

# Fondation 2ème pilier swissstaffing

## Management Report for 2014

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- Structure of the Foundation

Neuchâtel, June 2015



## Editorial

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Dear reader,

This Management Report for the year ended 31 December 2014 contains the traditional information about the Foundation. It is one of the key elements of good communication and is intended for distribution to everyone insured with our Foundation, via their employer. We are committed to the principles of good governance and transparency, which is why we begin this editorial by insisting on the need to transmit this type of information to members. We would like to express our thanks to the managers of affiliated companies for their support in this endeavour.

Extra copies of the Report may be obtained from the Foundation if required, and it will also be available on the **swissstaffing** Association website.

2014 turned out to be another good year for the financial markets, with the Foundation generating an investment performance of 7.2%, in line with the average for Swiss pension funds. The statutory provisions on transparency in management costs, in effect since 2013, show that our Foundation is particularly well-managed in terms of costs (see the next section: Presentation of the Foundation).

With regard to our suite of pension plans, the Pension Board decided to extend the available choice by adding a new option for retirement credits. Affiliated Companies can now opt for a pension plan for their permanent employees which increases retirement credit rates by 1% compared with the "standard plan".

Finally, the main elements concerning our Foundation's financial situation are as follows:

- At 31 December 2014, the funded status was 146.58%, up from 142.96% in 2013, indicating a very solid financial position.
- Based on these strong results, the Pension Board decided to keep the interest rate on the retirement savings accounts of active members at 2.75% for 2015, which is 1% above the statutory minimum rate.

Yours sincerely,



Albert Guntli  
Chair

Delphine Mehmeti  
Coordinator

Neuchâtel, June 2015

## Presentation of the Foundation

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The 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 (LPP/BVG). It was originally expressly designed to fulfil the specific needs of temporary employment agencies and their employees, and now insures all benefits within the purview of the laws and implementing ordinances on occupational benefits.

The Foundation is listed in the register of occupational pension plans of the Autorité de surveillance LPP et des fondations de Suisse occidentale (AS-SO), the Foundation's regulatory authority, pursuant to the requirements of Art. 48 LPP/BVG. As such, it is licenced to operate in the field of mandatory occupational benefits.

All member companies of the swissstaffing Association can therefore comply with employers' statutory duties regarding occupation benefits, by joining our Foundation. Moreover, the framework conditions of the CCT Location de services (collective agreement for temporary workers) applicable to occupational benefits are guaranteed via 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 Fondation 2<sup>ème</sup> pilier swissstaffing is a non-profit institution which prides itself on its good cost and risk management. Our operating costs are transparent and are very low compared with other occupational benefits institutions in the sector:

- asset management fees: CHF 113.00 per account per year or 0.67% of assets under management;
- general administration fees: CHF 128.00 per account per year;
- total operating costs: CHF 241.00 per account per year.

Our Foundation has been managed for many years by Aon Hewitt (Suisse) SA (formerly PRASA, then Hewitt Associates SA) in Neuchâtel. Our membership has grown steadily and now comprises 250 affiliation agreements, representing 140 companies in the sector, with a total of more than 23,600 active members and pensioners. For 2014, this represented over 265,000 salaries reported, 32,625 new affiliations and 31,684 departures.

The Pension Board is composed of 6 members, all of whom either work in or have extensive knowledge of occupational benefits (see Board membership on page 9).

