

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

Management Report for 2017

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## **The swissstaffing Pension Fund has an aim.**

Its aim is to secure the best possible second pillar insurance solution for staff leasing agencies. That's why you are looked after by professional experts.

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### **Editorial**

### **Presentation of the Foundation**

### **Headcount statistics**

### **Assets**

### **Financial situation**

### **Activities and news**

### **Structure of the Foundation**

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Pfäffikon, July 2018

# Introduction

Pfäffikon, July 2018

## Dear Reader

This Management Report for the financial year from 1 January to 31 December 2017 contains the customary information about the Foundation. This document is a key communications element; as such, it is intended for distribution, through the affiliated employers, to all persons insured with our Foundation. We are committed to the principles of good governance and transparency, which is why, in this Report, we begin by insisting on the need to transmit this type of information to members. We would like to express our thanks to the representatives of the affiliated companies for their support in this endeavour.

Extra copies of the Report may be obtained from the Foundation as required; the Report is also published on the website [www.swissstaffing-bvg.ch](http://www.swissstaffing-bvg.ch).

As at 31 December 2017, the Foundation realised an overall performance of 12.4%, once again exceeding the Swiss pension fund average of 6.9%.

On 31 December 2017, the funded status of the Foundation was 142.95%, an increase of 6.86% over the prior year. The good funded status and resulting full capacity for risk will allow the Foundation to continue to follow the investment policy adopted by the Pension Board. The active members, pensioners and affiliated employers of the Foundation all benefit from its sound financial situation. In this spirit, the Pension Board decided:

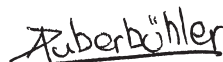
- based on a new review of the contributions for death and disability risk insurance (employer and employee shares), to reduce the level of contributions for the fourth consecutive year starting on 1 January 2018, and guaranteed until 31 December 2018;
- to continue applying an interest crediting rate which is 2% higher than the BVG/LPP minimum interest rate (3% since 1 January 2017);
- to pay a 13th pension to all retirement, survivor, disability and child pensioners; payment was made on 22 December 2017.

We wish you interesting reading.

Yours truly,



**Georg Staub**  
Chair



**Aspasia Zuberbühler**  
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 Law 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 laws 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 Aufsichtsbehörde (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.

The Foundation also offers recruitment companies the possibility of affiliating their in-house employees. It also offers additional opportunities in the field of extra-mandatory benefits for interested companies.

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 150 per year and recipient, or 0.754% of assets under management;
- General administrative fees (including auditor, accredited pension actuary and regulatory authorities): CHF 112 per year and recipient;
- Total operating costs: CHF 262 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 318 affiliation agreements representing over 142 companies in the industry and serving more than 28,000 active members and pensioners. In 2017, the Foundation counted some 310,000 reported salaries, 37,709 new entrants and 34,453 departures.

The Pension Board is the Foundation's highest governing body and is composed of six members, all of whom either work in, or have extensive knowledge of, the occupational benefits industry (see composition of the Pension Board on page 10).

## Participate in our success

Our members benefit from our good performance: in 2018, all retirement savings capital will attract 3% interest.



