

# Fondation 2ème pilier swissstaffing

## Management Report for 2015

- Editorial
- Presentation of the Foundation
- Membership statistics
- Assets
- Financial situation
- Activities and news
- Structure of the Foundation

Neuchâtel, June 2016



# Editorial

---

Dear reader,

This Management Report for the year ended 31 December 2015 contains the now traditional information about the Foundation. It is one of the key elements of good communications 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.

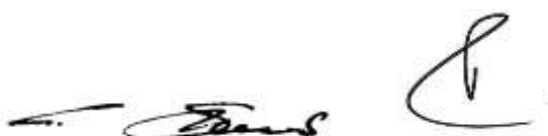
2015 was marked by heavy volatility in the financial markets and the Foundation's investments ended the year with a performance of **1.7%**. This was still well above the overall average for Swiss pension funds, which was between 0.7% and 0.9%.

With regard to pension plan activities, our Pension Board devised projects and took important decisions in the following areas:

- A new review of both the employees' and employer's contributions for death and disability risk insurance, which resulted in a **fourth consecutive reduction in the level of contributions from 1 January 2016, guaranteed until 31 December 2018.**
- A 1% increase in the interest rate credited to retirement savings assets, **bringing the rate to 2% above the minimum interest rate** (3.75% from 1 July 2015 and 3.25% from 1 January 2016).
- **A 2% indexation of the pensions of all pensioners** with effect at 1 January 2016.

Finally, the funded status was 135.16% at 31 December 2015 (2014: 146.58%), indicating a very solid financial position.

Yours sincerely,



Georg Staub  
Chair

Delphine Mehmeti  
Coordinator

Neuchâtel, June 2016

## Presentation of the Foundation

---

The Fondation 2<sup>ème</sup> pilier swiss**staffing** 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.

By joining our Foundation, all member companies of the Swiss**staffing** Association can therefore comply with employers' statutory duties in respect of occupation benefits. Moreover, the framework conditions of the "CCT Location de services" (collective agreement for temporary workers) applicable to 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 Fondation 2<sup>ème</sup> pilier swiss**staffing** is a non-profit institution which prides itself on its efficient 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 126.00 per account per year or 0.67% of assets under management;
- general administration fees: CHF 134.00 per account per year;
- total operating costs: CHF 260.00 per account per year.

Our Foundation has been managed for many years by Aon Switzerland Ltd (formerly PRASA, then Hewitt Associates SA) in Neuchâtel. Our membership now comprises more than 240 affiliation agreements, representing 138 companies in the sector, with a total of more than 23,000 active members and pensioners. For 2015, this represented close to 266,000 salaries reported, 32,153 new affiliations and 32,856 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).

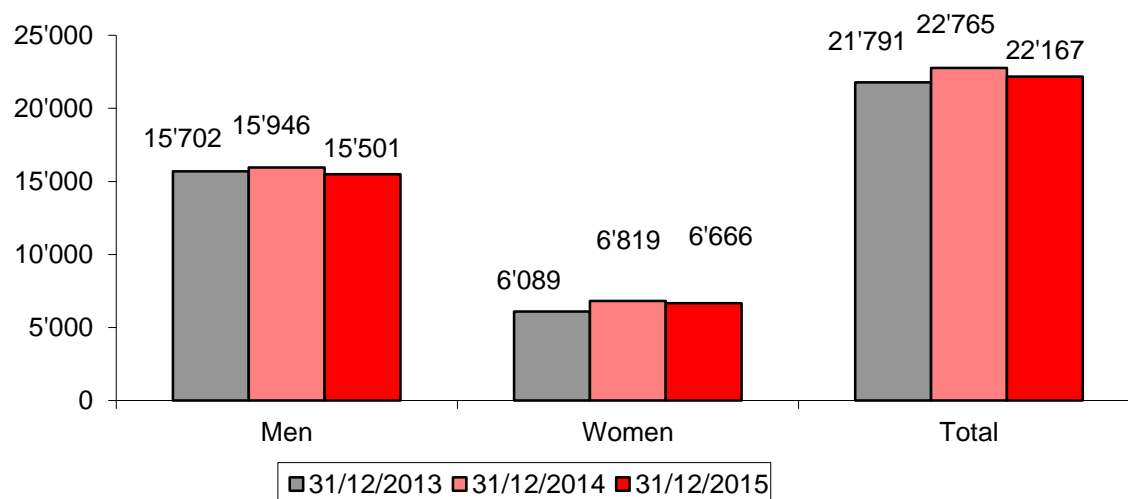
# Membership statistics

## Active members

At 31 December 2015, the Foundation managed the occupational benefits of temporary employees under 160 affiliation agreements, compared with 174 at 31 December 2014.

