

# Stiftung 2. Säule / Fondation 2<sup>ème</sup> pilier swissstaffing

Management Report for 2020

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# Fondation 2<sup>ème</sup> pilier swissstaffing

Management Report for 2020

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## For our members

- An outstanding interest rate of 3% credited to your retirement savings capital
  - Regular improvements in favour of our members
  - An average funded status of 138% over the past five years
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Pfäffikon, June 2021

# Introduction

Pfäffikon, June 2021

## Dear Reader

This Management report of Stiftung 2. Säule swissstaffing/Fondation 2<sup>ème</sup> pilier swissstaffing (the "Foundation") contains the most significant information about the financial year from 1 January to 31 December 2020. It is an essential component of our communication policy, and is to be distributed to all members of the Foundation by their employers. The Foundation is committed to good governance and transparency. This is why, at the beginning of this report, we wish to underscore how important it is that this information reach its intended recipients. We would like to take this opportunity to thank the representatives of the affiliated companies for their support.

The Foundation will be happy to send you additional copies on request. This report will also be available on the swissstaffing Association website.

The year 2020 was marked by a global pandemic. In the spring, financial markets collapsed worldwide, triggering considerable losses over a very short period for investors. The Stiftung 2. Säule swissstaffing/Fondation 2<sup>ème</sup> pilier swissstaffing was no exception. The Pension Board carefully analysed the situation and decided to stick to its sound, diversified and sustainable investment strategy. This decision paid off. The markets picked up again in no time and the Foundation ended the year 2020 with a net return of +7.60%, a much better performance than the average net return of 4.40% achieved by Swiss pension funds according to the OAK yearly survey.

These positive developments allowed us to reach a funded status of 146.74% at 31 December 2020. This represents an increase of over 4% from the funded status of 141.09% in 2019. The target value of the investment fluctuation reserve set by the pension Board being 25% of pension liabilities, this means that the Foundation retains its full risk capacity. This year again, the good results of the Fund benefit both insured members and pensioners:

- As in past years, retirement savings were credited an interest at least 2% above that of the minimum BVG / LPP interest of 1% in 2020 meaning that members' retirement savings capital have been credited with a 3% interest since 1 January 2017.
- A 13<sup>th</sup> pension was paid to all pensioners receiving a retirement, disability, survivor's or a child pension in 2020. Payment was made in December.

Unlike the previous year, the 2021 investment year started more smoothly. Financial markets developed positively, giving the Stiftung 2. Säule swissstaffing/Fondation 2<sup>ème</sup> pilier swissstaffing a solid start to the year 2020.

Enjoy your reading!

Yours truly,



**Georg Staub**  
Chair



**Martin Meili**  
Secretary

# Presentation of the Foundation

Stiftung 2. Säule swissstaffing/Fondation 2<sup>ème</sup> pilier swissstaffing was founded on 1 January 1985 to meet the requirements of the Federal Act on Occupational Retirement, Survivors', and Disability Pension Plans (BVG/LPP). At the time, it was expressly designed to fulfil the specific needs of temporary employment agencies and their employees; it now guarantees all benefits within the scope of the legislation and implementing ordinances on mandatory occupational benefits.

Since the middle of 2017, in accordance with Article 48 BVG/LPP, the Foundation has been listed in the register of occupational benefit institutions of the Zentralschweizer BVG- und Stiftungsratsaufsicht (ZBSA), the Regulatory Authority with oversight over the Foundation; previously, it was listed with the Autorité de surveillance LPP et des fondations de Suisse occidentale (AS-SO). Accordingly, it is licensed to provide mandatory occupational benefits.

Therefore, the member companies of swissstaffing Association can comply with their statutory duty to provide occupational benefits by joining the Foundation. Moreover, the framework conditions of the collective agreement for temporary workers (GAV/CCT) regarding occupational benefits are guaranteed through the Foundation.

