

Dätwyler Holding AG Pension Fund Regulations

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A General provisions

1 Definitions

For the sake of brevity, the following definitions are used in these regulations:

Company	Dätwyler Holding AG and its Group entities and related companies which have affiliated their personnel - or precisely defined sections thereof - to the trust by way of an affiliation agreement.
Pension fund	The pension fund operated by the pension trust of Dätwyler Holding AG in accordance with these regulations.
Employees	The male and female staff working at a Swiss company. They can also be employees seconded from abroad. Unless otherwise specified below, the term "employees" is always taken to mean both sexes.
Members	Any person affiliated to the pension fund (disabled persons and old-age pensioners are not members in this sense).
Pension recipient	The term "pension recipients" is always taken to mean recipients of benefits of both sexes.
Age	Unless otherwise defined, the age is determined by the difference between the calendar year and the year of birth.
Year of age	A year of age ends on the first of the month following the date of birth.
Retirement age	The retirement age corresponds to the standard retirement age, which is reached by women on completion of their 64th year of age and men on completion of their 65th year of age.
Registered partnership	Any person living in a registered partnership in accordance with the Federal Registered Partnerships Act (PartG) has the same rights and obligations as a spouse. Terms such as "marriage", "spouse", "widow", "widower" or "married" always include the registered partnership.
Maximum age for children	The maximum age for children is reached on completion of their 18th year of age. The pension entitlement for children in education or training or who are at least 70 % disabled runs until they have completed their education or training or

become eligible for work but ceases at the latest on completion of their 25th year of age.

Retirement savings balance	The accumulated savings of members.
Shortfall	A shortfall exists if the pension liabilities on the reporting date are not covered by the available pension fund assets actuarially calculated by pension actuaries in accordance with recognised principles (Section 44 of the Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans [BVV2]).
BVG	The Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans
BVV2	The Ordinance on the Federal Law on Occupational Pension Schemes
FZG	The Federal Vested Benefits Act
FZV	The Federal Vested Benefits Ordinance
WEFV	The Ordinance on the Encouragement of the Use of Vested Pension Accruals for Home Ownership
ZGB	The Swiss Civil Code
SchIT	The Commencement and Implementing Provisions of the Swiss Civil Code

2 Legal nature and purpose

- 2.1 A trust (foundation) within the meaning of Section 80 ff. of the Swiss Civil Code (ZGB) exists in Altdorf, Canton Uri, under the name "Dätwyler Holding AG Pension Fund". The pension fund is run by the Board of Trustees (Section 27 hereunder).
- 2.2 The pension fund manages the BVG workplace pension scheme on behalf of the company employees. It has been entered in the Register of Occupational Pension Schemes for this purpose. The fund shall ensure compliance with the mandatory provisions of the BVG and other legislation at all times. The pension fund logs the BVG minimum benefits, including the cost-of-living adjustments of survivor and disability benefits prescribed by the Swiss Federal Council, in a shadow account.

The pension fund calculates its benefits according to the "imputation principle", i.e. by comparing the regulatory benefits with the minimum benefits in accordance with the BVG and paying out the higher amount.

The interest rate for the shadow account corresponds to the BVG minimum interest rate. The conversion rates on retirement at the BVG pensionable age (65 for men and 64 for women) correspond to the BVG minimum conversion rates. Unless otherwise provided by the BVG, the following applies: in the event of early retirement, these conversion rates decrease by 0.013 % for every month of advance receipt; if the pension is taken at a later date, they increase by 0.013 % for each month of deferment.

If pension monies are paid out in advance (under WEFV or on divorce), a BVG advance withdrawal account shall be opened in the shadow account in accordance with Sections 21 and 22 of these regulations and deducted from the BVG retirement savings balance on the pension entitlement date or on departure from the fund. On opening, the BVG advance withdrawal account corresponds to that proportion of the BVG retirement savings balance in accordance with Section 18 FZG which corresponds to the ratio of the payout to the total vested benefits. The BVG advance withdrawal account attracts the same rate of interest as the BVG retirement savings balance.

On withdrawal of part of the retirement benefits in capital form or on semi-retirement, the BVG retirement benefits decrease proportionally.

If pension monies are paid back (under WEFG or on divorce), the repayment is credited to the BVG advance withdrawal account/the BVG retirement savings in the same proportion as for a payout. If the BVG retirement savings component cannot be determined on payout, federal law shall be applied.

3 Start and end of coverage

- 3.1 All employees over the age of 17 whose annual salary in accordance with Section 4 exceeds the minimum salary as defined by the BVG (2017: CHF 21,150) will be accepted as a member into the pension fund. The minimum wage for semi-retired persons and the partially disabled is reduced according to the pension entitlement. This is without prejudice to Section 3.2. Admission to the fund takes place upon commencement of the employment relationship yet no earlier than 1 January after the employee's 17th birthday.
- 3.2 Ineligible for admission to the fund are employees:
- a) who are full-time self-employed or non-self-employed outside of the company and, in the latter case, are already mandatorily covered by the pension system for the salary earned from such employment;
 - b) who are at least 70 % disabled;
 - c) whose contract of employment is fixed for a maximum of three months. If the employment relationship is extended for more than three months without interruption, the employee is covered by the fund from the time the extension was agreed. Where several consecutive periods of employment at the company total more than three months and there is no gap of more than three months between such periods, the employee's pension cover commences from the beginning of the fourth month of work in total. If, however, it is agreed before the employee first commences work that the total period of employment will exceed three months, the employee's pension cover commences on the first day of the employment relationship.
 - d) whose pension from the invalidity insurance scheme has been reduced or cancelled in accordance with the conditions set forth at Section 26a BVG, to the extent to which they resume gainful employment for this reason or increase their working hours.
- 3.3 If the annual salary of a member no longer exceeds the minimum salary specified in Section 3.1 (e.g. due to unpaid leave) only temporarily (no more than four months), the pension cover

continues based on the unchanged pensionable salary during this period.

- 3.4 If the annual salary of a member no longer exceeds the minimum salary specified in Section 3.1 on a permanent basis, they cease to be a member of the pension fund. The accumulated retirement savings balance is paid out in the form of vested benefits in accordance with sections 17 ff.
- 3.5 Membership of the pension fund ends when the employment relationship comes to an end. If the pension entitlement kicks in (due to age, disability or death), the benefits at Sections 6 to 16 and Section 34 become payable by the fund. If the employment relationship ends before the pension becomes payable, the provisions governing departure from the fund apply (Sections 17 to 20).
- 3.6 The pension fund no longer covers members whose employment relationship is dissolved with no pension entitlement.
- 3.7 Members remain covered by the fund for death and disability for one month after dissolution of the employment relationship, unless they have already entered another pension scheme.

4 Annual salary and pensionable salary

- 4.1 The annual salary corresponds to the annual AHV salary in accordance with the Federal Old Age and Survivors Insurance Act (BVG), less salary components that arise once only or irregularly (e.g. employee anniversary gifts, special bonuses, suggestion scheme awards, severance allowances, payment in lieu of accrued holidays on termination of the employment relationship, etc.).