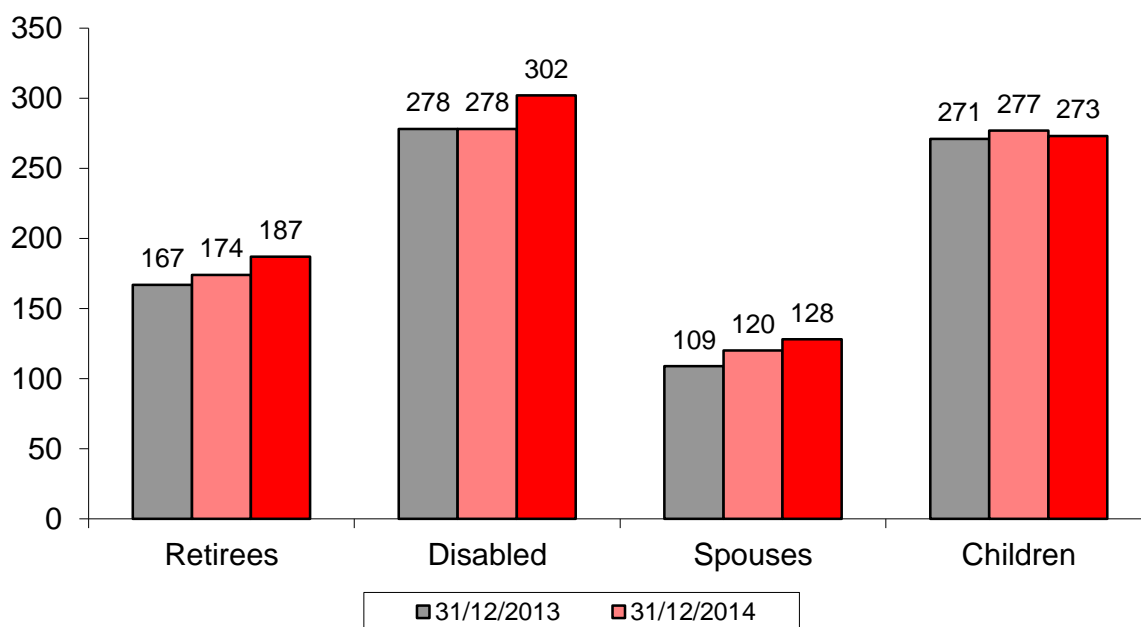
83 employers insured their employees with the Foundation under an affiliation agreement, compared with 78 in 2014.

Changes in the number of active members are shown below. There was a slight decline in membership numbers during the review period.