Our Foundation also offers recruitment companies as a whole the possibility of affiliating their in-house employees, thereby providing additional opportunities in the field of extra-mandatory benefits for those who are interested.

The Foundation is an occupational benefits institution which prides itself on its efficient cost and risk management. The Foundation's operating costs are transparent, and very low by comparison with other occupational benefits institutions in the sector:

- Asset management costs: CHF 193 per year and recipient, or 0.62% of assets under management;
- General administration costs: CHF 134 per year and recipient (including auditor, accredited pension actuary and regulatory authorities);
- Total operating costs: CHF 327 per year and recipient.

The Foundation has been managed for many years by Aon Switzerland Ltd (formerly PRASA, then Hewitt Associates SA) in Neuchâtel. It currently has more than 369 affiliation agreements representing over 191 companies in the industry serving 24,916 active members and pensioners. For 2020, this represented close to 318,139 salaries reported, 34,229 new affiliations and 38,079 departures.

The number of active members dropped by about 14% in comparison with 2019. This drop is mainly due to the start of the pandemic and the lockdown. After the decline, the number of active members' then rose again although it did not reach the levels of 2019.

The Pension Board is the Foundation's highest governing body and is currently composed of five members, all of whom either work in, or have extensive knowledge of, the occupational benefits industry.

## For our employers

- **A pension fund compliant with the collective agreement (GAV/CCT)**
- **An efficient, cost-effective management**
- **A non-profit institution**

