

Regulatory changes

Applicable from 1 January 2021

The Swiss system of supplemental benefits has been revised by the lawmakers and the legal modifications resulting from this revision came into force on 1 January 2021. One of the objectives of this reform is to provide retired persons with a minimum constant income so as to avoid having to resort to supplemental benefits. Pension plans have also been impacted somewhat by this reform.

This notice is intended to inform you, **in a non-exhaustive manner**, of the modifications made to the CIEPP's regulations as of 1 January 2021 with respect to the revision of the Law on Supplemental Benefits. It is for information purposes only, as the law and our regulations in their French version are the prevailing texts.

OPTIONAL MAINTENANCE OF INSURANCE AFTER THE AGE OF 58

From 1 January 2021, an insured person who has reached the age of 58 and whose employment relationship has been terminated by an employer affiliated to the CIEPP may:

- request the optional maintenance of his/her pension plan with the CIEPP while paying the whole of the contributions for risks (death and disability)
- request the optional maintenance of his pension plan with the CIEPP while paying the whole of the contributions for risks (death and disability) and savings
- request the payment of his vested benefits to a vested benefits institution.

The COVID-19 law has extended the circle of persons concerned, and optional maintenance of the insurance is possible for an insured person who is unemployed as of 1 August 2020 and affiliated to the CIEPP at the time of termination.

An insured person who meets the above-mentioned conditions and provides proof of his termination may request the maintenance of his pension insurance with the

CIEPP on the same conditions as before. Consequently, he will be insured in the same pension plan as before, and the last insured salary will constitute the basis for the insurance cover that is maintained.

In parallel, the insured person concerned will thus be exempt from mandatory pension insurance for the unemployed.

In the event of optional maintenance of insurance, all the regulatory contributions (employee part and employer part) are due by the insured person. This also applies to voluntary savings contributions. Tax deductibility will have to be allowed in compliance with art. 33 of the Federal Law on Direct Federal Tax (LIFD).

During the maintenance of the insurance, buy-backs are still possible up to the maximum buy-back amount allowed by the CIEPP. Requests for payments for encouragement of home ownership (EPL) are possible during the first two years of the maintenance of the insurance.

The optional maintenance of insurance is intended to guarantee the insured person's right to receive a retirement pension from his pension plan. Thus an insured person who has maintained his insurance cover for more than two years will receive his retirement benefit in the form of pension (it is no longer possible to receive a retirement benefit in the form of capital).

This maintenance of insurance may be cancelled at any time by the insured person, whether or not he has a new job. Similarly, the CIEPP may cancel the insured person's affiliation in the event of non-payment of contributions.

The text of the new article 50a of the pension regulations governs the optional maintenance of insurance in the following manner:

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Article 50a – Maintenance of the insurance after the age of 58, in the sense of article 47a LPP

1. The insured person who has reached the age of 58 and ceases to be subject to compulsory insurance due to the termination of the employment relationship by the employer may ask the Fund to continue to be insured to the same extent as before. He must pay contributions to cover death and disability risks as well as administration costs. Furthermore, he must pay contributions for savings if he decides to increase his pension provision.
2. Maintenance of the insurance is subject to the condition that the insured person has notified the Fund of his wish in writing at the latest one month after the end of his employment relationship, and that he has provided the Fund with proof that the employment relationship has been terminated by the employer.
3. The salary insured for maintaining cover corresponds to the insured salary at the time the employment relationship ends. If, in the event of a new employment relationship, less than two thirds of the exit benefit must be transferred to another pension fund, the remaining part of the salary to be insured is adapted in consequence.
4. The insured person is obliged to pay the full contributions to the Fund. The contribution rates are set annually by the Board of Trustees and are specified in the Technical Appendix relating to contributions.
5. Contributions are due monthly.
6. If maintenance of the insurance has lasted more than two years, advance payments or pledging of the exit benefit for the purchase of a home for one's own needs are no longer possible.
7. The retirement benefit is paid in the form of pension when maintaining insurance with the Fund has lasted more than two years. It is paid in capital when this two-year period is not reached.

8. The insurance comes to an end on the occurrence of the death or disability risk or when the insured person has reached the statutory retirement age. If the insured person joins a new pension fund, the insurance ends if more than two thirds of the exit benefit are required to purchase all the regulatory benefits in the new fund.
9. The insurance can be terminated by the insured person at any time for the end of a month. In the event of a delay in the payment of contributions, the Fund may terminate the insurance for the end of a month if the insured person fails to respect the warning summons sent to him.
10. The legal provisions shall apply in all other cases.

The provisions relating to the obligations of the insured person upon joining the CIEPP, the composition of the retirement savings capital and the duty to provide information have also been adapted to take account of the new elements contained in the reform of supplemental benefits.

MODIFICATION OF THE TECHNICAL BASES

The CIEPP has decided to lower its technical interest rate to 2.5% as of 1 January 2021. The technical appendix to the principal regulations of the CIEPP (art. 7) and the regulation for liabilities of an actuarial nature (art. 3) have been adapted accordingly.

This notice and the pension regulations valid as of 1 January 2021 can be downloaded from our website www.ciepp.ch and/or **on the online services for CIEPP insured persons**. Upon request to our Administration Department on 058 715 32 06, we will be glad to send you these documents by post. Our Legal department is also at your disposal on 058 715 31 11 for any questions relating to our regulations.