



# Summary sheet

## All you need to know about salary definition in occupational benefits insurance

### Salary notification in occupational benefits insurance

As a matter of principle, the AHV salary as defined in the Federal Act on Old Age, Survivors' and Disability Insurance (AHV) forms the basis for determining the reference salary in occupational benefits insurance. As a rule, an estimate is made of the provisional annual AHV salary at the start of each calendar year based on the last known AHV salary and taking into account any changes already agreed for the current year.

### Which salary elements have to be notified to the AHV?

The following elements form part of the annual AHV salary:

- Hourly, daily, weekly, and monthly wages as well as piecework and premium wages, including premiums and compensation for overtime, night shifts and deputizing;
  - Location and cost-of-living supplements;
  - Gratuities (including bonuses), gifts for service years, loyalty and performance premiums, etc.;
  - Non-cash benefits from employee stock option plans;
  - Regular payments in kind such as meals, board, private use of a company car or apartment, etc.;
  - Fees and commissions;
  - Continued salary payments following an accident or illness (except insurance benefits);
  - Continued salary payments and compensation for lost earnings for individuals doing service or on maternity leave;
  - Employee contributions to state retirement (AHV), disability (IV), loss of earnings benefits (EO), and unemployment (ALV) plans which are paid by the employer;
  - Vacation and holiday compensation;
  - Daily benefits from disability (IV) and military insurance.
- (This list is not conclusive.\*)

### Which salary elements do not have to be notified to the AHV and are not therefore considered within the scope of occupational benefits insurance?

Family allowances (child, training, household, marriage or childbirth supplements) which are customary in a given location or industry.

(This list is not conclusive.\*)

### Can the salary for occupational benefits insurance purposes differ from the AHV reference salary?

In its regulations (pursuant to Art. 3 BVV 2) an occupational benefits institution can deviate from the AHV salary by:

- Excluding salary components which are only paid occasionally;
- Setting the coordinated annual salary in advance on the basis of the last known annual salary; when doing so, it must take account of any changes that have already been agreed for the current year;
- Defining set figures for coordinated salaries in line with average salaries for occupations in which working hours or income may fluctuate significantly.

### How is annual salary defined in the pension fund regulations of AXA Switzerland's collective foundations?

(No. 12, point 1, of the pension fund regulations)

*The annual salary is the last known salary subject to AHV contributions adjusted in consideration of any agreed changes for the current year.*

*Unless other terms are specified in the pension plan, any occasional remuneration amounts are excluded. Within the scope of these regulations such amounts include*

- *one-off, or unforeseeable, or irregular special remuneration, gratuities and bonuses,*
- *gifts for anniversary service years, unless they are paid more frequently than every five years.*

The list of salary components that are paid only occasionally is conclusive. They can be included in the pension plan as required.

\* A detailed description of the AHV salary can be found in summary sheet 2.01 at <https://www.ahv-iv.ch/p/2.01.d>.

**Examples of salary components that are paid only occasionally:**

- Gifts for anniversary service years, provided they are not paid more frequently than once every five years;
- One-off payments: welcome bonuses, severance payments;
- Unforeseeable remuneration: spontaneous premiums paid by the employer for outstanding performance by employees;
- Irregular remuneration: special remuneration paid out to employees to mark a company anniversary.

**Do variable remuneration elements such as incentive pay, bonuses or gratuities have to be included?**

Regular variable remuneration elements (e.g. incentive pay, bonuses and gratuities) form part of the AHV salary and must be included up to the upper BVG threshold (i.e. 300% of the maximum AHV retirement pension). In the extra-mandatory component, they can be excluded from the pension plan (by a resolution of the occupational benefits fund commission).

The following are deemed to be regular payments:

- Payments which are made at company level for three consecutive years. Contractual regulations (e.g. voluntary contributions under the contract of employment, proviso of voluntariness in settlement) are not definitive in cases of this kind. One further example: Even a bonus which is paid out every two years is deemed to be regular;
- Contractually assured variable remuneration of a non-unique character.

The remuneration amounts may vary depending on results or not apply at all.