Recurring salary components such as shift pay, overtime pay and bonuses are credited to the annual salary on the basis of the previous year. If the BVG mandatory pension is granted, contractually agreed bonuses are covered with a target achievement rate of 75 %.

- 4.2 The pensionable salary corresponds to the annual salary (Section 4.1), reduced by the coordination amount (Section 4.3) and limited in accordance with Section 4.4.
- 4.3 The coordination amount corresponds to 7/8 of the maximum AHV retirement pension (2017: CHF 24,675). It is adjusted to the relevant AHV retirement pension level. For part-time employees, the coordination amount is set in proportion to the hours worked. For

semi-retired persons and the partially disabled, the coordination amount is reduced in accordance with the pension entitlement.

- 4.4 The minimum pensionable salary amounts to 1/8 of the maximum AHV retirement pension (2017: CHF 3,525). The maximum pensionable salary corresponds to six times the maximum AHV retirement pension, less the coordination amount in accordance with Section 4.3 (2017: CHF 144,525). For semi-retired persons and the partially disabled, the maximum pensionable salary is reduced in accordance with the pension entitlement.
- 4.5 The pensionable salary is first set upon admission of an employee to the pension fund. Thereafter the pensionable salary is adjusted at the beginning of each calendar year. Salary changes during a calendar year are not taken into account for the pension fund until the following calendar year. This is without prejudice to Section 4.6.
- 4.6 If the annual salary of a member changes during a calendar year due to promotion or a change in hours worked for a period of at least six months, the annual salary is adjusted from the month of the change.
- 4.7 If the annual salary decreases temporarily due to sickness, accident, short-time work, maternity leave, military service or for similar reasons, it retains its validity for at least as long as the employer is obliged to continue paying the member's salary or until such time as the employment relationship is definitively dissolved.
- 4.8 The pension fund does not provide any voluntary cover for part-time employees with respect to salary received from other employers.
- 4.9 Members whose annual salary drops by up to 50 % after their 58th birthday can voluntarily continue their coverage at the level of their previous annual salary until they reach retirement age. In this case, the member concerned must pay the employer's share of the special contributions in respect of that part of the annual salary that is voluntarily covered in addition to the employee contributions and also the missing component of the retirement savings credit. The 4 % age-related supplement in accordance with Section 17 FZG is not taken into account when calculating vested benefits in respect of these contributions.

5 Duty to provide information

- 5.1 Members, pension recipients and entitled survivors shall provide complete and truthful information about all circumstances pertaining to the relationship with the pension fund (for example changes to the

degree of disability) and procure the requisite supporting documents. Members, pension recipients and their survivors shall inform the fund of all circumstances of relevance for keeping the pension files up to date, such as deaths, marriages, divorces, changes of address, cessation of education or training of children eligible to receive pension benefits, etc. within three weeks.

- 5.2 Pension recipients shall submit evidence that they are alive and disabled persons a medical certificate issued by a doctor agreed with the Board of Trustees if requested to do so by the pension fund. Recipients of disability and survivor pensions must report all effective income within the meaning of Section 15.2.
- 5.3 The pension fund rejects all liability for any detrimental consequences resulting from a breach of the aforementioned obligations on members and pension recipients or their survivors. Should the pension fund incur loss or damage as a result of such a breach, the culpable person will be held liable.
- 5.4 The employer shall notify the pension fund of all pensionable employees, submitting the details required for maintaining the retirement savings balance and calculating the contributions and benefits. The employer shall also provide all the information required by the Federal Vested Benefits Act (in particular changes of marital status, etc.).

B Pension benefits

6 Pensionable benefits

Under the scope of these Regulations the pension fund covers the following benefits:

- Retirement pensions, child's benefits, bridging pensions (Section 8)
- Disability pensions, child's disability benefits (Section 9)
- Spouse's pensions or lump-sum payments (Section 10)
- Orphan's pensions (Section 11)

7 Retirement savings credits, retirement savings balance

- 7.1 The retirement account of members aged over 25 is credited with a savings credit during the period in which they pay pension contributions. The amount credited is based on the member's pensionable salary (Section 4.2) and age according to the following scale:

<i>Member's age</i>	<i>Retirement savings credit</i>
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25 – 34	8.5 %
35 – 44	11.5 %
45 – 54	16.8 %
55 – max. 70	20.0 %

7.2 The retirement savings balance accumulates like a savings account and is made up of:

- annual retirement savings credits;
 - transfers of vested benefits and voluntary contributions made during the year;
 - any surplus credits awarded;
- interest on the retirement credit balance at the beginning of the year and interest on the vested benefit transfers/voluntary contributions since the date of payment. The interest rate is set by the Board of Trustees.

If a member leaves the pension fund during a calendar year, the retirement savings credits and the interest credits are added on a pro-rata basis.

7.3 The pension fund shall maintain the retirement savings balance of a disabled person up to retirement age to cover the eventuality of the pension being reactivated. The pensionable salary shall be deemed to be the last pensionable salary set in accordance with Section 4.

7.4 If the member is awarded a partial disability pension, the pension fund apportions the retirement savings balance accordingly. It treats one component in accordance with Section 7.3. The other component of the retirement savings balance is equivalent to that of a fully gainfully employed member.

8 Retirement pensions, child's benefits, bridging pensions

8.1 Members are entitled to a retirement pension on reaching pensionable age (Section 1).

8.2 The accrued retirement savings balance is converted to an annual pension using the conversion rate. The conversion rate on retirement at the pensionable age is 6 %.

8.3 If the member has children who would be eligible for an orphan's pension on the member's death (Section 11), each child receives a child's benefit of 20 % of the retirement pension up to a maximum of 40 % for two or more children.

- 8.4 The retirement pension is paid until the death of the pension recipient. Payment of child's benefits ceases as soon as the children reach the maximum age for an orphan's pension, irrespective of whether the pension recipient is alive or not.

Early retirement

- 8.5 All members aged 60 and over can request to take early retirement at termination of the employment relationship. The retirement pension is calculated by converting the retirement savings balance on taking early retirement to a lifelong annuity using a reduced conversion rate. The retirement pension is calculated by converting the retirement savings balance on taking early retirement to a lifelong annuity using a reduced conversion rate.

The reduction in the conversion rate amounts to 0.156 % (0.013 % per month) for each year of early retirement. Accordingly, the conversion rate (Section 8.2) is reduced as follows:

	Men	Women
Retirement at 60	- 0.780 %	- 0.624 %
Retirement at 61	- 0.624 %	- 0.468 %
Retirement at 62	- 0.468 %	- 0.312 %
Retirement at 63	- 0.312 %	- 0.156 %
Retirement at 64	- 0.156 %	

Any child's benefits or survivor pensions are calculated on the basis of the reduced retirement pension. The retirement savings can also be paid out in the form of a once-only lump sum (Section 13.3) if early retirement is taken.

- 8.6 In addition to the reduced retirement pension, members can request the payment of a bridging pension. This is paid until the member reaches pensionable age. If the recipient dies, the entitlement to the bridging pension ceases on that date.

The full amount of the bridging pension is determined by the member but it may not exceed CHF 1,770 per month. If the member opts for semi-retirement, the maximum bridging pension amount is set on a pro-rata basis. The bridging pension is set the first time it is drawn and is no longer adjusted after that (without prejudice to semi-retirement).