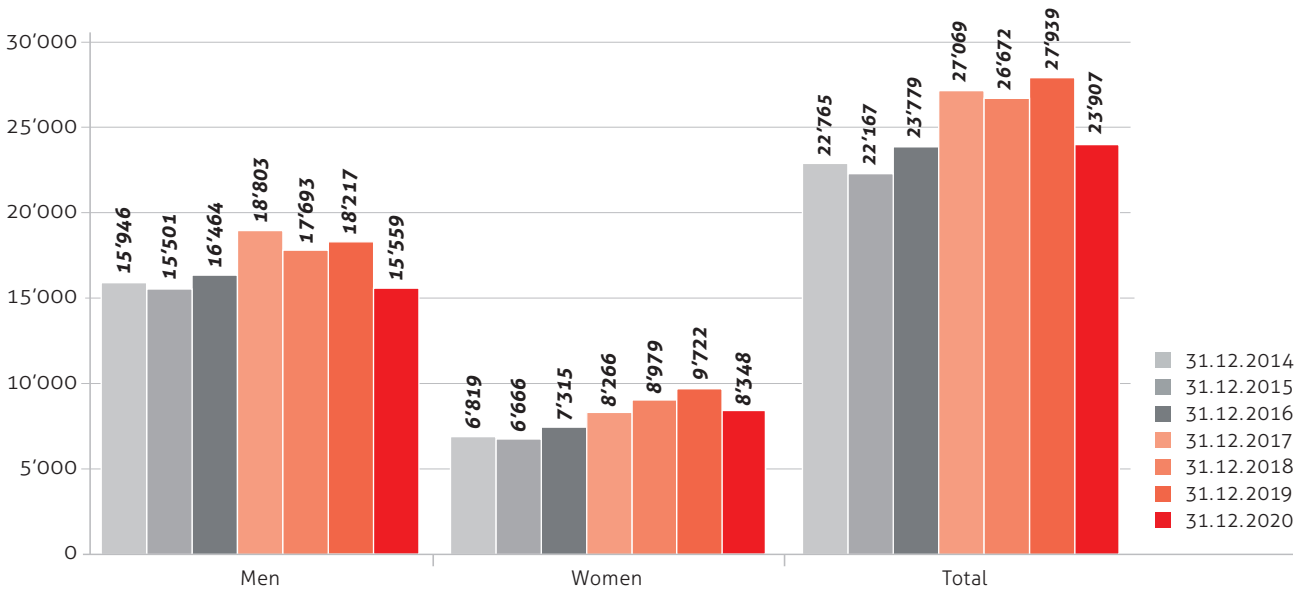


# Headcount statistics

## Active members

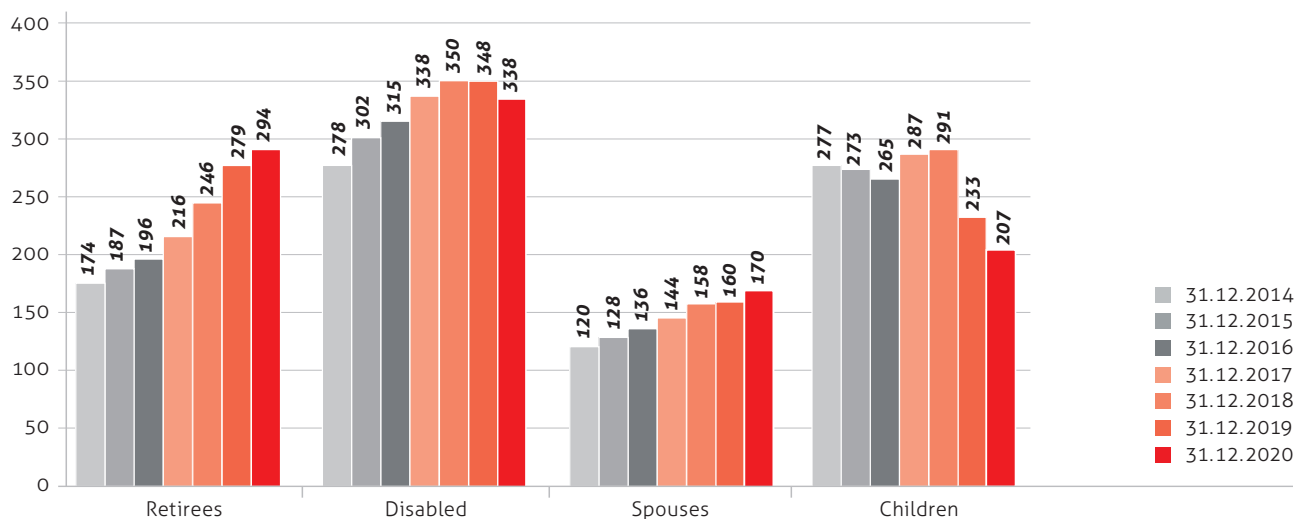
As at 31 December 2020, the Foundation managed the occupational benefits of temporary employees under 202 affiliation agreements, compared with 190 as at 31 December 2019.

Moreover, 167 employers have insured their permanent employees with the Foundation under an affiliation agreement. The changes in the headcount of active members are shown below.