**Under what circumstances are variable remuneration elements deemed to be regular payments and therefore included in the occupational benefits insurance?**

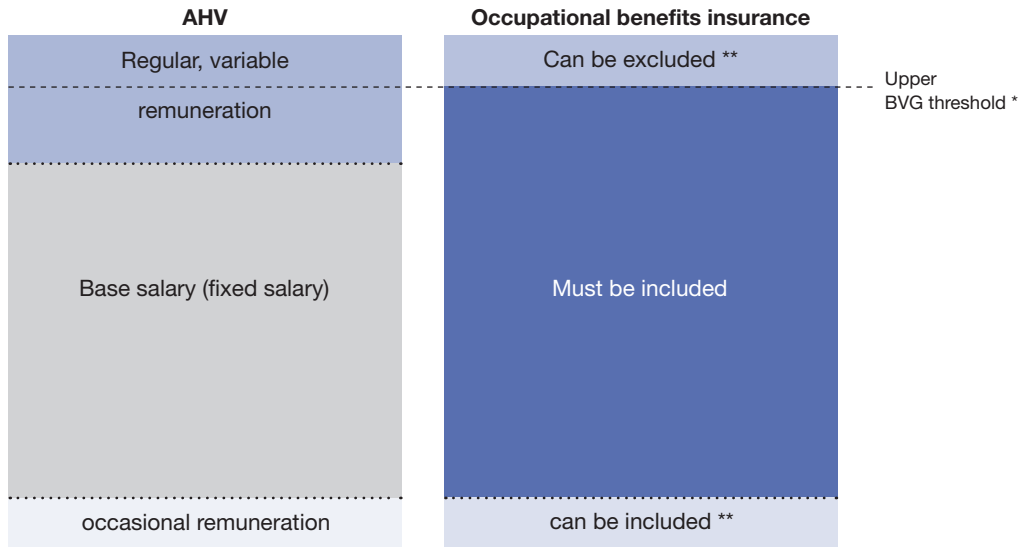
- If a company's salary policy is known within the company (e.g. in existing companies): starting with the first payment (also for new enrollments).
- If a company's salary policy is not known within the company (e.g. in new companies or in the event of changes to the salary system): starting at the latest with the fourth consecutive payment.

**Who decides how the annual salary is defined?**

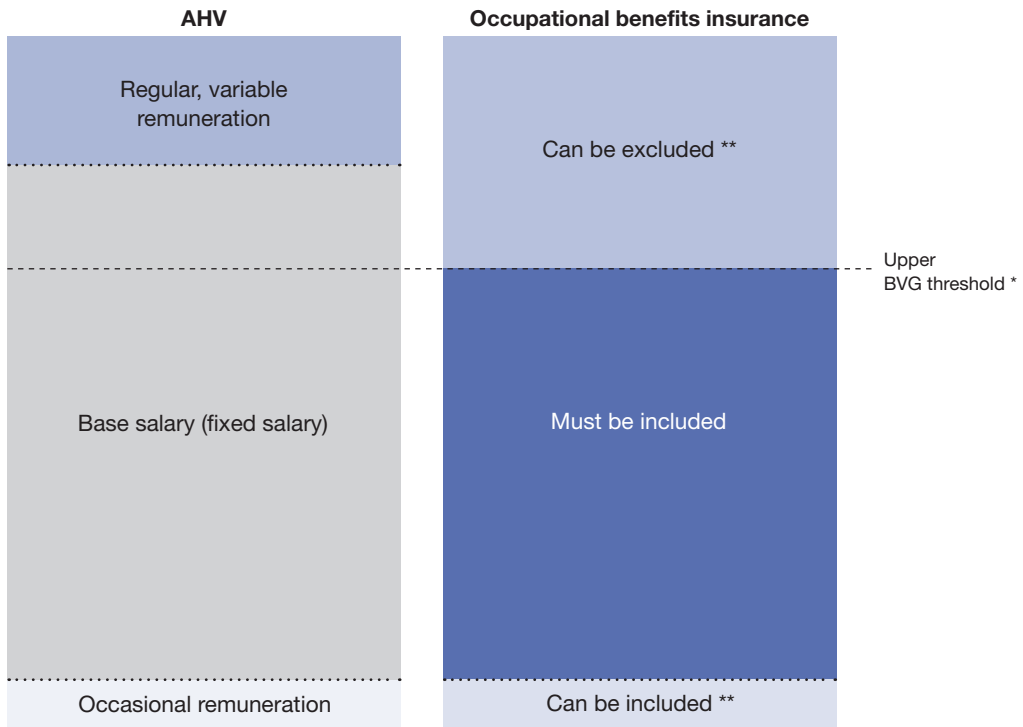
The occupational benefits fund commission decides within the scope of legal and regulatory provisions. The regulations which are specific to a particular pension fund are set out in its pension plan. Your advisor would be happy to assist you at any time.

**Graphic illustration of the defining salary**

Example 1: Base salary < upper BVG threshold \*



Example 2: Base salary > upper BVG threshold \*



\* 300% of the maximum AHV retirement pension

\*\* at pension plan level