Members can finance the bridging pension via a reduction of the retirement savings balance on commencement of the pension by the sum of the bridging pension to be paid until retirement age. The

retirement pension decreases as a result (and thus also the benefits for dependent children and survivors).

A bridging pension can be drawn irrespective of whether the member draws a retirement pension or opts for the lump-sum option in accordance with Section 13.3.

The transitional provisions for bridging pensions set forth in Section 34.4 apply for employees born in 1953 or earlier who were members of the pension fund as at 31.12.2014.

Semi-retirement

- 8.7 Members aged 60 and over can request the payment of a partial pension if the number of hours worked falls by at least 20 % with the agreement of the company. The 'degree of retirement' corresponds to the reduction in hours worked. The retirement savings balance is converted to a partial pension using the applicable conversion rate for the degree of retirement. The retirement savings can also be paid out in the form of a once-only lump sum (Section 13.3) if semi-retirement is taken.
- 8.8 Members can make a maximum of three semi-retirement requests; the third must result in full retirement.
- 8.9 If a member opts for semi-retirement, continued coverage of the previous pensionable salary in accordance with Section 4.9 is not possible.

Continuation of coverage on reaching retirement age

- 8.10 Members who continue to work beyond the retirement age in whole or in part with the consent of the company (but no later than their 70th birthday) may continue the pension coverage on request if and for as long as their annual salary exceeds the minimum BVG salary. The member and the Company shall continue to pay the contributions set forth in Section 23 in this case.
- 8.11 The retirement savings balance at the time the coverage is terminated is converted into a lifelong retirement pension at a higher conversion rate.

The increase in the conversion rate amounts to 0.156 % (0.013 % per month) for each year of the deferment. Accordingly, the conversion rate (Section 8.2) is increased as follows:

	Men	Women
Retirement at 65		+ 0.156 %
Retirement at 66	+ 0.156 %	+ 0.312 %
Retirement at 67	+ 0.312 %	+ 0.468 %
Retirement at 68	+ 0.468 %	+ 0.624 %
Retirement at 69	+ 0.624 %	+ 0.780 %
Retirement at 70	+ 0.780 %	+ 0.936 %

Any child's benefits or survivor pensions are calculated on the basis of the increased retirement pension. The retirement savings can also be paid out in the form of a once-only lump sum (Section 13.3).

- 8.12 If a member employed beyond the retirement age is declared permanently unfit for work, retirement takes immediate effect on expiry of the ordinary notice period set forth in the contract of employment.
- 8.13 If a member dies after retirement age, the benefits are calculated on the basis of the pension to which the member would have been entitled on death.

9 Disability pensions, child's disability benefits

- 9.1 Members who are at least 40 % disabled within the meaning of Swiss Invalidity Insurance (IV) and were covered by the pension fund on occurrence of the incapacity for work that was the cause of the disability are entitled to a disability pension.
- 9.2 Any person who is at least 70 % disabled according to IV is deemed to be fully disabled; anyone who is at least 40 % disabled is deemed to be partially disabled.

The pension entitlement is based on the degree of disability:

Degree of disability	Pension entitlement
At least 40 %	25 % pension
At least 50 %	50 % pension
At least 60 %	75 % pension
At least 70 %	100 % pension

The degree of disability is primarily determined by the loss of earnings resulting from the disability. The Board of Trustees generally respects the ruling of the Swiss Invalidity Insurance (IV) but may deviate therefrom in exceptional cases.

- 9.3 For persons entitled to disability benefits in accordance with BVG 23 (b) and (c), i.e. persons with congenital anomalies or who became

disabled while still a minor, the entitlement is limited to the statutory BVG minimum.

- 9.4 The full disability pension corresponds to the authoritative retirement savings balance, multiplied by the conversion rate in accordance with Section 8.2. The authoritative retirement savings balance is made up of:
- a) the retirement savings balance built up by the member at the time the entitlement to the disability pension arises;
 - b) the total retirement savings credits missing until retirement age; the retirement savings credits are calculated on the basis of the last pensionable salary.
 - c) the interest on the amounts at a) and b) of this paragraph for the period missing until retirement age. The interest rate in the year in which the entitlement arises corresponds to the interest rate for the retirement savings balance in accordance with Section 7.2. From the following year the interest rate for the extrapolation is 2 %.
- 9.5 Partially disabled members remain liable to pay contributions for the pensionable salary corresponding to the hours worked. The coordination amount is adjusted to reflect the partial disability.
- 9.6 On top of their previous part pension, partially disabled members who subsequently become fully disabled or retire receive an additional partially disabled or retirement pension calculated on the basis of the new pensionable salary.
- 9.7 The entitlement to a disability pension kicks in at the same time as under the invalidity insurance scheme. However, the entitlement is deferred for as long as the member receives a full salary or the sickness or daily accident benefit paid in lieu of salary. The daily benefit can only be considered a full allowance in lieu of salary, however, if it amounts to at least 80 % of the loss in salary and if the employer has paid at least half of the insurance premiums.
- 9.8 The entitlement to a disability pension expires on death or if the disability ceases before the disabled person reaches retirement age (this is without prejudice to Section 9.11). If the person concerned resumes working for the company, both they and the company become liable to pay contributions again and the retirement savings balance carried forward is augmented normally. If the person concerned does not return to work for the company, the provisions for leaving the pension fund apply (Section 17 ff). The vested benefits correspond to the retirement savings balance on leaving the fund.

- 9.9 Members entitled to a disability pension are also entitled to child's benefits for each child that would be entitled to an orphan's pension in the event of their death. The benefit amounts to 20 % of the disability pension paid, but no more than 40 % for two or more children.
- 9.10 The child's disability benefits cease at the same time as the disability pension, if they have not already done so, when the children reach the maximum age for orphan's pensions.
- 9.11 If the IV pension is reduced or annulled, the entitlement to disability benefits continues at the previous level for three years if the pension recipient has participated in IV rehabilitation measures or the IV pension was reduced or annulled due to the resumption of gainful employment or an increase in the number of hours worked (Section 26a (1) BVG).

The entitlement continues, even if the three-year period referred to at para. 1 has expired (Section 26a (2) BVG), for as long as the person drawing the pension receives a transitional benefit in accordance with Section 32 of the Federal Invalidity Insurance Act (IVG).

In the cases referred to in paras.1 and 2, the disability benefits decrease in accordance with the reduced degree of disability provided the decrease is compensated for by additional income effectively earned by the pension recipient (Section 26a (3) BVG).

- 9.12 If an IV pension that was awarded on the basis of a diagnosis of organically inexplicable pain is reduced or annulled in accordance with letter (a) of the final provisions of the IVG amendment dated 18 March 2011, the entitlement to disability benefits decreases or ends from the time of the reduction or annulment of the IV pension (final provision of the BVG amendment dated 18.3.2011).

10 Spouse's pensions or lump-sum payments

- 10.1 Surviving spouses of a member or recipient of a retirement or disability pension are entitled to a pension if, on the death of the spouse, they:
- a) are responsible for the upkeep of one or more children
or
 - b) have reached their 45th birthday and the marriage has lasted at least five years.