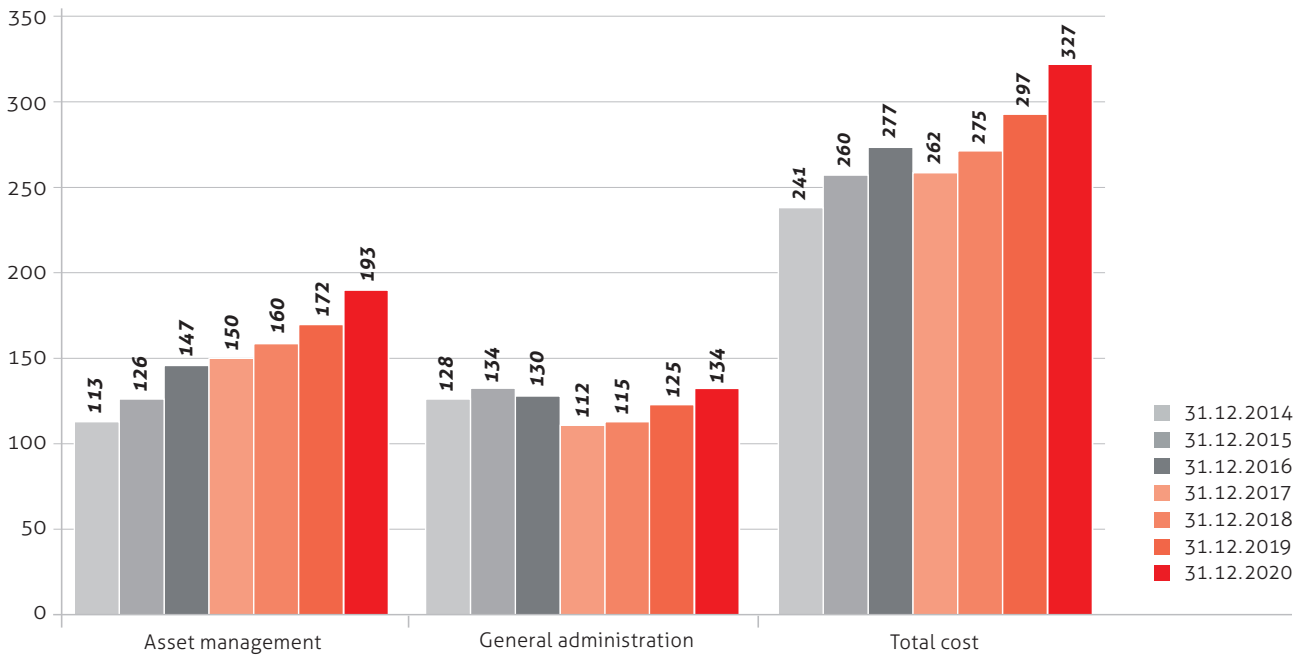
## Pensioners

The pensioner headcount decreased slightly (1,009 pensions in payment as at 31 December 2020 compared with 1,020 as at 31 December 2019). However, a regular increase in the number of retirement pensions can be observed. The number of child pensions paid in 2020 went down by 26.



## Management and administration costs

Changes in the Foundation's management and administration costs are shown below. The increase in management and administration costs is due to the slight increase in asset management costs and to that in administration costs. Asset management costs decreased in percentage terms. The increase in management costs per member is due to the drop in headcount.



### For our members

- A current funded status of over 146%
- A transparent cost policy and communication
- A multilingual advisory service through a dedicated call center



# Assets

## Assets

The assets available to the Foundation for covering its pension liabilities are the balance sheet assets stated at market values, less the liabilities, including accruals and deferrals and employer contribution reserves. As at 31 December 2020, assets totaled CHF 685,857,511.- (compared with CHF 636,764,369.- as at 31 December 2019); this corresponds to an increase of over 7%.

## Weathering the storm of the pandemic for investments

The uncertainties that predominated at the start of the pandemic rippled on to the financial markets worldwide in the springtime of 2020. This had an impact on all investment categories as a rule, but most particularly on the equities market. The Foundation was not spared and suffered heavy losses on its investments.

During this period, the Investment Committee proceeded with regular analyses of the situation and came to the conclusion that its investment portfolio required no adjustments. This decision paid off. The markets picked up again in no time and the Foundation ended the year 2020 with a net return of +7.60%.

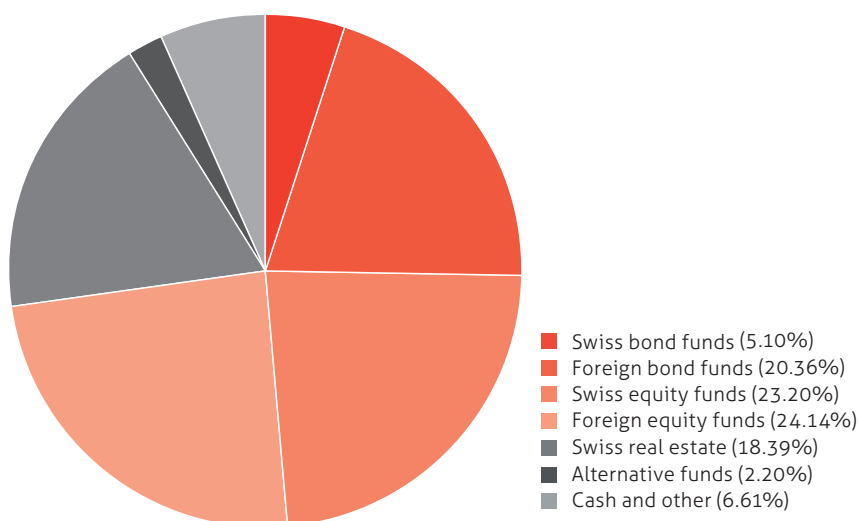
Thanks to its high risk capacity, the Foundation was able to maintain its benefits while keeping its proven investment strategy unchanged.