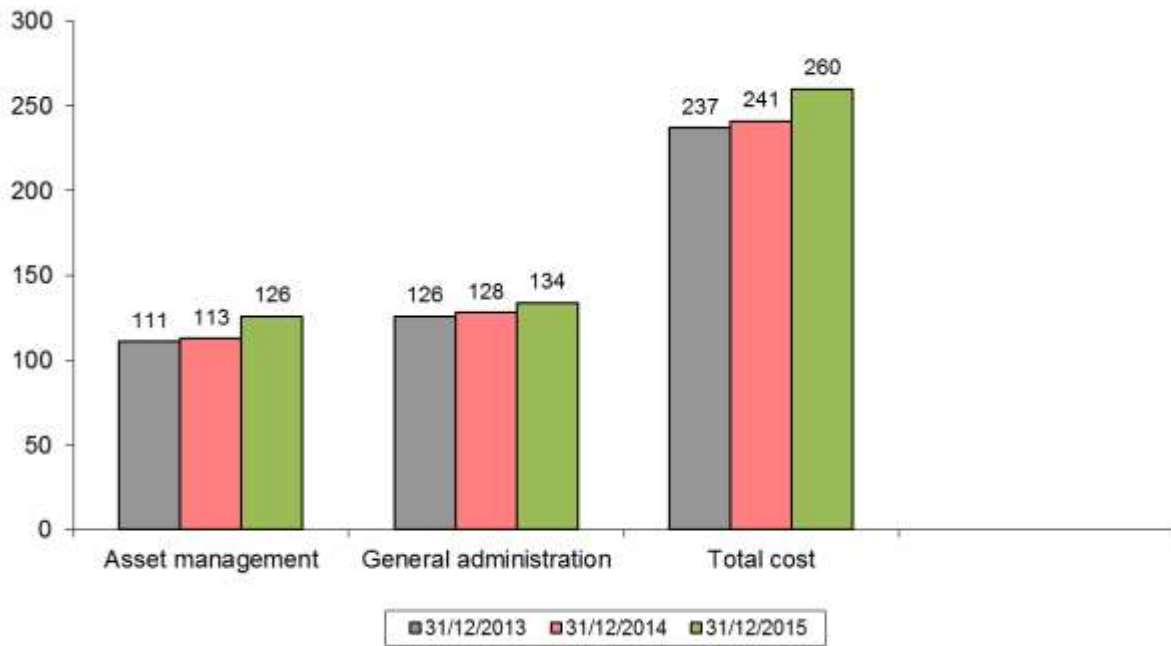
## Pensioners

The total number of pensioners grew considerably in 2015, reaching 890 at 31 December compared with 849 at the end of 2014. There was a linear increase in the number of retirees and spouses, whereas the number of disability cases rose substantially. Child pensions on the other hand were down in number.



## Management costs

Changes in the Foundation's management costs are shown below. The increase in management costs stems mainly from an increase in asset investments, a rise in the number of employee status changes, and a reduction in the membership from 23,600 members in 2014 to 23,000 in 2015.



# Assets

---

## Pension assets

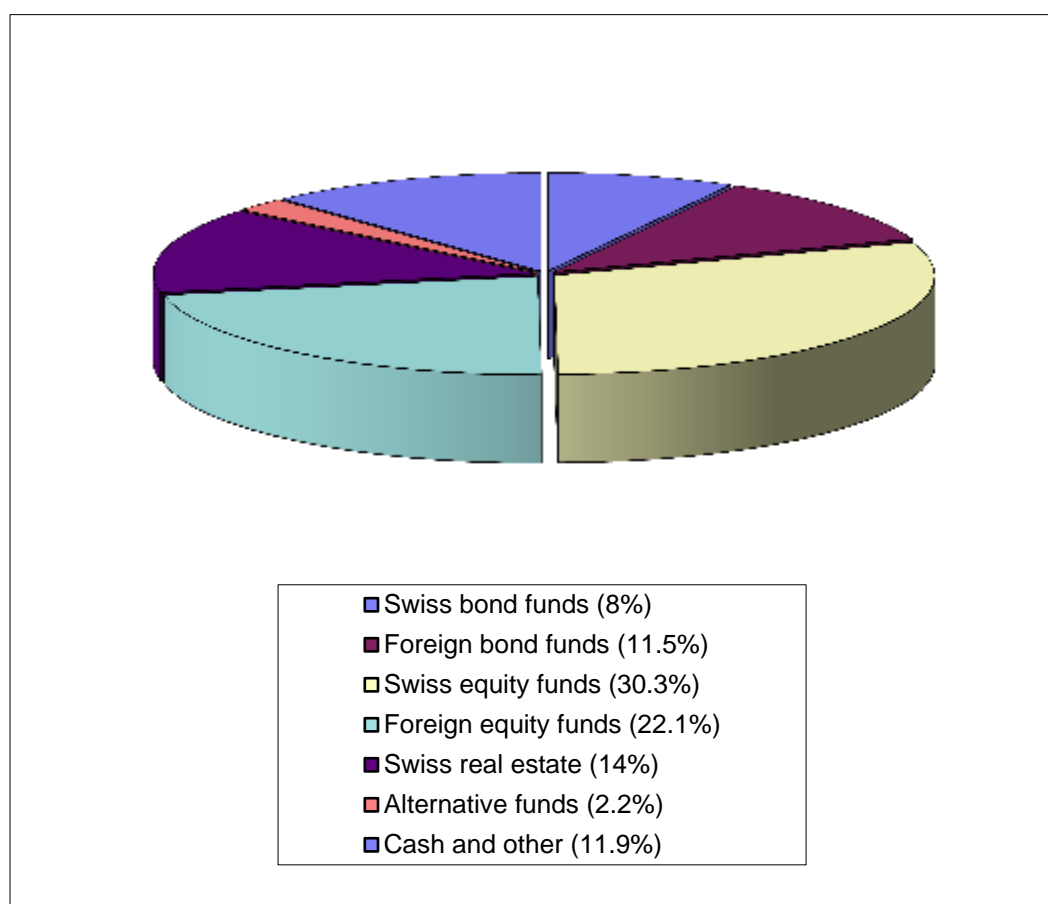
The Foundation's benefits liabilities are covered by its available assets, i.e. the balance sheet assets at market value, less debts. Once again, available assets were up in 2015, amounting to CHF 373,726,646 at 31 December compared with CHF 350,453,626 in 2014, an increase of 6%.