In other cases, the surviving spouse is entitled to a once-only lump-sum payment of three times the annual spouse's pension. On the death of a member, the minimum one-off payment corresponds to the lump sum payable at death in accordance with Section 13.4.

- 10.2 The spouse's pension amounts to 60 % of the disability pension covered at the time of death or of the deceased's most recent retirement or disability pension.

If the spouse is more than ten years younger than the deceased, the spouse's pension decreases by 3 % for every full year of the difference in age above and beyond ten years.

- 10.3 The entitlement to the spouse's pension begins in the month following the death of the member but not before payment of any statutory sick pay has ceased. It ends on the date the surviving spouse remarries or dies.

- 10.4 On remarrying, the spouse receives a one-off lump-sum payment of three times the annual spouse's pension last drawn from the pension fund.

- 10.5 The benefit entitlement owing to the divorced spouse after the death of their former spouse is based on the BVG, and these benefits are restricted to the BVG minimum benefits. They are also reduced by the amount by which they, taken together with the AHV survivor benefits, exceed the entitlement resulting from the divorce decree or the ruling on the dissolution of the registered partnership.

AHV survivor pensions are taken into account only to the extent that they are higher than the spouse's own entitlement to an IV disability pension or a retirement pension. The prerequisite for the payment of payments to the divorced spouse is that the marriage lasted at least ten years; and

- a) if the marriage was dissolved by divorce after 1.1.2017:
the divorced spouse was on divorce awarded a pension in accordance with Section 124e (1) or Section 126 (1) ZGB (or, on dissolution of the registered partnership, a pension in accordance with Section 124e (1) ZGB or Section 34 (2 and 3) of the Partnerships Act) or
- b) if the marriage was dissolved by divorce before 1.1.2017:
the divorced spouse was awarded a pension or a lump-sum payment for a lifelong pension in the divorce decree.

The entitlement to survivor benefits exists for as long as the pension would have been owed.

11 Orphan's pensions

- 10.1 The children of a member or recipient of a retirement or disability pension are entitled to an orphan's pension until they reach the maximum age. Foster children whose upkeep the deceased provided without payment are considered the equivalent of orphans.
- 11.2 The orphan's pension amounts to 20 % of the disability pension that would have been or was being paid. If the deceased had already retired at the time of death, the orphan's pension amounts to 20 % of the retirement pension drawn to that point. If there is more than one orphan, the pension amounts to a maximum of 40 % of the disability or retirement pensions that would have been or were being paid.
- 11.3 The orphan's pension entitlement begins in the month following the death of the member, but not before payment of any statutory sick pay ceases, and ends when the child or children reach the maximum age.

12 Cost-of-living adjustment of pensions

- 12.1 Pensions paid by the fund are adjusted in line with the cost of living. The amount and timing of the adjustment are determined by the Board of Trustees.
- 12.2 Within the scope of the statutory minimum BVG benefits, survivor and disability pensions that have been running for longer than three years have to be adjusted in line with the cost of living until the BVG retirement age by order of the Swiss Federal Council. These indexed minimum BVG benefits shall be compared with the effective pension and the higher of the two amounts shall be paid (cf. Section 2.2).

13 Payout provisions, lump-sum payments

- 13.1 Pensions are paid out in monthly instalments. The full amount is paid for the month in which the pension entitlement ceases.
- 13.2 Pensions are paid in the form of a one-off lump-sum in the amount of the corresponding retirement savings balance if the authoritative annual disability or retirement pension is less than 1/20 of the maximum AHV retirement pension.

- 13.3 Members are at liberty to take as much as 100 % of the accumulated retirement savings capital in the form of a one-off lump sum payment on retirement by service of six months' written notice to the pension fund prior to the retirement date. Married members also require the written consent of their spouses. Consent shall be given by certified signature or personal appearance at the pension fund with identity papers. The residual savings balance on payout of the lump sum is converted into a pension using the conversion rate in effect for the relevant retirement age.

If a risk event occurs (death/disability), any application submitted for a lump-sum payment will lapse and only pension benefits will be paid.

- 13.4 On the death of an unattached member (single, widowed, divorced) prior to the retirement age, the beneficiaries are entitled to a lump-sum death benefit, provided no survivors benefits are being paid, amounting to 50 % of the accumulated retirement savings at the time of death. The order of precedence for the persons entitled to receive the lump-sum death benefit is as follows:

1. natural persons who were supported to a significant degree by the member prior to death or the person with whom the deceased co-habited without interruption for the five years prior to death or who is obliged to pay for the upkeep of one or more joint children;
2. in the absence of persons defined at 1: the member's children;
3. in the absence of persons defined at 1 and 2: the parents or siblings;
4. in the absence of persons defined at 1, 2 and 3: the remaining statutory heirs.

An entitlement as defined at Fig. 1 of this section shall exist only if the member submitted a written beneficiary declaration (pension fund form) prior to death.

In Figs. 1-4 above members may define the order of precedence and method of distribution of the written declaration lodged with the pension fund themselves. If more than one person is eligible and no written notification was made, the lump-sum death benefit will be distributed on a per capita basis.

- 13.5 The pension fund transfers benefits to the post office or bank account of the entitled recipient at the payment address notified to the fund. If the entitled pension recipient lives abroad, the pension fund legally meets its obligations by remittance to a bank located in Switzerland or in an EU or EFTA country.

14 Refund of benefits wrongfully received

- 14.1 If a member, pension recipient or their survivors are paid benefits to which they have no entitlement under these regulations, the benefits received must be reimbursed. Anyone who culpably collects benefits not owed to them or obtains them mala fide shall also pay default interest.
- 14.2 The repayment claim can also be offset against benefits owed by the pension fund or other social insurance schemes. The fund may relinquish its right to reimbursement if the recipient of the benefit acted in good faith and the repayment would cause too much hardship.
- 14.3 The repayment claim lapses one year after the pension fund becomes aware of it and no later than five years after the benefit was paid.

C Specific provisions

15 Benefit reductions

- 15.1 The pension fund cuts survivor and disability pensions if, when taken together with other effective income, they exceed 90 % of the assumed loss in earnings. The assumed loss in earnings after reaching retirement age is deemed to be the salary earned on reaching retirement age, though this amount has to be adjusted to the increase in the cost of living between the retirement age date and the time of the calculation (Section 24 (2bis) BVV2).
- 15.2 Effective income is deemed to be any benefits of the same type and purpose paid to the entitled person on the basis of the harmful event, income of the widow/widower and orphans being calculated together for this purpose:
- a) AHV/IV benefits and benefits from foreign social insurance schemes
 - b) Benefits from the military insurance or mandatory accident insurance schemes
 - c) Benefits in lieu of salary where the company has contributed to the costs
 - d) Benefits from other pension schemes
 - e) Liability insurance claims against the company or third parties.

If, on divorce, a disability pension is split after the regulatory retirement age, the portion of the pension awarded to the entitled

spouse will continue to be taken into account in any reduction of the disability pension of the obligated spouse.

Post retirement age, retirement benefits from domestic and foreign social insurance and pension schemes also count as effective income.