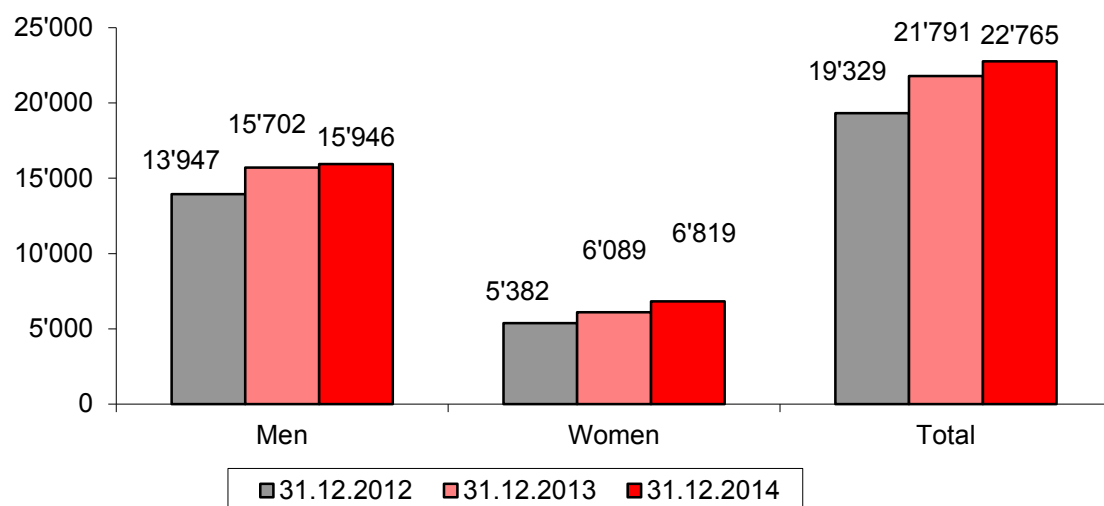
## Membership statistics

### Active members

At 31 December 2014, the Foundation managed the occupational benefits of temporary employees under 174 affiliation agreements, compared with 167 at 31 December 2013.

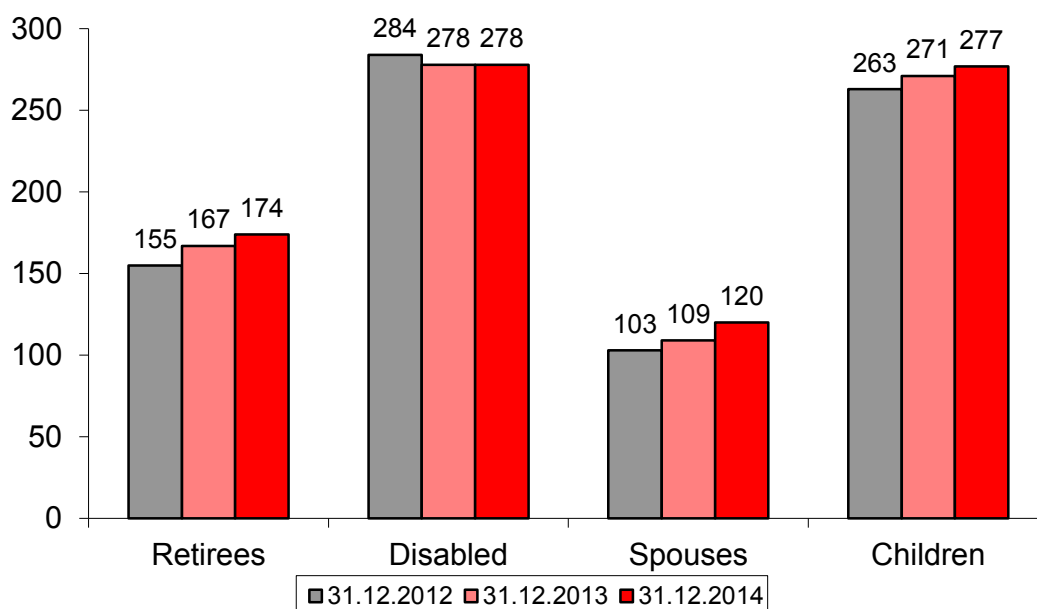
78 employers insured their employees with the Foundation under an affiliation agreement, compared with 70 in 2013.

The changes in the number of active members are shown below. The upward trend in membership of the past few years continued in 2014.



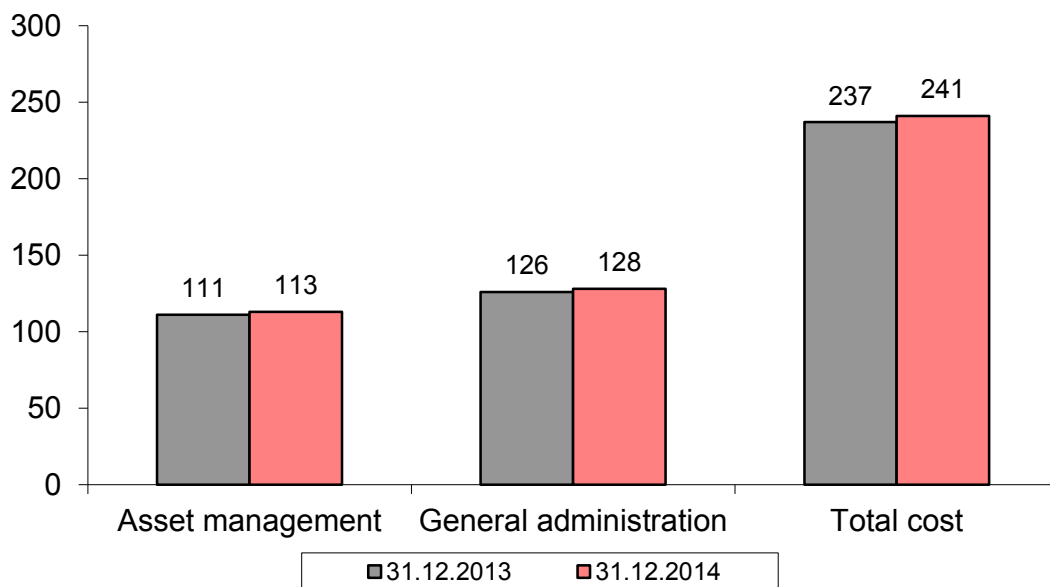
### Pensioners

The total number of pension beneficiaries at 31 December 2014 grew to 849 from 825 in 2013. This increase was more or less linear in each category, except for disability cases which remained stable.