## Investment fluctuation reserve

For the **seventh consecutive year**, this reserve, which serves to compensate fluctuations in the financial markets, attained its target value, equal to **25%** of the Foundation's total insurance liabilities and technical provisions. At 31 December 2015, it stood at CHF 69,127,708.

## Asset structure

The chart below shows the asset allocation of funds under management at 31 December 2015, with equities occupying the largest weighting, at between 20% and 30%. Swiss real estate investments now represent a substantial part of the portfolio with a weighting of 14%. The Swiss bond fund allocation is now only 8%. However, investments continue to meet the prudence 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 2015 with that of the previous year. The pension liabilities are calculated in accordance with the LPP/BVG 2010 mortality tables at 3%.

	Financial situation at	
	31.12.2015	31.12.2014
<b>Total assets</b>	<b>430,821,342.78</b>	<b>396,247,100.55</b>
Debts	- 55,926,365.16	- 44,727,215.20
Accrued liabilities and deferred income	- 486,434.10	- 1,059,631.10
Employer contribution reserve	-681,897.50	-6,628.50
Investment fluctuation reserve	- 69,127,708.26	- 59,772,362.96
<b>Available assets</b>	<b>304,598,937.76</b>	<b>290,681,262.79</b>
<b>Pension liabilities and technical provisions</b>		
- Pension liabilities - active members	-161,959,955.05	- 150,973,974.85
- Pension liabilities - pension beneficiaries	- 77,325,997.00	- 69,648,826.00
- Liabilities under insurance contracts	- 804,881.00	- 876,651.00
- Technical provisions	- 36,420,000.00	- 17,590,000.00
<b>Total pension liabilities and technical provisions</b>	<b>- 276,510,833.05</b>	<b>- 239,089,451.85</b>
Foundation's capital	- 1,000.00	- 1,000.00
<b>Non-committed funds</b>	<b>28,087,104.71</b>	<b>51,590,810.94</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 2015, the funded status under Article 44 OPP2/BVV2 was 135.16% against 146.58% in the previous year. Despite a decline in the funded status, our Foundation is still in a healthy and solid financial position, thanks in particular to its favourable demographic structure.

## Financial situation

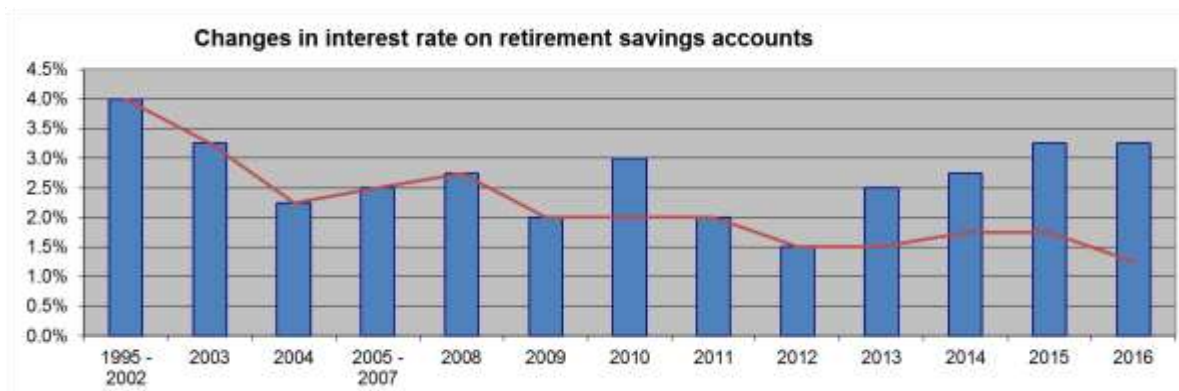
Despite heavy volatility in the financial markets in 2015, assets under management produced a positive set of results, with an annual performance of 1.7%. The Foundation still generates gains on the death/disability risk process and on administration costs, but as a result of the creation of new technical provisions, in particular, net income for the year was negative (CHF 14,148,360.93). However, the investment fluctuation reserve was maintained at its target value. The non-committed funds declined to CHF 28,088,105.