Income and payments in lieu of income that recipients of IV benefits continue to earn or may reasonably be expected to earn is also taken into account, with the exception of additional income earned while participating in rehabilitation measures as defined by Section 8a of the Federal Invalidity Insurance Act (IVG). Reference is generally made to the IV income in accordance with the IV ruling when determining the amount of income that may reasonably be expected to be earned.

Corresponding capital benefits within the meaning of a-e of this section are counted at their pension conversion value. Helplessness allowances, integrity compensation, compensation for pain and suffering, lump-sum settlements and similar benefits are not counted.

- 15.3 The pension fund may reduce the benefits it provides in the corresponding amount if the AHV/IV reduces, withdraws or refuses to pay benefits because the person eligible for benefits contributed to the death or disability through gross negligence or refuses to comply with an IV rehabilitation measure. If the member culpably caused the insurance event and if the accident or military insurance schemes reduce their cash benefits as a result, the pension fund is not obliged to compensate for benefit refusals by the accident or military insurance schemes if they have carried out the benefit refusals or reductions in accordance with Section 21 of the General Part of the Federal Social Insurance Act (ATSG), Section 37 of the Federal Accident Insurance Act (UVG), Section 39 UVG, Section 65 of the Federal Military Insurance Act (MVG) or Section 66 MVG.
- 15.4 Reductions in benefits carried out by the pension fund will be increased again if the grounds for the reduction cease to exist in whole or in part. The increase may not exceed the amount of the reduction in benefits previously carried out by the pension fund.
- 15.5 If the pension fund is required to pay benefits in advance in accordance with Sections 22 (4) and 26 (4) BVG, it shall continue to pay its benefits on the level of the minimum benefits provided under the BVG mandatory pension until such time as the benefit obligation has been clarified. If the pension fund is required to pay the benefits, any outstanding amount will be remitted accordingly.

16 Assignment, pledge, offset

The benefit entitlement may not be assigned or pledged before falling due. Pledges in respect of residential property are excepted (Section 21).

Claims against members or pension recipients that are assigned by the company to the pension fund may not be offset against benefits provided by the fund, though they can be offset against amounts owed by the member.

D Vested benefits

17 Entitlement to vested benefits

If the employment relationship between the member and the employer is dissolved for reasons other than age, death or disability, the member leaving the fund is entitled to vested benefits.

18 Vested benefits amount

18.1 The vested benefits amount is calculated in accordance with Section 15 (defined contribution plan entitlements) of the Federal Vested Benefits Act (FZG) and corresponds to the retirement savings balance accrued by the member at the time of leaving the company.

18.2 On leaving the company, members are at minimum entitled to any vested benefits brought into the fund from other employment, plus interest, and the savings contributions made during the contribution period, plus interest, together with a 4 % supplement per year of age from their 19th birthday, to a maximum of 100 %. The age is arrived at from the difference between the calendar year and the year of birth.

18.3 The interest rate at Section 18.2 is based on the FZG. If the pension fund is underfunded, this rate can be lowered to the rate on the retirement savings capital (Section 7.2).

19 Transfer of vested benefits

19.1 On departure from the company, the vested benefits shall be available for use in the future retirement, survivor and disability pension plans of the departing member. This is without prejudice to Section 20.

- 19.2 If the vested benefits cannot be transferred to the pension scheme of the new employer, the member determines the type of use within the scope of the statutory provisions.
- 19.3 If the member fails to provide details of how their vested benefits are to be used within six months of leaving the company, the vested benefits are transferred to the Substitute Occupational Benefit Institution (Section 4 FZG).

20 Cash payout

Members can request a cash payout of the vested benefits if:

- a) They leave Switzerland for good. This is without prejudice to the bilateral treaties with the EU, Iceland and Norway in accordance with Section 25f FZG. No cash payout can be made if the member goes to Liechtenstein.
- b) They enter self-employment and are no longer subject to the mandatory occupational pension scheme.
- c) The vested benefits are less than an annual member contribution.

Cash payouts to entitled married members are possible only with the written consent of the spouse. Consent shall be given by certified signature or personal appearance at the pension fund with identity papers.

E Benefits similar to vested benefits

21 Advance withdrawal and pledge for residential property

- 21.1 Members may make an advance withdrawal for residential property for their own use or pledge of their retirement savings for residential property for their own use up to three years prior to retirement or three years before their first semi-retirement. The home purchase finance scheme of the pension fund is based on the law of Switzerland.
- 21.2 Admissible as residential property are apartments, single-family houses and parts of other buildings used for residential purposes. The property is to be purchased in the form of sole ownership, co-ownership (in particular condominium) or a distinct and permanent building right. Also admissible are share interests in a housing cooperative or tenant company [*Mieter-Aktiengesellschaft*], if the dwelling thus financed is occupied by the shareholder.

- 21.3 The minimum amount that can be withdrawn in advance is CHF 20,000. Advance withdrawals can be made every five years at most. Members may draw a sum up to the value of their vested benefits until their 50th birthday. Members who have passed their 50th birthday may draw the vested benefits to which they were entitled at age 50, as a maximum, or half of the current vested benefits. Advance withdrawals by married members are permitted only with the written consent of the spouse.
- 21.4 An advance withdrawal account is opened at the time an advance withdrawal or pledge is made that attracts the same rate of interest as the retirement savings balance defined at Section 7.2. If a member leaves the company, the vested benefits are offset against the advance withdrawal account. On retirement, death or disability, the benefits are reduced by deducting the advance withdrawal account from the accumulated retirement savings capital.
- 21.5 On request, the pension fund will organise risk insurance on behalf of the member to cover the reductions in death and disability cover caused by the advance withdrawal. The advance withdrawal is entered in the land register in the form of a restriction on the right of disposal. The member must pay tax on the advance withdrawal, it being a lump-sum payment from a workplace pension scheme. The member shall reimburse the pension fund for its administrative costs. The advance withdrawal fee is 1 % of the amount withdrawn.
- 21.6 The amount withdrawn must be repaid by the member if the residential property is sold, or rights are granted to the property that are the equivalent of a sale, before the occurrence of a pension event.
- 21.7 The member can repay an advance withdrawal on a voluntary basis up to three years before an entitlement to retirement benefits arises or any other pension event takes effect. The minimum repayment amount is CHF 20,000.
- 21.8 For a pledge to be valid, written notification must be submitted to the pension fund. Married members also require the written consent of their spouse. The same rules apply to the maximum amount of the pledge as for the advance withdrawal (cf. 21.3).

22 Pension splitting on divorce

- 23.1 If the pension fund is obligated to transfer a portion of the member's vested benefits under the terms of a divorce decree, an advance withdrawal account will be opened that attracts interest at the same rate as the retirement savings balance at Section 7.2. If a member

leaves the company, the vested benefits are offset against the advance withdrawal account. On retirement, death or disability, the benefits are reduced by deducting the advance withdrawal account from the accumulated retirement savings capital. If the pension fund receives vested benefits under the terms of a divorce decree, it applies the same procedure in reverse.

- 22.2 The vested benefits transferred may be bought back in whole or in part provided no pension event has occurred at the time of repurchase. The amount paid in is credited to the regulatory retirement savings balance and the BVG retirement savings in the same ratio as for a payout (cf. Section 2.2). No buyback entitlement exists on the divorce of a disability or retirement pension recipient.
- 22.3 The provisions with respect to pension splitting (in particular on the reduction of pensions) if the pension event has already occurred at the time of the divorce are set down in Annex 1.