## Investment fluctuation reserve

On 31 December 2020, the investment fluctuation reserve, which is designed to absorb fluctuations in the financial markets, reached its target value of 25% of the Foundation's total pension liabilities, insurance liabilities and technical provisions. On 31 December 2020, it stood at CHF 116,852,785.-.

## Asset allocation

The chart below shows the share of collective equity funds which is above average, with 23.20% Swiss equity funds and 24.14% foreign equity funds in the asset allocation, as well as the significant weighting of Swiss indirect real estate investments (18.39%). The bond allocation in CHF and foreign currencies totaled 25.46% at the end of 2020.



# Financial situation

## Balance Sheet

The balance sheet shows whether the Foundation's available assets are sufficient to cover its liabilities and technical provisions.

In the following table, we compare the financial situation at 31 December 2020 with that from the previous year; pension liabilities are calculated applying the BVG/LPP 2010 GT mortality tables and a 2% discount rate.

|   | Financial situation at<br>31.12.2020 | Financial situation at<br>31.12.2019 |
|---|--------------------------------------|--------------------------------------|
| <b>Total assets</b>                                       | <b>778'176'437.88</b>                | <b>733'685'452.87</b>                |
| Debts   | -90'795'302.82                       | -94'539'585.72                       |
| Accrued liabilities and deferred income                   | -1'125'452.36                        | -1'536'322.41                        |
| Employer contribution reserve                             | -398'171.70                          | -845'175.45                          |
| <b>Available assets</b>                                   | <b>685'857'511.00</b>                | <b>636'764'369.29</b>                |
| <b>Pension liabilities and technical provisions</b>       |                                      |                                      |
| Pension liabilities active members                        | -277'861'216.65                      | -280'765'935.70                      |
| Pension liabilities pension beneficiaries                 | -122'856'812.00                      | -120'818'943.00                      |
| Liabilities under insurance contracts                     | -534'112.00                          | -625'949.00                          |
| Technical provisions                                      | -66'159'000.00                       | -49'108'000.00                       |
| <b>Total pension liabilities and technical provisions</b> | <b>-467'411'140.65</b>               | <b>-451'318'827.70</b>               |
| Investment fluctuation reserve                            | -116'852'785.16                      | -112'829'706.93                      |
| <b>Non-committed funds</b>                                | <b>101'593'585.19</b>                | <b>72'615'834.66</b>                 |
| Funded status   | 146.74%                              | 141.09%                              |

## Funded status under BVV2/OPP2

Funded status under Article 44 BVV2/OPP2 corresponds to the ratio between available assets and pension liabilities, where:

- available assets correspond to total balance sheet assets minus liabilities, accruals and deferrals, employer contribution reserve and any non-technical provisions, and
- liabilities consist of the pension liabilities of all members, liabilities under insurance contracts and technical provisions.

As at 31 December 2020, funded status in accordance with Article 44 BVV2/OPP2 was 146.74% compared with 141.09% as at 31 December 2019. Funded status has increased again in 2020 thanks to the positive developments of financial market. The investment fluctuation reserve has reached its target value and the Foundation has some non-committed funds as at 31 December 2020. With the investment fluctuation reserve fully funded, the financial situation of the Foundation can thus be considered a very sound one. The Fund's age structure is an additional financial and structural stability factor.