**In conclusion, our Foundation's fundamentals remain solid.**

## Interest on retirement savings accounts

In 2015, the retirement savings accounts of active members earned 2.75% interest from 1 January to 30 June, then 3.75% from 1 July to 31 December. This represents an average rate of **3.25%**, which is 1.5% higher than the minimum LPP/BVG rate set by the Federal Council. For 2016, the Pension Board has set the interest rate at 3.25%, which is a substantial 2% above the minimum rate set by the government, in order that our active members can benefit from the Foundation's robust financial situation.

The chart below shows the changes in the interest rate on retirement savings accounts in the Foundation over the past 21 years (the red curve indicates the changes in the minimum LPP/BVG rate by comparison).



## Pensions in payment at 1 January 2016

The Pension Board also wants all pensioners to participate in the Foundation's positive results, and has therefore decided to **increase all pensions by 2% with effect at 1 January 2016**. When considering the increase it also took account of its intention to pursue a sustainable financial management policy.



## Activities and news

---

The Pension Board took a number of decisions in 2015 and during the first few months of 2016, and these were implemented with the assistance of the management company. The main points are summarised below, together with other significant events.

### New reduction in risk contributions from 1 January 2016

Since 1 January 2012, the Pension Board has instigated 3 cuts in contributions for death and disability risks, on the one hand, and administration costs on the other. The former were reduced from 3.0% to 2.0% and the latter from 1.0% to 0.8%, for a total reduction of 1.2%, from 4.0% to 2.8%.

The Pension Board has found that risk management has so far remained under control, and the solid results achieved last year mean that it can again envisage a reduction in contributions. We are therefore delighted to inform you that with effect from **1 January 2016, guaranteed until 31 December 2018**, the contribution rate for risks and costs will be as follows (as a % of pensionable salary).

<p><u>New rates from 1 January 2016</u></p> <p>Contribution rate for death and disability risk: <b>1.8%</b> instead of 2.0%</p> <p>Contribution rate for administrative costs: <b>0.6%</b> instead of 0.8%</p> <p><u>Total: <b>2.4%</b> instead of 2.8%</u></p>
---

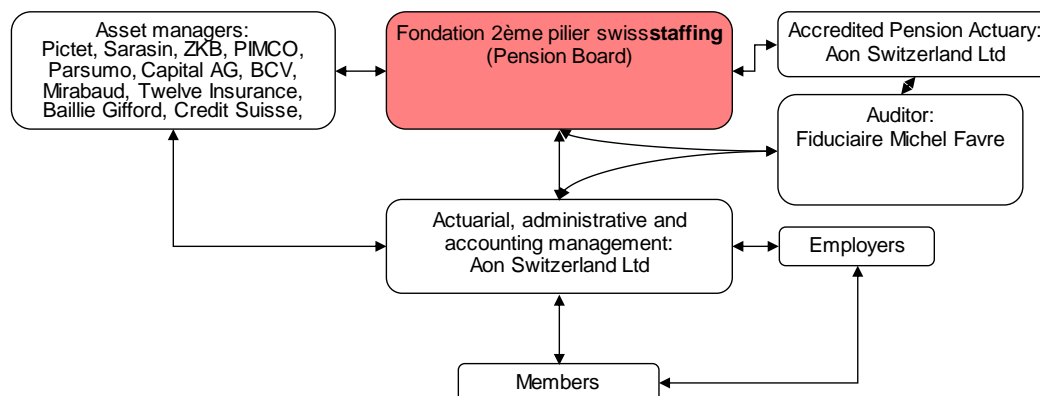
The reduction is therefore equivalent to 0.4% of the pensionable salary, divided equally between employers (0.2%) and employees (0.2%).

### 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 2015 and will end in 2020. Its members are shown below.

### Employer representatives

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

### Employee representatives

- Mr Aldo Ferrari, Member
- Ms Irène Righetti, Member
- Ms Karin Zihlmann, **Member since 1 June 2016**

Distribution: Affiliated employers  
Swiss**staffing** Association  
Management company  
Regulatory Authority  
Auditor