F Pension funding

23 Contributions

- 23.1 The company deducts the contributions by members from the salary (or payment made in lieu of salary) to be paid and transfers them to the pension fund on a monthly basis along with the corresponding contributions to be made by the company.
- 23.2 The obligation to pay contributions ceases when the pension coverage ends (cf. Section 3.5) or the member takes a full retirement pension. On disability the obligation to pay contributions ceases when the (deferred) entitlement to a disability pension begins.
- 23.3 Special contributions are to be made for all members. They amount to 2.15 % of the pensionable salary a year for members and 3.05 % of the pensionable salary for the company.

The special contributions of members are used as follows:

- a) 1.8 % to cover the costs of the risk benefits on death and disability prior to the retirement age and the costs of the guarantee fund
- b) 0.35 % for administration costs

The special contributions of the company are used as follows:

- a) 1.2 % to cover the costs of the risk benefits on death and disability prior to the retirement age and the costs of the guarantee fund
- b) 0.35 % for administration costs
- c) 1.5 % to fund losses resulting from too high a conversion rate

23.4 Savings contributions shall also be paid for members aged 25 and over (contributions for retirement savings credits). The contributions for members are as follows:

Age of member	Contribution in % of the pensionable salary
25-34	4.05 %
35-44	5.15 %
45-54	6.45 %
55-max. 70	7.65 %

The company pays an average amount to cover the costs of the retirement savings credits that are not funded by the savings contributions made by the members:

25-max. 70	9.25 %
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The savings contributions have to be adjusted if they do not cover the corresponding outgoings (retirement savings credits).

23.5 The company can build a reserve in the pension fund by means of voluntary advance payments from which the contributions it owes can be taken. This employee contribution reserve shall be reported separately and attract an appropriate rate of interest. With the consent of the company it may also be used for other trust purposes, in particular in the event of a shortfall as an employer contribution reserve with stipulated waiver of usage (Section 65e BVG).

23.6 In the event of a shortfall the Board of Trustees determines the measures required to rectify the shortfall in consultation with the pension actuary. In particular, the pension fund may do the following within the scope of Section 65d BVG:

- a) levy additional contributions from members and the employer;
- b) demand an amount from pensioners that is offset against current pensions;
- c) set a rate below the minimum interest rate in the shadow account in accordance with the BVG.

The Board of Trustees may also cut the reversionary benefit entitlement, but may not go below the minimum statutory benefits required by the BVG when doing so. The pension fund may also rule that the advance withdrawal of monies for self-used residential property can be restricted in terms of time and amount or refused outright during any shortfall (Section 30 f BVG).

24 Entry and voluntary payments

- 24.1 On joining the pension fund, members shall transfer all vested benefits from other schemes or vested benefits institutions to the fund and make the accounts available on request.
- 24.2 The vested benefits transferred are used to build up the retirement savings capital.
- 24.3 On joining, or until such time as a benefit becomes payable, members may make voluntary contributions to the fund which will be treated in the same way as transferred vested benefits.
- 24.4 The voluntary contributions, when taken together with the vested benefits transferred or the existing retirement savings balance, may not exceed the limit for voluntary payments set forth in Table A of the Annex. The retirement savings balance is deemed to be the balance at year end.

25 Restrictions on voluntary payments

- 25.1 The maximum possible voluntary contribution may decrease in accordance with Section 60a (2) BVV2 for members who have previously made payments into Pillar 3a that were over the maximum amount for employees.
- 25.2 The maximum possible voluntary contribution also decreases by the amount that the member did not have to transfer to the pension fund in accordance with Sections 3 and 4 (2bis) FZG.
- 25.3 To ensure compliance with Sections 25.1 and 25.2, members shall submit written notification to the pension fund at the time a voluntary payment is made.
- 25.4 Voluntary payments made by members who moved to Switzerland from abroad and had never been a member of a Swiss pension scheme may not exceed 20 % of the pensionable salary in the first five years of membership in the pension fund. On expiry of the five-year period such members can make voluntary contributions for the full benefits under these regulations.

25.5 Benefits derived from voluntary payments may not be drawn from the scheme in capital form within three years of the payment. If advance withdrawals for the purchase of residential property have been effected, no voluntary contributions may be made until the advance withdrawals have been repaid. If repayment of the advance withdrawal is not permitted, members may make a voluntary payment provided it does not exceed the maximum voluntary contribution when taken together with the advance withdrawals.

25.6 Risk benefits are calculated without regard for voluntary transfers of vested benefits if the incapacity for work that was the cause of the disability or death arose before the voluntary transfer was made. In this case the pension fund will refund the transfer value to the entitled person.

26 Voluntary early retirement contributions

26.1 Members are also entitled to make voluntary early retirement contributions. At the specified time of early retirement the contributions made may not exceed the modelled retirement pension that the member would reach on retirement at the pensionable age. The modelled retirement pension is calculated on the basis of an assumed retirement savings balance that corresponds exactly with the guide value given in Table A in the Annex. The contributions made shall be shown separately and attract the same level of interest as the retirement savings capital.

26.2 The maximum voluntary contribution referred to at Section 24 must be made before a member is allowed to make an early retirement contribution. If the opportunity arises to make a voluntary contribution in accordance with Section 24 at a later date, the additional early retirement contributions are reduced in favour of the voluntary payments.

26.3 The provisions of Section 25 shall apply mutatis mutandis.

26.4 If a member with a positive balance from additional early retirement contributions retires later than the agreed date, the retirement pension may not be more than 5 % higher than it would have been on retirement at the pensionable age without the positive balance from additional early retirement contributions. The assumed retirement pension is calculated with an extrapolated interest rate of 2 % per year. The unused component of the additional early retirement contributions is forfeited to the pension fund.

G Pension fund organisation

27 Board of Trustees, trust secretary

- 27.1 The Board of Trustees is the highest body of the pension fund. It comprises eight members, i.e. four representatives of the members and four of the company.
- 27.2 The affiliated companies and their employees are represented in proportion to their membership. The election procedure is governed by the organisational regulations.
- 27.3 If the employment contract of a board member terminates, that member leaves the Board of Trustees. The managing board of Dätwyler Holding AG or the membership will nominate a new member or propose a new member for election within three months.
- 27.4 The term of office for members of the Board of Trustees is four years. The terms of office shall be renewable. The company can recall its nominated representatives at any time and replace them with new representatives.

The Board of Trustees determines its own rules and procedures.

The company nominates the pension fund secretary in agreement with the Board of Trustees. It can be a member of the Board of Trustees or a professional person who is not a member. In the latter case, the secretary attends the board meetings in an advisory capacity.

The company submits an invoice to the pension fund once a year for the expenses incurred in managing the fund.

28 Rules of procedure

- 28.1 The Board of Trustees agrees organisational regulations governing the conduct of business. The regulations specify the composition, organisational form and management of the Board of Trustees and the relevant committees. They also detail the powers and duties of the fund secretary.
- 28.2 The Board of Trustees passes separate regulations containing rules on the creation and cancellation of technical and fluctuation reserves. The consistency principle is applied. The regulations can be obtained from the pension fund.