## Management costs

The changes in the Foundation's management costs are shown below. These statistics have only been available since 2013, the year in which the Commission de la Haute Surveillance de la Prévoyance Professionnelle introduced its respective guidelines.



# Assets

## Pension assets

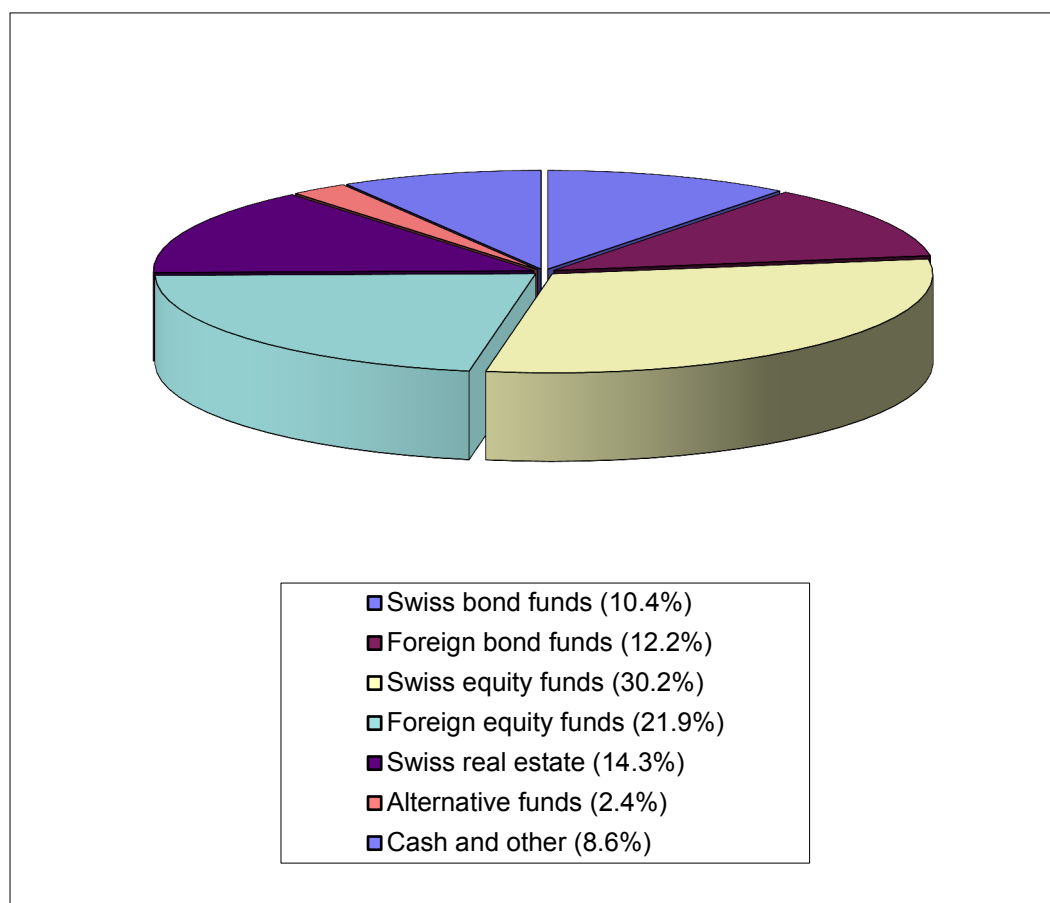
The Foundation's benefits liabilities are covered by its available assets, i.e. the balance sheet assets at market value, less debts. Once again, available assets were up strongly in 2014, amounting to CHF 350,453,626 at 31 December compared with CHF 297,194,355 in 2013, an increase of 18%.

## Investment fluctuation reserve

This reserve, which serves to compensate fluctuations in the financial markets, attained its target value **for the sixth consecutive year**, despite the target being raised from 20% to **25%** of the Foundation's total insurance liabilities and technical provisions. At 31 December 2014, it stood at CHF 59,772,363.

