

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

Management Report for 2016

---

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

Management Report for 2016



---

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

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

---

## **Editorial**

### **Presentation of the Foundation**

### **Membership statistics**

### **Assets**

### **Financial situation**

### **Activities and news**

### **Structure of the Foundation**

---

Neuchâtel, June 2017

# Vorwort

Neuchâtel, June 2017

## Dear Reader,

This Management Report for the year ended 31 December 2016 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 website.

2016 was not an easy investment year for asset managers. The markets were affected by political uncertainty and the disparate approaches of the central banks. Dampened by the fears surrounding China's growth, equities markets were extremely weak at the start of the year. In the first half of 2016, in the wake of the unexpected outcome of the Brexit vote, the markets came under pressure. Donald Trump's surprising victory in the US presidential elections in November finally provoked a strong rally.

As at 31.12.2016, the Foundation realised an overall performance of 4.0%, once again over the average range (between 3.41% and 3.87%) for Swiss pension funds.

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 (3.25% from 1 January 2016 and 3.0% from 1 January 2017).
- A 2% indexation of the pensions of all pensioners with effect at 1 January 2016.
- Payment of a 13th pension to all retirement, survivor, disability and child pensioners. Payment was made on 13 December 2016.

Finally, funded status was 136.09% at 31 December 2016 (2015: 135.16%), indicating a very solid financial position.

We wish you instructive reading.

Yours sincerely,



**Georg Staub**  
Chair



**Oliver Eichenberger**  
Secretary

# Presentation of the Foundation

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 licensed to operate in the field of mandatory occupational benefits.

By joining our Foundation, all member companies of the swissstaffing Association can therefore comply with employers' statutory duties in respect of occupational 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 swissstaffing 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 147.- per account per year or 0.789% of assets under management;
- general administration costs (including Auditor, Accredited Pension Actuary and Regulatory Authorities): CHF 130.- per account per year;
- total operating costs: CHF 277.- 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 249 affiliation agreements, representing 142 companies in the sector, with a total of more than 24,500 active members and pensioners. For 2016, this represented close to 271,000 salaries reported, 32,831 new affiliations and 31,222 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 10).

## Participate in our success

Our members benefit from our good performance: in 2017, all retirement savings capital will attract 3% interest.



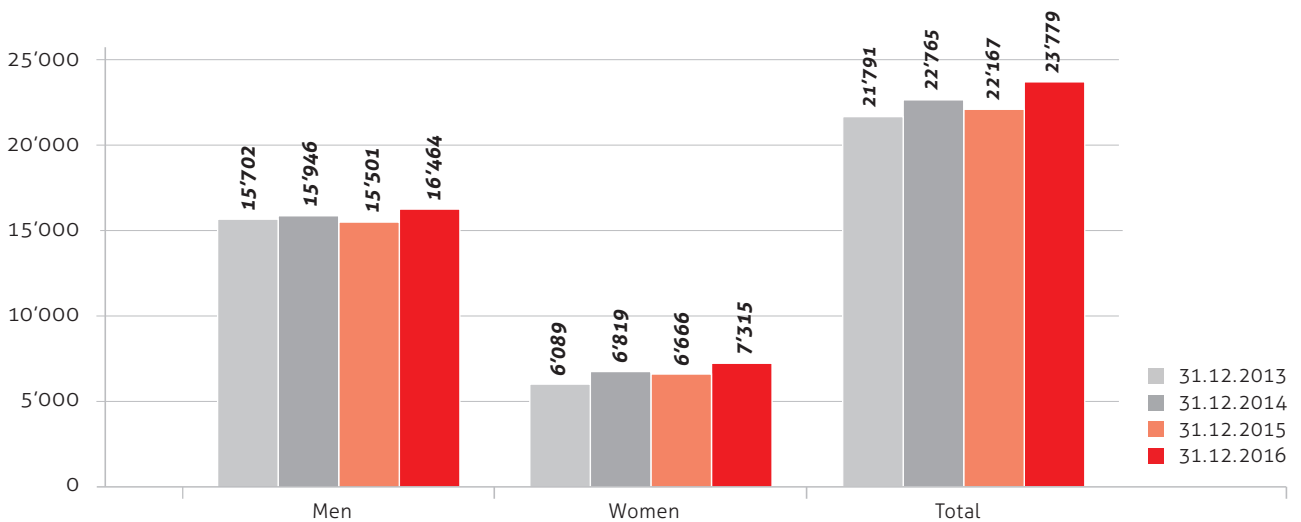
# Membership statistics

## Active members

At 31 December 2016, the Foundation managed the occupational benefits of temporary employees under 163 affiliation agreements, compared with 160 at 31 December 2015.