29 Audits

- 29.1 The Board of Trustees appoints the auditors. The auditors shall conduct an annual review of the formal management, accounts and investments of the pension fund and submit a corresponding written report to the Board of Trustees.
- 29.2 The pension fund must be evaluated by a recognised pension actuary once a year.
- 29.3 The auditors and the pension actuary must satisfy the official licensing conditions. Their reports must be made available to the regulatory authority.

30 Partial liquidation

The pension fund has defined the prerequisites and the procedure for a partial liquidation in separate regulations. The regulations can be obtained from the pension fund.

31 Notifications

- 31.1 Once a year the pension fund informs members by appropriate means about:
salary data, pensionable benefits, growth of retirement savings capital, funding and vested benefits; the organisation, executive and financial statements.
- 31.2 General notifications from the Board of Trustees or the pension fund secretary to the members are issued in a legally binding manner on suitable notice boards in the office and factory buildings, by email, in the company magazine or by circular.

H Final provisions

32 Omissions in the regulations, disputes

- 32.1 If the regulations are found to contain an omission, a ruling shall be made by the Board of Trustees within the bounds of the law and the rules of the regulatory authority.
- 32.2 Any disputes between a member or entitled beneficiary and the Board of Trustees about the interpretation or application of these regulations or about issues that are not regulated by these regulations shall be ruled upon in accordance with the statutory provisions by the cantonal court appointed for such cases. The place of jurisdiction is the Swiss registered office or domicile of the

respondent or the location of the company where the member was employed.

33 Coming into force, amendments

- 33.1 These revised regulations enter into force on 1 January 2017. They replace the previous provisions, in particular the regulations dated 1.1.2015.
- 33.2 The regulations may be amended by the Board of Trustees within the bounds of the statutory or regulatory provisions. If these provisions have a mandatory impact on the regulations, they must be amended accordingly.
- 33.3 Members can obtain a copy of the regulations from the pension fund administration department or the human resources department of an affiliated company.
- 33.4 The reserves regulations and the partial liquidation regulations form a constituent part of these regulations.

34 Transitional provisions

- 34.1 Disability pensions that were in existence on 31.12.1991 will continue to be paid until death.
- 34.2 Disability pensions that started between 1.1.1992 and 31.12.2006 will be reassessed when the recipient reaches retirement age. This is done as for a retirement pension on the basis of the retirement savings balance at retirement age (Section 7.3) and the conversion rate (Section 8.2). The reduction provisions set forth in Section 15.1 ff remain in force for these disability pensions.
- 34.3 The reduction set forth in Section 10.2 is applicable to marriages entered into after 1.1.2007.
- 34.4 Members who belonged to the fund on 31.12.2014 and were born in 1953 or earlier have part of the bridging pension at Section 8.6 financed by the fund. This component will no longer be financed by the fund if the member makes an advance withdrawal on their AHV pension or becomes entitled to an IV pension while receiving the bridging pension. The same reduction will be made should the pension fund establish that the bridging pension recipient continues to work for the company.

If a member's annual earnings prior to early retirement resulted from part-time work, the pension fund will finance a component on a pro-

rata basis according to the hours worked. The hours worked shall be the average hours worked by the member in the last five years to retirement.

The bridging pension component financed by the pension fund is dependent on the number of years the member has paid into the fund and the year in which the member was born. The applicable years of contributions correspond to the number of full-year contributions to the fund plus any contribution years transferred from other schemes and any years bought with voluntary payments. If an advance withdrawal for the purchase of residential property is made, the years of contributions accumulated at the time of the withdrawal are reduced in the proportion of the advance withdrawal to the total vested benefits before the withdrawal was made.

The component financed by the fund per month is as follows:

Number of applicable years of contributions:	Monthly bridging pension contribution paid by the pension fund:
35 and above	CHF 1,770
30 – 34	CHF 1,660
25 – 29	CHF 1,550
20 – 24	CHF 1,440
15 – 19	CHF 1,330

The minimum number of years required to qualify for part-funding by the pension fund is 15.

Year of birth	Minimum age to qualify for funding
1951	62
1952	63
1953	64
1954 and earlier	No funding

The entitlement to have a bridging pension component paid by the pension fund exists irrespective of whether the member receives a retirement pension from the fund or opts for the lump-sum option in accordance with Section 13.3.

Altdorf, 28 November 2016

For the Board of Trustees:

sig. Reto Welte
Chairman of the Board of
Trustees

sig. Jurek Zimmermann
Vice-Chairman of the Board of
Trustees

Table A

Entry and voluntary payments

Age	Limit in % of pensionable salary at calendar year-end
25	8.5%
26	17.2%
27	26.0%
28	35.0%
29	44.2%
30	53.6%
31	63.2%
32	73.0%
33	82.9%
34	93.1%
35	106.4%
36	120.1%
37	134.0%
38	148.1%
39	162.6%
40	177.4%
41	192.4%
42	207.8%
43	223.4%
44	239.4%
45	261.0%
46	283.0%
47	305.4%
48	328.4%
49	351.7%

50	375.6%
51	399.9%
52	424.7%
53	450.0%
54	475.8%
55	505.3%
56	535.4%
57	566.1%
58	597.4%
59	629.4%
60	661.9%
61	695.2%
62	729.1%
63	763.7%
64	798.9%
65	834.9%

This table is based on a real interest rate of 2%.

Table B

Variable amounts in CHF from 1.1.2017

Maximum AHV retirement pension per year	28,200
Minimum AHV retirement pension per year	14,100
Entry threshold Section 3.1	21,150
Maximum annual salary Section 4.1 6 x maximum AHV retirement pension	169,200
Coordination amount Section 4.3 7/8 of the maximum AHV retirement pension in conjunction with 100 % employment	24,675
Minimum pensionable salary Section 4.4 1/8 of the maximum AHV retirement pension	3,525
Maximum pensionable salary Section 4.4 Maximum annual salary less coordination amount	144,525
Interest rate for 2017 (Section 7.2)	1.00%

Note: the entry threshold, the coordination amount and the maximum annual salary are reduced for semi-retired persons in accordance with the amount of pension entitlement.

Annex 1

Provisions with respect to pension splitting on divorce if a pension event has occurred

a) Division of the pension by the court (Section 124a ZGB)

If a court has ruled on the sharing of the pension, the current disability or retirement pension will be reduced and the pension of the entitled spouse determined in accordance with the divorce decree/federal law.

When a pension is divided up on divorce, the BVG pension of the obligated spouse is reduced on a pro rate basis.

b) Child's and orphan's pensions, spouse's pension

Child's benefits to which an entitlement existed at the time the divorce proceedings were instituted are not reduced as a consequence of divorce. Child's benefits that come into effect later are determined by the reduced retirement or disability pension. Where child's benefits remain unaffected by pension splitting, any subsequent orphan's pension will be calculated on the same basis.

The spouse's pension is determined by the reduced retirement or disability pension.

c) Adjustment of the disability pension on transfer of vested benefits (Section 19 BVV2)

Upon a transfer of vested benefits, the disability pension is reduced from the date the divorce decree becomes final. If the regulatory pensionable age is reached during the divorce proceedings, the reduction is effected from this date. In addition to the disability pension, follow-on benefits such as survivor benefits, retirement benefits and vested benefits are also reduced.