## Financial situation

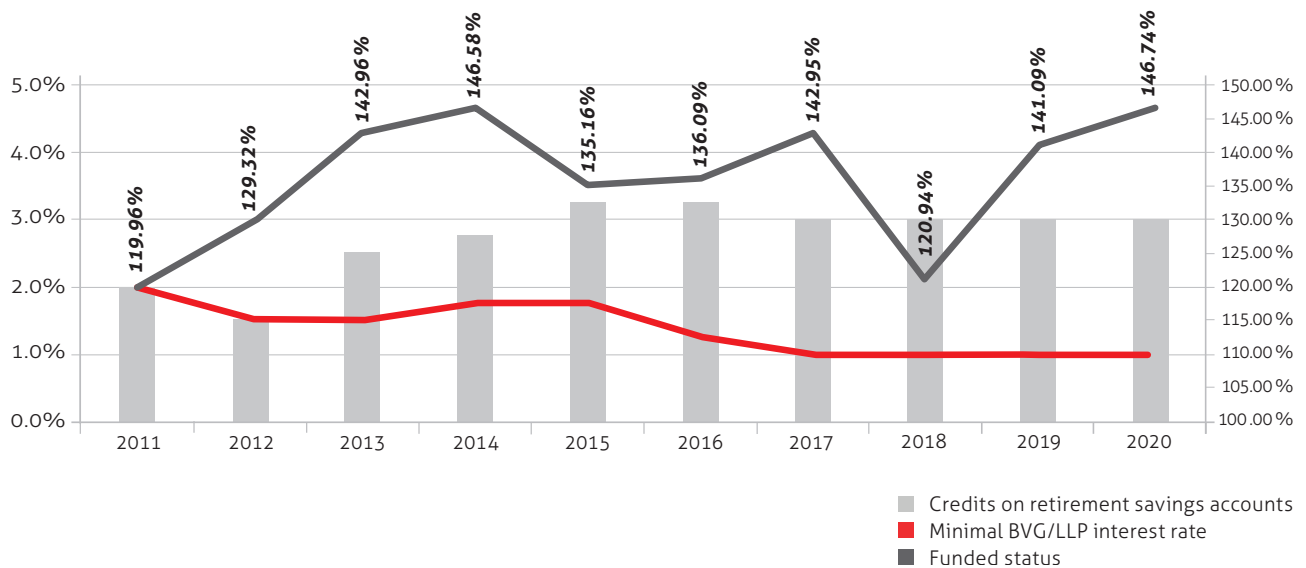
The investment year 2020 was a difficult year for the Foundation. After a drastic drop in the springtime, financial markets picked up dramatically in all investment categories. The total return of the Foundation rose to +7.60% in 2020, which brought the funded status to 146.74%. The target value of the investment fluctuation reserve being 25% of the total pension liabilities, the investment fluctuation reserve is fully funded. Once again, the Foundation also has non-committed funds as at 31 December 2020.

**In conclusion, our pension fund rests on a solid foundation.**

## Interest on retirement savings capital

In 2020, the retirement savings accounts of active members earned 3% interest, i.e. 2% over the minimum BVG/LPP rate set by the Federal Council. The Pension Board has decided to utilise the excellent results of 2020 to create reserves for 2021, in order to continue to keep crediting retirement savings accounts with an above average interest rate in future and to pay a 13<sup>th</sup> pension to all pensioners.

The light gray bars in the chart below show how the Foundation's actual crediting interest rate on retirement savings accounts developed over the past 10 years, whilst the red curve represents the minimum BVG/LPP rate and the dark grey line, the development of the funded status over the same period.



## For our employers

- A selection of supplementary plans
- A multilingual, customised advisory service
- Simple monthly management

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# Activities and news

The Pension Board took a number of decisions in the reporting year which were implemented in cooperation with the Management and the pension fund administration. In a nutshell:

## Higher crediting interest on retirement savings capital

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Since July 2016, members' retirement savings capital has earned interest at 2% over the minimum BVG/LPP rate set by the Federal Council. The higher crediting interest rate set by the Pension Board is valid until the end of 2020.