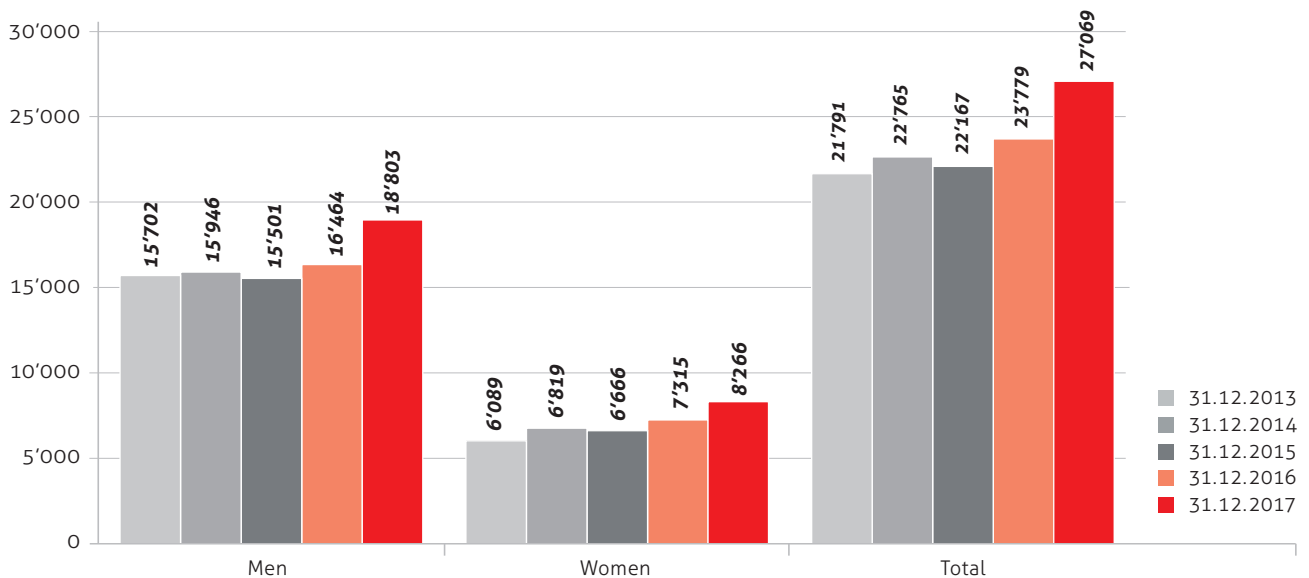
# Headcount statistics

## Active members

As at 31 December 2017, the Foundation managed the occupational benefits of temporary employees under 93 affiliation agreements, compared with 89 as at 31 December 2016.

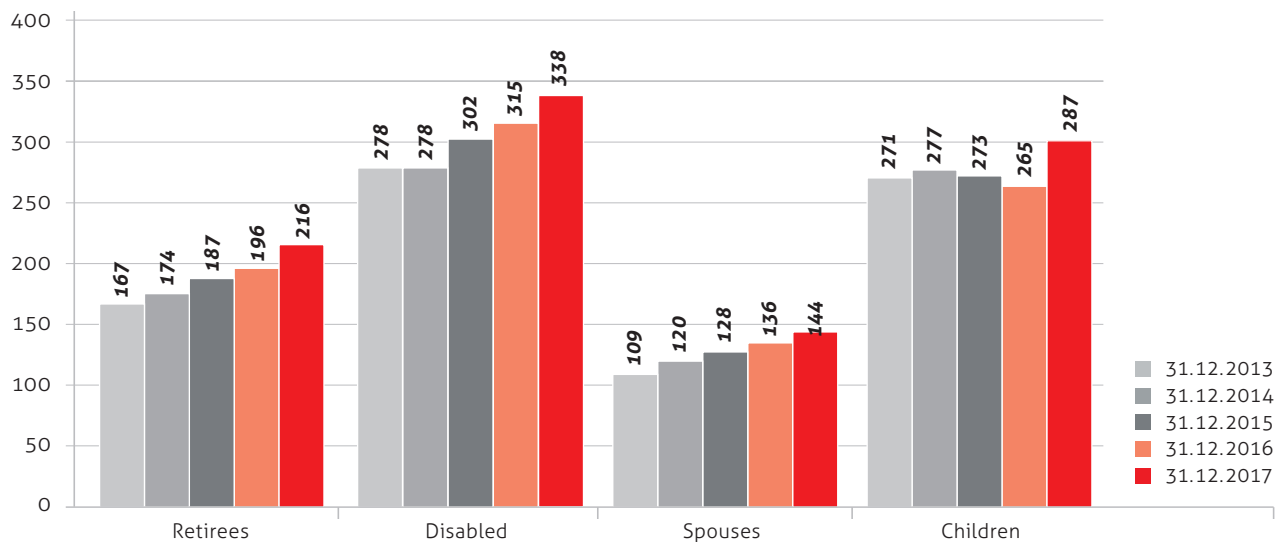
Moreover, 49 employers have insured their permanent employees with the Foundation under an affiliation agreement.

The changes in the headcount of active members are shown below. There was a slight increase in headcount during the year under review.