## Asset structure

The chart below shows the asset allocation of funds under management at 31 December 2014. Although the largest weighting continues to be in investment funds (bonds and equities - all between 10% and 30%), there was a clear movement out of bond funds and into Swiss real estate, which now represents about 14% of the portfolio. However, investments continue to meet the prudent objectives set by the Pension Board.



# Financial situation

## Balance sheet

The balance sheet gives an indication of whether the Foundation's available assets are sufficient to cover its insurance liabilities and technical provisions.

In the following table, we compare the financial situation at 31 December 2014 with that of the previous year. The pension liabilities are currently calculated in accordance with the LPP/BVG 2010 actuarial tables at 3%.

	Financial situation at	
	31.12.2014	31.12.2013
<b>Total assets</b>	<b>396,247,100.55</b>	<b>339,841,405.36</b>
Debts	- 44,727,215.20	- 42,442,683.49
Accrued liabilities and deferred income	- 1,059,631.10	- 204,386.45
Employer contribution reserve	- 6,628.50	0.00
Investment fluctuation reserve	- 59,772,362.96	- 41,577,989.43
<b>Available assets</b>	<b>290,681,262.79</b>	<b>255,616,345.99</b>
<b>Pension liabilities and technical provisions</b>		
- Pension liabilities - active members	- 150,973,974.85	- 128,387,904.15
- Pension liabilities - pension beneficiaries	- 69,648,826.00	- 64,721,710.00
- Liabilities under insurance contracts	- 876,651.00	- 939,333.00
- Technical provisions	- 17,590,000.00	- 13,841,000.00
<b>Total pension liabilities and technical provisions</b>	<b>- 239,089,451.85</b>	<b>- 207,889,947.15</b>
Foundation's capital	- 1,000.00	- 1,000.00
<b>Non-committed funds</b>	<b>51,590,810.94</b>	<b>47,725,398.84</b>

## Funded status under the OPP2/BVV2

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

- available assets correspond to total balance sheet assets minus debts, accruals and deferred income, 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 2014, the funded status under Article 44 OPP2/BVV2 was 146.58% against 142.96% in the previous year. This reflects our Foundation's very healthy financial situation, which benefited particularly from its favourable demographic structure and buoyant conditions in the financial markets.

## Financial situation

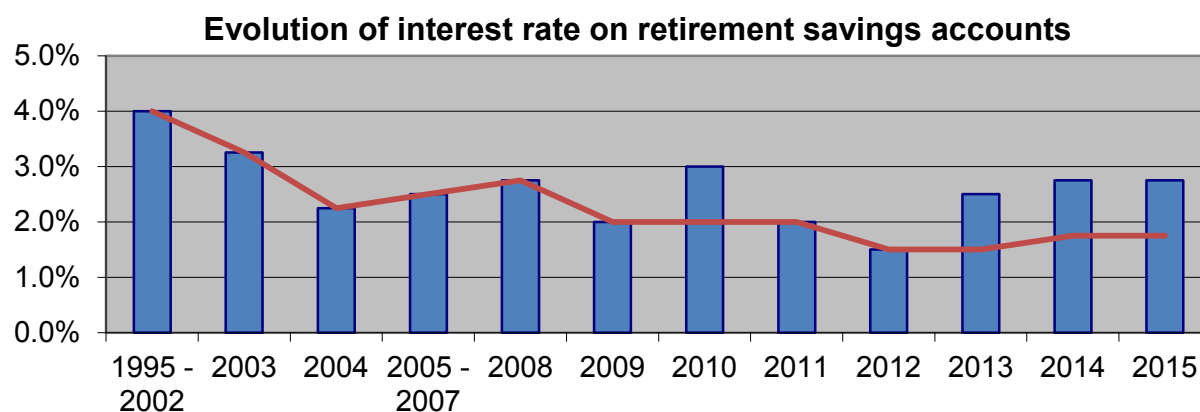
In 2014, assets under management produced another set of good results, generating an annual performance of 7.2%. Added to that were the gains on the death/disability risk processes and on administration costs (still tightly controlled), bringing net financial income for the year to CHF 22,059,786. As a result, the target level for the investment fluctuation reserve was once again achieved. The non-committed funds increased to CHF 51,591,811.

**In conclusion, our Foundation's fundamentals improved yet again in 2014.**

## Interest on retirement savings accounts

The retirement savings accounts of active members earned 2.75% interest in 2014, which is 1% higher than the minimum LPP/BVG rate set by the Federal Council. For 2015, the Pension Board has kept the interest rate at 2.75% (still 1% above the minimum rate set by the government), to enable the Foundation's active members to benefit from its robust financial situation.

