible for executing the procedure.

Waiver of a procedure

No. 4

No partial liquidation procedure is carried out if the Foundation's coverage ratio is between 98% and 110% on the reference date for the partial liquidation.

Reference date of partial liquidation

No. 5

In the case of a partial or full termination of the contract as of December 31, the termination date will be the reference date for partial liquidation. For contract termination at a different time, the reference date of the partial liquidation will be the last balance sheet date prior to the partial or full termination of the contract. On the one hand, this reference date is decisive for calculating the unallocated assets or shortfall (underfunding), the fluctuation reserve and the technical provisions; on the other hand, it is used for determining which occupational benefits funds must be included in the distribution plan.

Calculation of unallocated assets/shortfall (underfunding), the fluctuation reserve and the technical provisions

No. 6

The calculation of the unallocated assets or shortfall, the fluctuation reserve and technical provisions is based on the annual commercial balance sheet as of December 31 prepared in accordance with Swiss GAAP FER 26 and the actuarial balance sheet as of the same date.

Division of unallocated assets

No. 7

When dividing unallocated assets, a distinction is made between the withdrawn collective institutions and the remaining occupational benefits funds. The group of withdrawn collective institutions includes those affiliations that were partially or fully liquidated on the reference date for partial liquidation as defined in No. 5. The group of remaining occupational benefits funds includes all other affiliations.

Unallocated assets are divided proportionally among the group of remaining pension funds and the various withdrawn collective institutions, whereby the total in retirement assets of the active and incapacitated insured persons equals total

of the tenfold annual retirement pensions of the pensioners (on the reference date in each case). Pensioner refers to all recipients of retirement, surviving spouse's or partner's, orphan's or disability pensions.

Unallocated assets are not distributed if they amount to less than five percent of total retirement assets on the most recent balance sheet date. In this case the unallocated assets remain with the Foundation without being allocated to the occupational benefits funds. The unallocated assets of the occupational benefits funds are not taken into account in this instance.

Transfer of unallocated assets

No. 8

Unallocated assets in favor of the remaining affiliated occupational benefits funds are not allocated and stay with the Foundation.

Unallocated assets in favor of the withdrawn collective institutions are treated in accordance with the regulations on partial and total liquidation of occupational benefits funds.

Offsetting a shortfall (underfunding)

No. 9

If the calculation in accordance with No. 6 results in a shortfall, the shortfall is allocated in proportion to the total in retirement assets (as of the reference date of partial liquidation) of the group of remaining occupational benefits funds or the withdrawn collective institutions.

The portions of the shortfall belonging to occupational benefits funds that remain with the Foundation are not allocated and will stay with the Foundation.

The unallocated assets in favor of the withdrawn collective institutions are treated in accordance with the Regulations on partial and total liquidation of occupational benefits funds.

Collective entitlement to the fluctuation reserve and technical provisions

No. 10

If, during the partial liquidation of the Foundation, several active insured persons transfer to the same new occupational benefits institution as a group, they will be collectively entitled to the prorated amount in fluctuation reserves and technical provisions,

in addition to their entitlement to its unallocated assets. A group refers to all active insured persons or at least ten active insured persons of an occupational benefits fund.

If the Foundation is partially liquidated as the result of the transfer of a group, entitlement to the fluctuation reserve and technical provisions does not apply.

1. Entitlement to the fluctuation reserve

The collective prorated entitlement to the whole fluctuation reserve corresponds to the ratio of the retirement assets being transferred to the total amount in retirement assets.

When calculating the entitlement, the amount that the transferring group contributed to the fluctuation reserve is taken into account. The development of the fluctuation reserve as a percentage of the retirement assets over the contract term is taken into account.

If an occupational benefits fund has been affiliated with the Foundation for more than ten years, the transferring group's collective prorated entitlement to the whole fluctuation reserve corresponds to the ratio of the retirement assets being transferred to the total amount in retirement assets.

2. Entitlement to technical provisions

The collective prorated entitlement to technical provisions applies to those insured persons for whom the provisions were formed insofar as actuarial risks are also transferred. The collective entitlement is calculated on the same basis as is used for the current provisions.

Transfer of the entitlement to the fluctuation reserve and technical provisions

No. 11

The prorated entitlement to the fluctuation reserve and technical provisions is transferred collectively to the new occupational benefits institution.

Resolution, information and execution

Resolution on partial liquidation

No. 12

The material issues, such as the condition for a partial liquidation of the Foundation, the amount of the unallocated assets or shortfall, the fluctuation reserve and the technical provisions as well as the distribution plan, are recorded in writing in the form of a resolution by the Board of Trustees.

Information

No. 13

If the review confirms that the conditions for partial liquidation of the Foundation are met and the procedure is to be carried out, the Foundation must inform the commissions of occupational benefits funds about its resolution on partial liquidation, the amount of the unallocated assets or shortfalls, the distribution plan, the entitlements, and the next steps.

The commissions of the occupational benefits funds have the right to inspect the records at the Foundation within 20 days of receiving the information from the Foundation and to appeal the Board of Trustees' resolution. If the dispute cannot be settled amicably, the Foundation sets a 20-day deadline for the occupational benefits funds by when they must present the condition, procedure and distribution plan to the supervisory authority for review.

Once the deadline has passed, the Foundation informs the supervisory authority about any appeals it received and its treatment of the matter.

Execution

No. 14

The distribution plan is executed once it has become legally valid. Entitlements from these regulations are due 20 days after the distribution plan becomes legally valid.

The distribution plan becomes legally valid if

- no appeals were lodged, or
- all appeals were settled amicably and the supervisory authority has confirmed in writing that no complaint was received during the 20-day period, or
- the supervisory authority has made a legally valid decision on the condition, procedure and distribution plan (confirmation of legal validity).

If the balance of the available pension assets and the required pension capital changes by more than ten percent of the balance sheet total between the reference date for the partial liquidation and the date on which the assets are transferred, the unallocated assets to be transferred or the shortfall to be deducted as well as the fluctuation reserve and the technical provisions will be adjusted accordingly.

Final provisions

Issue and amendment of the regulations

No. 15

These regulations and any later amendments are issued by the Board of Trustees and approved by the supervisory authority.

Entry into force

No. 16

These regulations are issued by the Board of Trustees on January 1, 2019, and enter into force as soon as they are approved by the supervisory authority. They replace the version of December 1, 2013.

The date on which a material circumstance arises determines which version of the regulations applies.