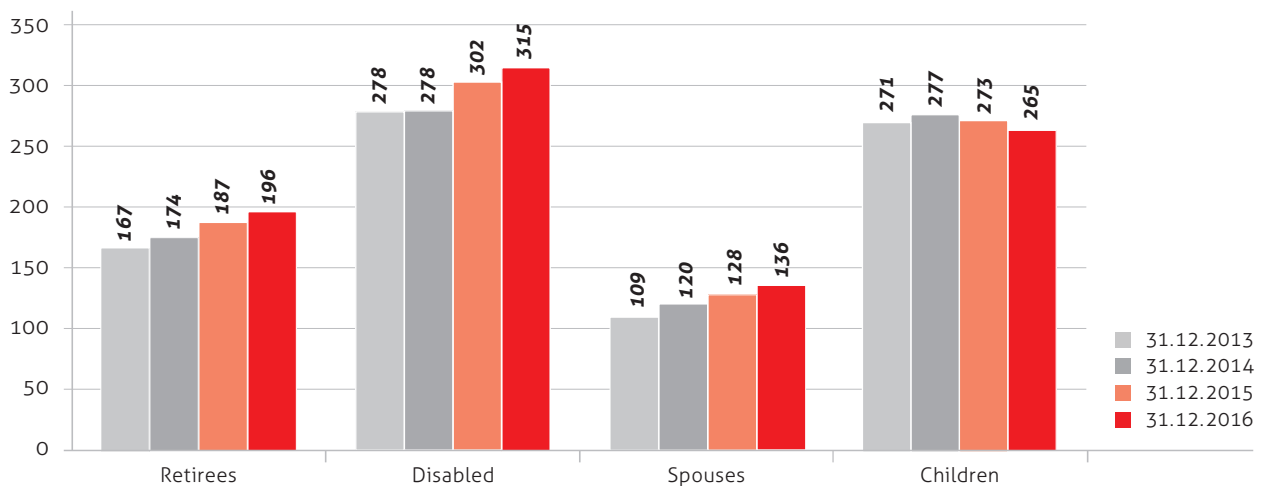
86 employers insured their employees with the Foundation under an affiliation agreement, compared with 83 the prior year.

Changes in the active headcount are shown below. There was an increase in headcount during the review period.



## Pensioners

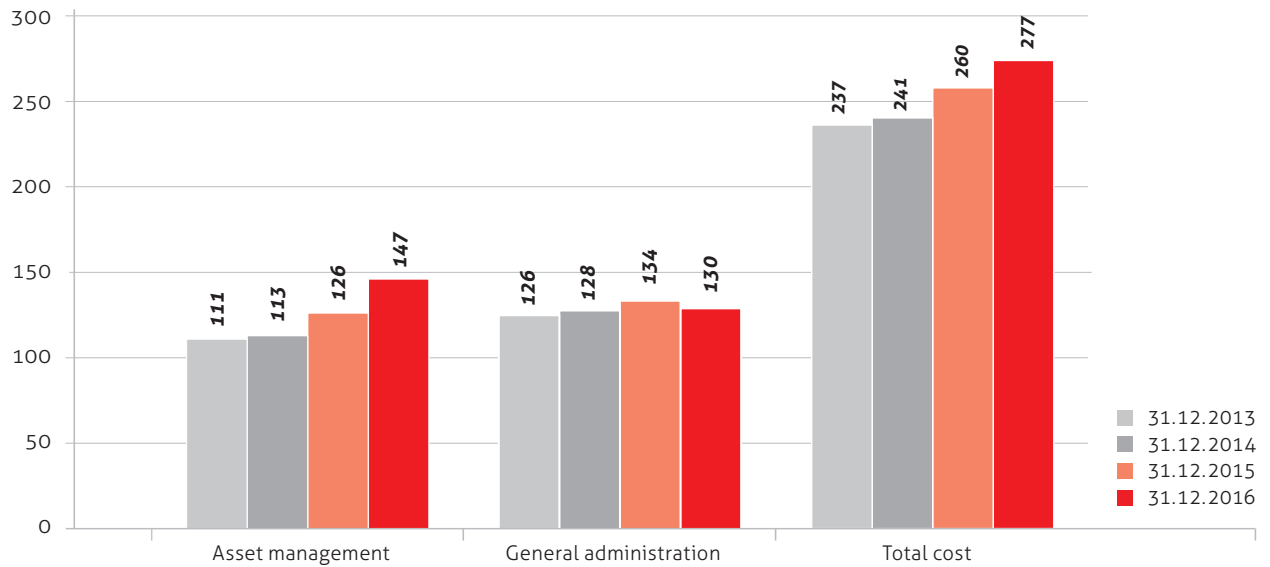
The total pensioner headcount increased again in 2016 (912 pensions in payment at 31 December 2016 compared with 890 at the end of 2015). With the exception of child pensions which have been decreasing since 2014, there was a linear increase in the number of retirement, spouse and disability pensions.