## Pensioners

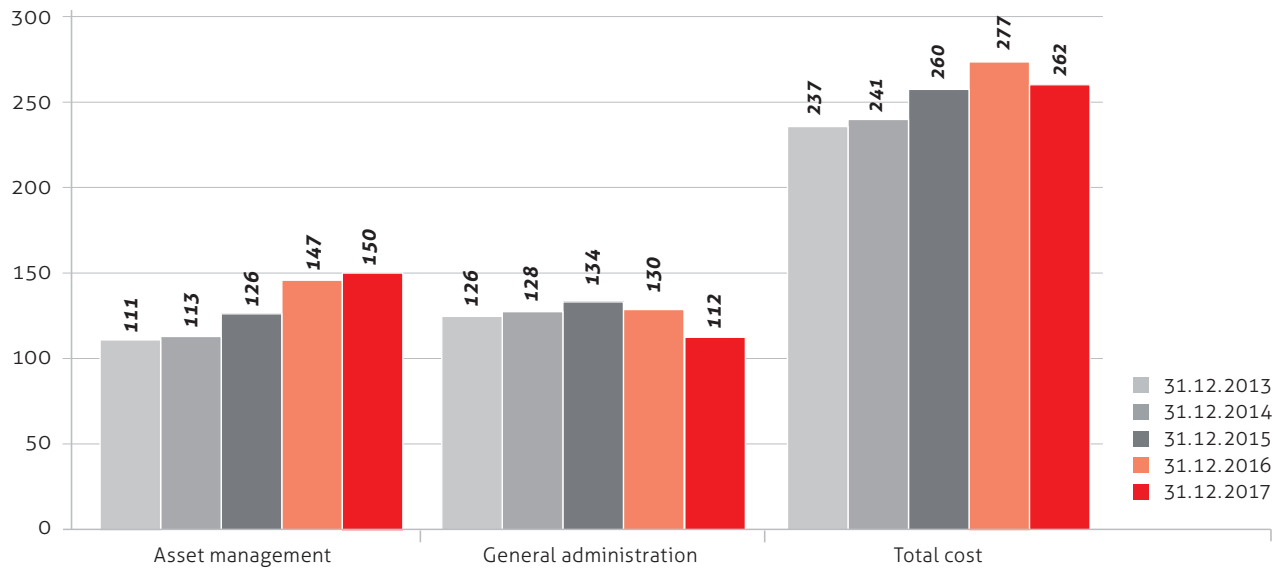
The pensioner headcount increased again (985 pensions in payment as at 31 December 2017 compared with 912 as at 31 December 2017). A constant increase has been recorded in the number of retiree, spousal, and disability pensions in payment.



# Headcount statistics

## Management and administration costs

Changes in the Foundation's management and administration costs are shown below. The increase in management and administration costs was mainly fuelled by the increase in managed assets. In 2017, despite the growing headcount - from 23,779 members in 2016 to 27,069 in 2017 - the Foundation managed to contain general administration costs, thanks mainly to the non-recurrence of the one-off cost of redesigning the website in 2016.



# Assets

## Assets

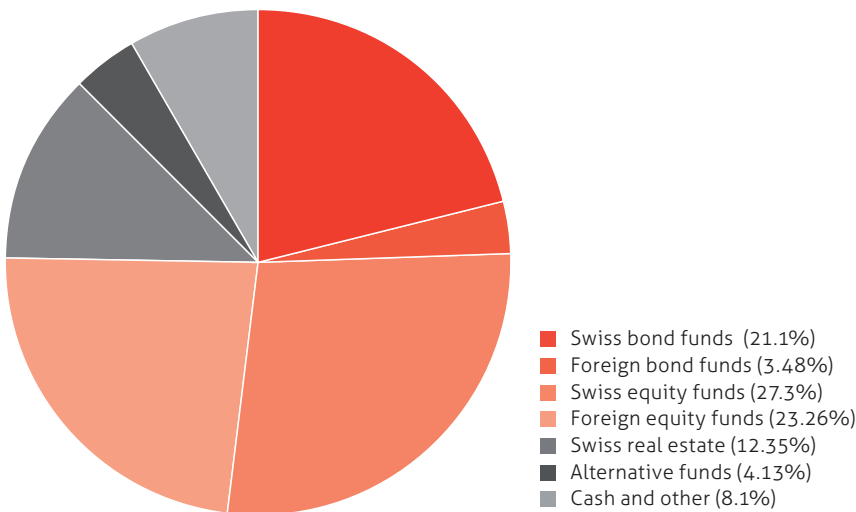
The assets available to the Foundation for covering its pension liabilities are the balance sheet assets stated at market values, less the liabilities, including accruals and deferrals and employer contribution reserves. As at 31 December 2017, assets totaled CHF 503,568,120 (compared with CHF 409,828,420 as at 31 December 2016); this corresponds to 22.9% growth.

## Investment fluctuation reserve

On 31 December 2017, for the eighth consecutive year, this reserve, which is designed to absorb fluctuations in the financial markets, attained its target value of 25% of the Foundation's total insurance liabilities and technical provisions. On 31 December 2016, it stood at CHF 88,074,514.

## Asset allocation

The chart below shows the predominant share of collective equity funds (Switzerland and foreign, both ranging between 20% and 30%) in the asset allocation, as well as the significant weighting of Swiss real estate investments (12.3%). As in the prior year, the Swiss bond fund allocation was 8%. Investments continue to satisfy the prudent objectives set by the Pension Board.



