



AXA Foundation for Occupational Benefits,
Principality of Liechtenstein

Occupational benefits

Regulations on the partial liquidation of a collective foundation

AXA Foundation for Occupational Benefits, Principality of Liechtenstein

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Purpose and scope

These regulations govern the conditions and procedure 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.

Definition of terms

Art. 1

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 refers to all persons 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 is 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 occupational benefits fund regulations are treated as active insured persons.

Conditions for partial liquidation of the Foundation

Conditions for partial liquidation

Art. 2

The conditions for the partial liquidation of the Foundation are met if one or more affiliation contracts are terminated in part or in full and, as a result, the total number of active insured persons of the Foundation decreases by more than 10% in the course of one calendar year.

In the case of a coverage ratio of less than 98%, partial liquidation will be carried out for each dissolution or partial dissolution of an affiliation contract.

Procedure for partial liquidation of the Foundation

Execution of partial liquidation

Art. 3

The Foundation is responsible for executing the procedure.

Reference date of partial liquidation

Art. 4

In the case of a partial or total termination of the contract as of December 31, the termination date is the reference date of partial liquidation. If the contract is terminated with effect from a different date, the reference date of the partial liquidation is the last balance sheet date before the contract is fully or partially terminated. 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 the unallocated assets/shortfall (underfunding), the fluctuation reserve, and the technical provisions

Art. 5

The calculation of the unallocated assets or shortfall, the fluctuation reserve, and the 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

Art. 6

When dividing unallocated assets, a distinction is made between the withdrawn group and the remaining occupational benefits funds. The withdrawn group includes those affiliations that were terminated in part or in full as of the reference date for partial liquidation as defined in section Art. 4. The group of remaining occupational benefits funds includes all other affiliations.

The unallocated assets are divided among the group of remaining occupational benefits funds and the individual withdrawn groups in proportion to the total retirement assets of the active and the

incapacitated insured persons and the sum of ten times the pensioners' annual pensions (on the reference date for the partial liquidation in each the case). The term "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 5% of total retirement assets as at 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

Art. 7

Unallocated assets in favor of the remaining occupational benefits funds are not transferred and remain with the Foundation.

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

Allocation of a shortfall (underfunding)

Art. 8

If the calculation in accordance with section Art. 5 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 group.

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

The amount in underfunding to be applied to the withdrawn group is treated in accordance with the Regulations on partial and total liquidation of occupational benefits funds.

Collective entitlement to the fluctuation reserve and technical provisions

Art. 9

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 unallocated assets. A group refers to all active insured persons or at least 10 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 withdrawn 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 10 years, the transferring group's collective prorated entitlement to the whole fluctuation reserve corresponds to the ratio of the retirement assets being withdrawn 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. When calculating the entitlement, the amount that the transferring group contributed to the fluctuation reserve is taken into account.

Transfer of the entitlement to the fluctuation reserve and technical provisions

Art. 10

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

Art. 11

The important facts, such as the circumstances of the partial liquidation of the Foundation, the amount in unallocated assets or shortfall, the fluctuation reserve and technical provisions, as well as the distribution plan are noted in writing in the form of a resolution on partial liquidation by the Board of Trustees.

Information

Art. 12

If the review confirms that the conditions for partially liquidating the Foundation are met and the procedure is to be carried out, the Foundation informs the commissions of the occupational benefits funds about the resolution on partial liquidation, the distribution plan, the entitlements, and any further procedures.

The commissions of the occupational benefits funds have the right to view the records at the Foundation within 30 days of the information being issued and to appeal the Board of Trustees' resolution if necessary. If the dispute cannot be settled amicably, the Foundation sets a 30-day deadline for the occupational benefits funds by when they must submit the conditions, 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

Art. 13

The distribution plan is executed once it has become legally valid. Entitlements under these regulations are due 30 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 it received no complaint during the 30-day period, or
- following a complaint being lodged, the supervisory authority has made a legally valid decision on the conditions, procedure, and distribution plan (confirmation of legal validity).

If the balance between the available pension assets and the required pension capital changes by more than 10% of total net assets between the reference date of partial liquidation and the date on which the assets are transferred, the unallocated assets to be transferred or the shortfall to be applied, as well as the fluctuation reserve and the technical provisions, are adjusted accordingly.

Final provisions

Issue and amendment of the regulations

Art. 14

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

Entry into force

Art. 15

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, 2009.

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