

Interest model, valid from 01.01.2022

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

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

Level	Forecast coverage ratio as at 31.12.XX (BoT meeting in Nov.)	Basic & supplementary interest (mandatory)	Basic & supplementary interest (extra-mandatory)
5	≥ 114.0%	BVG minimum interest rate +1.00%	BVG minimum interest rate +1.75%
4	≥ 110.0%	BVG minimum interest rate +0.50%	BVG minimum interest rate +1.25%
3	≥ 107.0%	BVG minimum interest rate +0.25%	BVG minimum interest rate +1.00%
2	≥ 104.0%	BVG minimum interest rate	BVG minimum interest rate +0.75%
1	≥ 100.0%	BVG minimum interest rate	BVG minimum interest rate
0	< 100.0%	BVG min.interest rate*	0% up to BVG min.interest

*combined with other restructuring measures, an interest rate up to 0.5% lower than BVG minimum interest is possible

In the case of a sufficient investment performance and coverage ratio at level 4 or 5 of the interest model, the Board of Trustees can also set an even higher interest rate.

To compensate for the higher obligations (in particular, annuitization losses) for mandatory benefits, the foundation applies a so-called split model, in which it aims for a better interest rate of 0.75% for the extra-mandatory retirement assets.

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

Example:

If, for example, the coverage ratio on 31.12 reaches 110%, interest rates of 1.50% (mandatory retirement assets) and 2.25% (extra-mandatory retirement assets) apply in 2021.

Disclaimer

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

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

The Board of Trustees

Winterthur, March 25, 2022