In 2020, therefore, crediting interest on retirement savings capital was 3% compared with the minimum BVG/LPP rate of 1%.

## Payment of a 13<sup>th</sup> pension

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As in 2016, 2017, 2018 and 2019, a 13<sup>th</sup> month's pension was paid to all pensioners at the end of 2020.

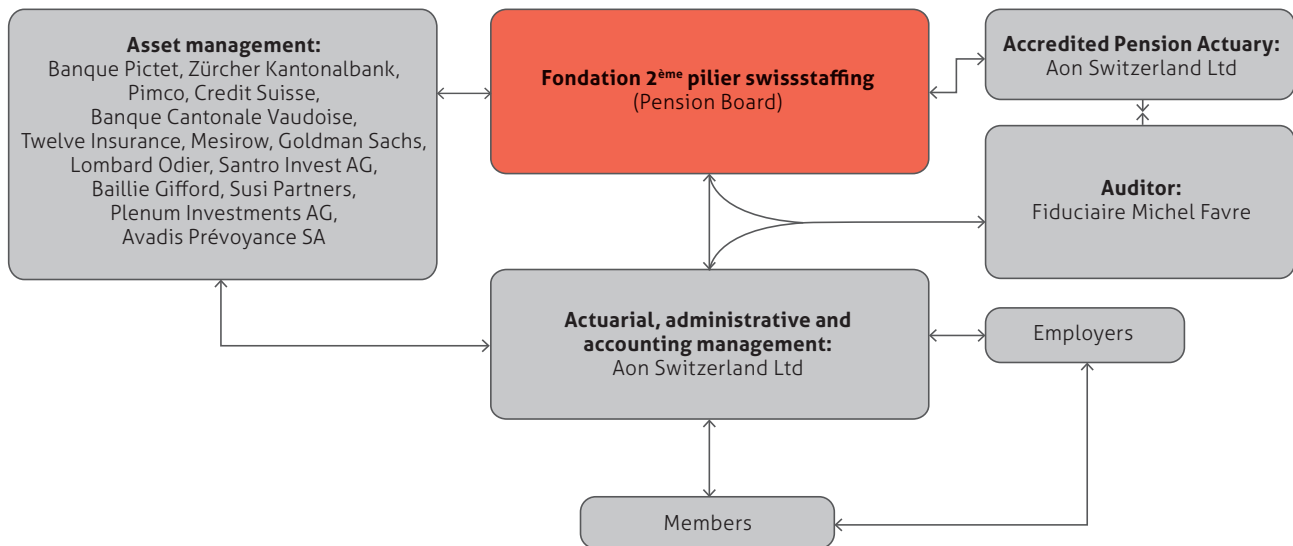
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### For our members

- A precisely calculated coverage for temporary employee paid by the hour
- Prompt transfer of vested termination benefits should you change employer
- Coverage in case of disability and death

# Structure of the Foundation

The main bodies and entities involved in the organisation of the Foundation are



## Pension Board

The Pension Board is the Foundation's highest governing body. It directs the Foundation and represents it in dealings with third parties. The current term of office began in 2018 and ends in 2022. The members of the incumbent Board are:

### Employer representatives:

- Georg Staub, Chair
- Myra Fischer-Rosinger, Member
- Roger Guthauser, Member

### Employee representatives:

- Aldo Ferrari, Member
- Andrea Keller-Notter, Member
- Irène Righetti, Member

## For our employers

- Sound investment fluctuation reserves
- A low pensioner headcount
- A risk and administration contribution of approx. 2%



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In good financial health, CBA compliant and straightforward: **The pension fund** for staff leasing companies and their employees.

[swisstaffing-bvg.ch](http://swisstaffing-bvg.ch)



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