### A healthy pension fund

We are in a strong financial position. For many years, our coverage ratio has far exceeded 100%. At the end of 2017, it had reached 143%.

# 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 as at 31 December 2017 with that of the prior year; pension liabilities are calculated applying the BVG/LPP 2010 mortality tables and a 3% discount rate.

	31.12.2017	Financial situation at: 31.12.2016
<b>Total assets</b>	<b>561'997'385.87</b>	<b>463'643'476.82</b>
Debts	-57'145'226.76	-52'491'826.46
Accrued liabilities and deferred income	-457'893.15	-641'332.59
Employer contribution reserve	-781'897.50	-681'897.50
<b>Available assets</b>	<b>503'612'368.46</b>	<b>409'828'420.27</b>
<b>Pension liabilities and technical provisions</b>		
Pension liabilities active members	-215'051'152.75	-179'974'680.25
Pension liabilities pension beneficiaries	-93'424'247.00	-83'933'954.00
Liabilities under insurance contracts	-702'659.00	-770'777.00
Technical provisions	-43'120'000.00	-36'460'000.00
<b>Total pension liabilities and technical provisions</b>	<b>-352'298'058.75</b>	<b>-301'139'411.25</b>
Investment fluctuation reserve	-88'074'514.69	-75'284'852.81
<b>Non-committed funds</b>	<b>63'239'795.02</b>	<b>33'404'156.21</b>
Funded status	142.95%	136.09%

## 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, and any non-technical provisions, and
- liabilities consist of the pension liabilities of all members, liabilities under insurance contracts and technical provisions.

At 31 December 2017, funded status under Article 44 BVV2/OPP2 was 142.95% compared with 136.09% as at 31 December 2016. Funded status and the financial situation of the Foundation, which is sound and healthy, has continued to improve thanks in particular to the Foundation's favourable demographic structure.



# Financial situation

## Financial situation

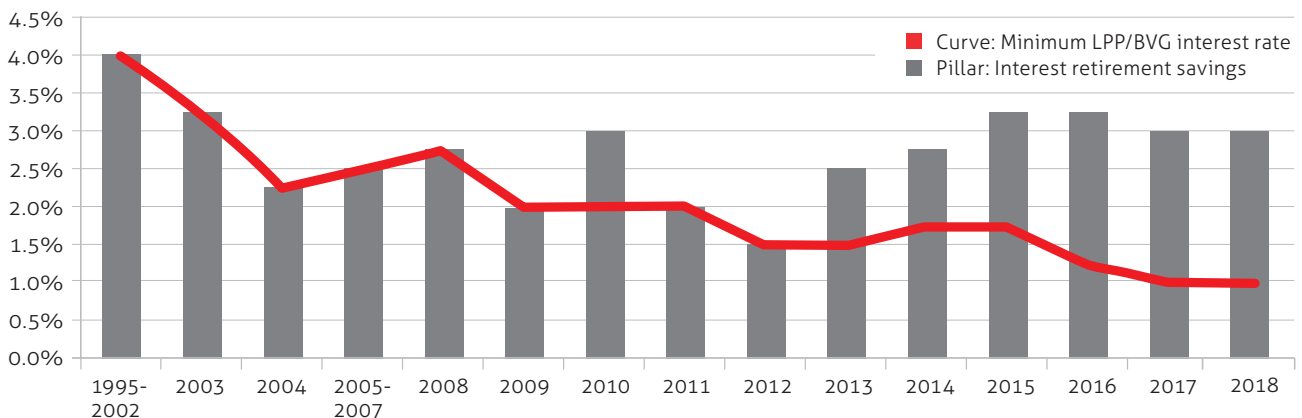
2017 was a very good year for pension funds, and especially for the Foundation which managed to chalk up a highly satisfactory overall performance of 12.4%. After increasing provisions and the investment fluctuation reserve to the required level (target value 25% of pension assets), for a total of CHF 352,298,058.75, the Foundation reported surplus income of CHF 29,835,638.81. Non-committed assets attained CHF 63,239,795.02 (prior year CHF 33,404,156).

**Conclusion: The Foundation rests on a sound foundation.**

## Interest on retirement savings capital

In 2017, the retirement savings accounts of active members earned 3% interest, i.e. 2% over the minimum BVG/LPP rate set by the Federal Council. To enable its active members to benefit from the Foundation's robust financial situation, the Pension Board has set the crediting interest rate at 3.00% for 2018 (2% above the minimum BVG/LPP rate of 1.00% set by the Federal Council).

