



tellco

Pension solutions. Banking. Real estate.

Regulations on Technical Rules and the Use of Surpluses

Tellco Pension Solutions 1e

Tellco Pension Solutions 1e
Bahnhofstrasse 4
Postfach 713
CH-6431 Schwyz
t + 41 58 442 64 00
vorsorge1e@tellco.ch
tellco.ch

valid from 2 January 2018



tellico

Pension solutions. Banking. Real estate.

Table of contents

A	Technical rules	3
B	Fluctuation reserves	3
C	Use of surpluses	3
1	Origin and definition of surpluses	3
2	Use of surpluses from insurance contracts	3
3	Use of surpluses from operating business	4
4	Surplus income/expenses prior to creation of fluctuation reserve	4
4.1	Use of surplus income	4
4.2	Use of surplus expenses	4
5	Calculations of coverage ratio	4
5.1	Foundation's coverage ratio	4
5.2	Coverage ratio of the pension plans	5
6	Amendments	5
7	Entry into force	5



Based on Art. 9 of the Foundation Deed of Tellco Pension Solutions 1e and Art. 48e of the Swiss Occupational Pension Ordinance (hereinafter the «OPO2» – Verordnung über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge, BVV2), the Board of Trustees issues the following regulations (hereinafter the «Regulations»):

A Technical rules

No actuarial reserves are to be set up due to the Foundation's structure as a pure defined contribution fund/foundation with exclusively 1e pension plans and matching reinsurance (cover in accordance with the regulatory provisions) for the risks associated with death and disability.

B Fluctuation reserve

No fluctuation reserves are to be set up due to the Foundation's structure as a pure foundation with exclusively 1e pension plans and matching reinsurance for the risks associated with death and disability.

C Use of surpluses

1 Origin and definition of surpluses

The Foundation's surpluses originate from:

a) Insurance contracts:

Participations in surpluses from insurance policies which the Foundation has taken out to cover the risks of disability and death, such as

- participation in surpluses resulting from the minimum rate (statutory rate);
- participation in surpluses outside of the minimum rate.

b) Operating business:

- differences between the regulatory contributions collected and the actual expenditures on retirement credits, the premiums to the insurance company, administration and the contributions to the guarantee fund.

2 Use of surpluses from insurance contracts

Surpluses from insurance contracts are credited to the retirement savings of the insured persons, following the decision concerning the adjustment of pensions for inflation taken in accordance with Art. 68a of the Swiss Occupational Pensions Act (hereinafter the «OPA» – Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge, BVG).

The distribution is as follows:

share of the surpluses = individual pension capital of the active policyholder/total pension capital of all active policyholders.

The individual pension providers each have the possibility of deciding every year to put the surpluses from insurance contracts to a different use, in accordance with Art. 68a OPA, and of having said surpluses credited directly to the policyholders. This must be notified to the Foundation at the end of June of the current year in each case.



3 Use of surpluses from operating business

The surpluses from the Foundation's operating business are recorded in the annual financial statements of the Foundation.

4 Surplus income/expenses

The surplus income/expenses correspond to the surplus income/expenses in the annual financial statements following the use of surpluses from insurance contracts under these Regulations.

4.1 Use of surplus income

Any surplus income must be used in the following order of priority:

- a) Set-off against any existing loss carried forward;
- b) Allocation to the retirement savings of the policyholders.

The surplus income shares are weighted and their calculation depends on the average retirement savings of the financial year in which the surplus income is generated. The weighting is as follows:

• policy year 1	0%
• policy year 2	25%
• policy year 3	50%
• policy year 4	75%
• as of policy year 5	100%

The surplus shares are credited on 31 December of each year following the year in which the surplus shares are determined. There will be no entitlement to such credit if the affiliation agreement is terminated.

- c) Carry-forward to the next annual financial statements.

4.2 Use of surplus expenses

The surplus expenses are offset against any profit carried forward or are carried forward to the next annual financial statements.

5 Calculations of coverage ratio

A distinction is made between the Foundation's coverage ratio and the pension providers' coverage ratios.

5.1 Foundation's coverage ratio

The Foundation's coverage ratio equals the ratio of the available pension assets of the Foundation on the one hand, and the pension capital of the active insured persons on the other. The available pension assets are taken into account without the non-committed funds and the fluctuation reserves of the pension providers. The coverage ratio calculated in this manner is the minimum coverage ratio.



tellico

Pension solutions. Banking. Real estate.

5.2 Pension providers' coverage ratio

In order to calculate the pension provider's coverage ratio, any reserve of employer's contributions with declaration of renounced use as well as the pension provider's non-committed funds and fluctuation reserves are taken into account in addition to the Foundation's coverage ratio. This means that non-committed funds of the pension provider increase the coverage ratio.

6 Amendments

The Board of Trustees may amend or supplement these Regulations at any time provided it gives due consideration to the Foundation Deed. The amended regulations must be submitted to the affiliates and the supervisory authority.

7 Entry into force

These Regulations come into force on 2 January 2018.

Schwyz, 19 January 2017

Tellico Pension Solutions 1e
Board of Trustees

Peter Hofmann
Chairman

Pierre Christen
Member

In case of differing interpretations, the German text is authoritative.