Fundamentally, the reduction in benefits corresponds to the improvement in benefits that would have resulted from a contribution in the same amount. The date on which the divorce proceedings were instituted and the regulations in force when the entitlement to the disability pension arose shall be authoritative. The amount by which the disability pension is reduced may not be greater as a proportion of the disability pension paid to date than the portion of the vested benefits transferred as a proportion of the total vested benefits.

If the disability pension was calculated using a projection of the retirement savings balance in the defined contribution plan system, the reduction will be calculated using the conversion rate and interest rate effective on the day the entitlement to the disability pension commenced.

If the calculation of the benefits was based on different parameters in the mandatory and non-mandatory areas, the same shall apply for the calculation of the reduction.

If, as a consequence of the divorce, a portion of the vested benefits to which the disabled person would have been entitled in the event of a reactivation is paid out, the vested benefits/retirement savings balance will be reduced by the amount transferred.

d) Additional reduction of the vested benefits and the pension of a disabled person on reaching the regulatory pensionable age during divorce proceedings (Section 19g FZV)

If the obligated spouse draws a disability pension and reaches the regulatory pensionable age during the divorce proceedings, the vested benefits to be transferred and the pension will be further reduced on the basis of the overpaid pension amounts.

The overpaid pension amounts correspond to the sum by which the pension payments between the date the regulatory pensionable age is reached and the date the divorce decree becomes final would have been lower if the calculation thereof had been based on a balance reduced by the transferred portion of the vested benefits. The reduction is shared equally between the two spouses.

e) Procedure on occurrence of the pension event 'age retirement' during the divorce proceedings (Section 19g FZV)

If the retirement pension entitlement arises between the institution of divorce proceedings and the divorce and a portion of the retirement savings capital has to be transferred to the entitled spouse, the retirement pension will be recalculated retrospectively as a consequence of the divorce.

The calculation is performed with the conversion rate used to calculate the retirement pension on the date the entitlement arose and with the retirement savings balance on reduction of the amount to be paid out under the divorce decree.

The overpaid pension amounts from the beginning of the entitlement to the date on which the divorce decree becomes final, which are obtained from the

difference between the originally calculated and the newly calculated retirement pension, are charged equally to the entitled spouse and the obligated spouse.

f) Reduction of the BVG disability pension and BVG retirement pension (minimum benefits)

If vested benefits had to be transferred, the BVG disability and the BVG retirement pension are reduced by the portion paid out in accordance with the BVG, multiplied by the BVG conversion rate used to calculate the disability or the retirement pension.

If a disability or retirement pension is reduced without the transfer of vested benefits, the BVG disability or retirement pension is reduced on a pro-rata basis.

The remaining retirement savings capital of the disabled person is reduced by the component paid out.

g) Reduction rule for overpaid pension amounts until the divorce decree becomes final

Overpaid disability or retirement pension amounts are charged equally to the entitled and the obligated spouse. For the entitled spouse, the vested benefits are reduced accordingly. The other half of the overpaid pension is charged to the obligated spouse in the form of a further reduction of the pension from the date on which the divorce becomes final.

The amount of the reduction corresponds to half of the overpaid pension multiplied by the conversion rate for the age of the obligated spouse at the time of the reduction. The conversion rates at the time the entitlement to the disability or retirement pension arose shall apply.

If a conversion rate is unavailable because the oldest retirement age has already been exceeded, the conversion rate applicable for the reduction is obtained by increasing the rate for the oldest retirement age by the annual difference before the oldest retirement age for each additional year of age. Months are taken into account on a pro rata basis.

h) Pension portions awarded to the entitled spouse during pension splitting

Pension portions awarded to the entitled spouse during pension splitting are mere life annuities. The entitlement expires at the end of the month in which

the entitled spouse dies. No entitlement to reversionary survivor benefits exists with these annuities.

Instead of transferring a pension, the pension fund will, with the approval of the entitled spouse, make a lump-sum payment to his or her pension fund or vested benefits institution. The amount of the payment is calculated using the present value table at the end of this annex.

i) Taking into account pension portions arising during pension splitting when calculating the voluntary transfer of vested benefits

During calculation of the maximum possible voluntary vested benefits transfer, the amount is reduced by the present value of the pension awarded during pension splitting. The present value table at the end of this annex and the age at the time of calculation of the voluntary transfer apply. This also applies if the pension is transferred to a vested benefits institution.

j) Buying back pension on divorce

If the obligated spouse draws a disability pension before the regulatory pensionable age at the time divorce proceedings are instituted, it is not possible to buy back the vested benefits transferred (Section 22d, Para. 2 FZG). Nor is it possible to remedy the reduction of a disability or retirement pension due to pension splitting by making a voluntary contribution.

k) Present value table

Present value table for a pension of CHF 1 per year

Based on VZ 2010 G 2017, technical interest rate 3.7 %

Interim values are obtained by linear interpolation / x = effective age of the entitled person

x	Men	Women	x	Men	Women
17	25,406	25,662	59	17,010	18,106
18	25,322	25,586	60	16,635	17,756
19	25,236	25,508	61	16,251	17,396
20	25,147	25,427	62	15,860	17,026
21	25,055	25,343	63	15,461	16,648
22	24,961	25,256	64	15,055	16,260
23	24,863	25,166	65	14,642	15,864
24	24,762	25,072	66	14,222	15,459
25	24,657	24,975	67	13,795	15,044
26	24,548	24,873	68	13,362	14,619
27	24,434	24,769	69	12,921	14,183

28	24,315	24,659	70	12,474	13,737
29	24,191	24,546	71	12,018	13,280
30	24,061	24,427	72	11,556	12,812
31	23,925	24,304	73	11,090	12,336
32	23,783	24,176	74	10,622	11,855
33	23,635	24,042	75	10,154	11,369
34	23,479	23,903	76	9,687	10,881
35	23,317	23,759	77	9,222	10,392
36	23,149	23,609	78	8,760	9,902
37	22,973	23,453	79	8,301	9,412
38	22,790	23,291	80	7,845	8,922
39	22,600	23,124	81	7,391	8,432
40	22,402	22,949	82	6,943	7,945
41	22,197	22,769	83	6,504	7,466
42	21,985	22,580	84	6,079	6,999
43	21,764	22,385	85	5,672	6,548
44	21,535	22,183	86	5,284	6,116
45	21,298	21,974	87	4,918	5,705
46	21,051	21,756	88	4,574	5,316
47	20,797	21,530	89	4,253	4,950
48	20,533	21,296	90	3,957	4,607
49	20,260	21,054	91	3,686	4,287
50	19,979	20,803	92	3,439	3,991
51	19,687	20,542	93	3,215	3,715
52	19,385	20,273	94	3,009	3,460
53	19,074	19,993	95	2,820	3,222
54	18,753	19,704	96	2,646	3,002
55	18,423	19,405	97	2,485	2,796
56	18,083	19,096	98	2,334	2,604
57	17,734	18,776	99	2,190	2,423
58	17,376	18,446	100	2,052	2,252