The chart below shows how the Foundation's crediting interest rate on retirement savings accounts developed over the past 22 years (the red curve represents the minimum BVG/LPP rate by comparison):



### A safe pension fund

We do not pursue commercial goals. We value transparency.  
The interests of our members and customers always come first.

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# Activities and news

As mentioned in the introduction, the Pension Board made a number of decisions in the reporting year which were implemented in cooperation with the pension fund administration.

In a nutshell:

## **Reduction of risk contributions effective 1 January 2018**

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Contribution rates as at 1 January 2018 expressed in % of pensionable salary:

risk and administration contributions were lowered to 2.0% compared with 2.45% the prior year.

The reduction thus totals 0.4% of pensionable salary, and is shared equally between the employer (0,2%) and the employees (0.2%).

## **Higher crediting interest on retirement savings capital**

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Since July 2015, 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 2018.

In 2018, therefore, crediting interest on retirement savings capital is set at 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, a 13<sup>th</sup> pension was paid to all pensioners at the end of 2017.

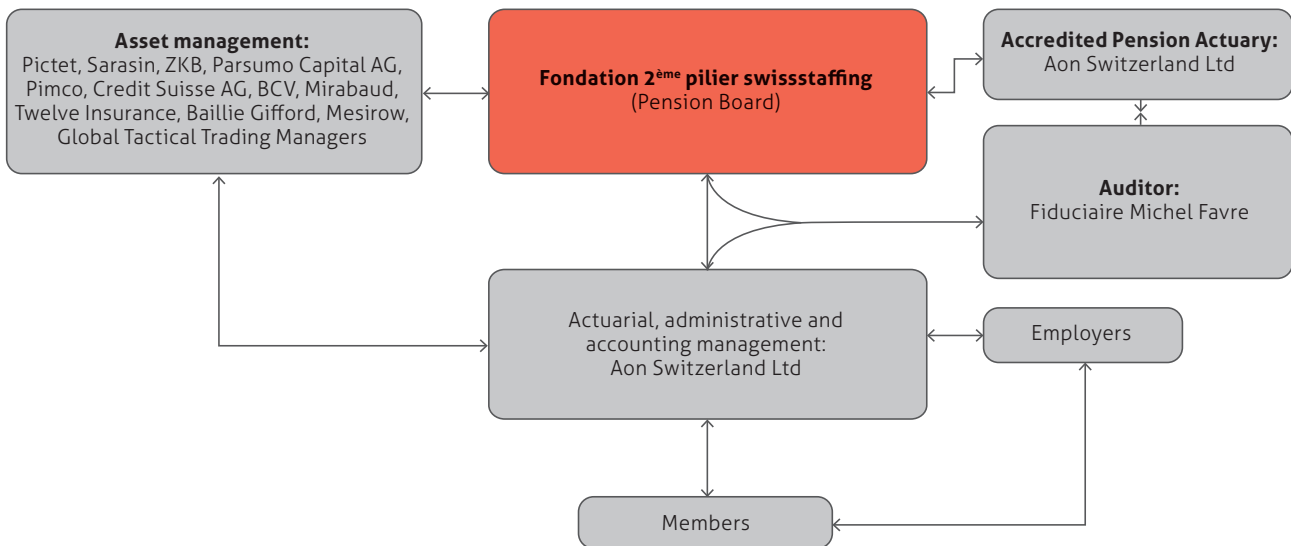
## **Relocation of the Foundation's registered office**

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At the end of 2017, the registered office of the Foundation was relocated from Neuchâtel (NE) to Pfäffikon (SZ), which is more advantageous in terms of withholding tax for members leaving Switzerland permanently.

# 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 manages the Foundation and represents it in dealings with third parties. The current term of office began in 2015 and ends in 2018. The members of the incumbent Board are:

### Employer representatives:

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

### Employee representatives

- Aldo Ferrari, Member
- Irène Righetti, Member
- Julien Petese, Member

### Copy to:

- Affiliated employers
- Swissstaffing Association
- Management company
- Regulatory Authority



### A straightforward pension fund

Our administration is efficient and oriented towards our customers' needs. We have our own call center and provide simple, efficient administration.



### **Serving staff leasing companies since 1985**

The swisstaffing Pension Fund was established in 1985 to provide staff leasing agencies with a simple and cost-effective way of insuring their staff.

Visit us at

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

swisstaffing  
Stettbachstrasse 10  
CH-8600 Dübendorf

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BVG-LPP

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