The chart below shows the changes in the interest rate on retirement savings accounts in the Foundation over the past 20 years (the red curve indicates the changes in the minimum LPP/BVG rate by comparison).



## Pensions in payment at 1 January 2015

Article 36(1) LPP/BVG requires survivors' and disability pensions in the mandatory occupational benefits system to be periodically adjusted in line with the Consumer Price Index (CPI) until normal retirement age. These pensions must be adjusted for the first time after three years and thereafter at the same time as AVS/AHV pensions, which as a rule is every two years. In compliance with these principles, the Pension Board decided to raise the mandatory LPP/BVG survivors' and disability pensions by CHF 5.00 from 1 January 2015.

However, there is no obligation to adjust pensions to the CPI if they amount to more than the LPP/BVG legal minimum. Like LPP/BVG retirement pensions, CPI adjustments for survivors' and disability pensions are decided by the Pension Board. Considering the current environment of non-existent inflation, and in line with its prudent approach, the Pension Board decided not to adjust retirement pensions or extra-mandatory survivors' and disability pensions in payment at 1 January 2015.



## Activities and news

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The Pension Board made a number of decisions in 2014 and during the first few months of 2015, and these were implemented with the assistance of the management company. The main points are summarised below, together with other significant events.

### New options and improvements in the pension plan for permanent employees

To further enhance the attractiveness of the Foundation, the Pension Board decided to add a new option to increase the level of retirement credits. Affiliated companies can now opt for a **pension plan for their permanent employees** which increases the retirement credit rates by 1% compared to the "standard plan".

The table below sets out the various retirement credit options available for companies.

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Age	Level of retirement credits			
	Standard Plan	New variant +1%	Variant + 2%	Variant + 4%
17-24	0%	0%	0%	0%
25-34	7%	8%	9%	11%
35-44	10%	11%	12%	14%
45-54	15%	16%	17%	19%
55 - retirement	18%	19%	20%	22%

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These available options allow companies to offer their employees a higher standard of benefits than those provided by law.

Our pension plan also offers several possibilities for cost-sharing between members and companies. It is also possible to choose the level of risk coverage (death and disability) by adapting the risk contribution.

### Amendment to the investment rules

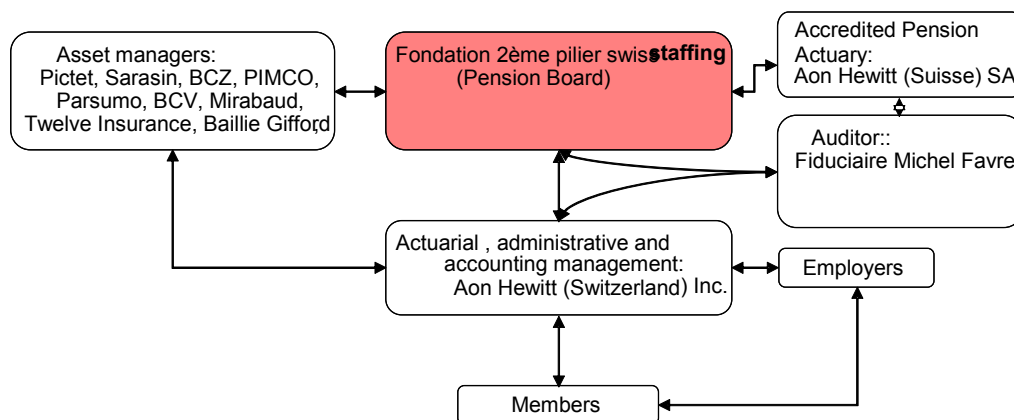
Following the entry into force of the Ordinance against Excessive Compensation in Publicly Listed Companies (ORAb/VegüV), the Pension Board amended the investment rules with effect from 1 January 2015.

### Shareholders' voting rights

The Foundation exercised its right to vote by correspondence by delegating its voting rights to an independent and neutral proxy.

# Structure of the Foundation

The diagram below is a simplified organisation chart for the Foundation.



## Pension Board

The Pension Board is the Foundation's governing body. It manages the Foundation and represents it in dealings with third parties. The term of office of the current Board began in 2010 and will end in 2015. Its members are shown below.

### Employer representatives

- Mr Albert Guntli, Chair
- Mr Roger Guthauser, Member
- Mr Georg Staub, Member

### Employee representatives

- Mr Aldo Ferrari, Member
- Ms Myra Fischer-Rosinger, Member
- Ms Irène Righetti, Member

Distribution: Affiliated employers  
swissstaffing Association  
Management company  
Regulatory Authority  
Auditor