# Membership statistics

## 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. General administration costs were successfully contained despite a rise in the number of employee status changes, and the increase in headcount from 23,000 members in 2015 to 24,700 in 2016.



# Assets

## Pension assets

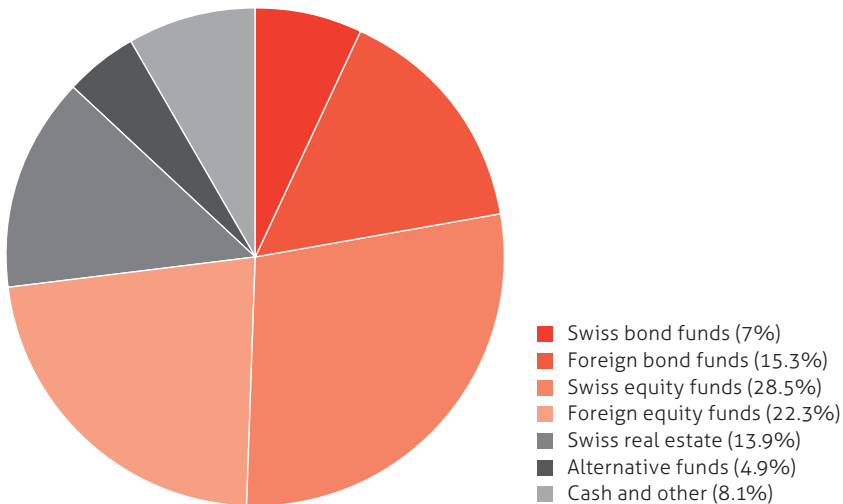
The Foundation's benefits liabilities are covered by its available assets, i.e. the balance sheet assets at market value, less debts and deferred income and employer contribution reserves. Once again, available assets were up, amounting to CHF 409,828,420 at 31 December 2016 compared with CHF 373,726,646 at 31 December 2015, an increase of 9.6%.

## Investment fluctuation reserve

For the eighth 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 2016, it stood at CHF 75,284,852.

## Asset structure

The chart below shows the asset allocation of funds under management, 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%. As in the prior year, the Swiss bond fund allocation is only 8%. However, investments continue to meet the prudent objectives set by the Pension Board.



### A healthy pension fund

We are in a strong financial position. For several years, our coverage ratio has far exceeded 100%. At the end of 2016, it had reached 136%.

# Financial situation

## Balance sheet

The balance sheet shows 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 2016 with that of the previous year. The pension liabilities are calculated in accordance with the LPP/BVG 2010 mortality tables at 3.0%.

	31.12.2016	Financial situation at 31.12.2015
<b>Total assets</b>	<b>463'643'476.82</b>	<b>430'821'342.78</b>
Debts	-52'491'826.46	-55'926'365.16
Accrued liabilities and deferred income	-641'332.59	-486'434.10
Employer contribution reserve	-681'897.50	-681'897.50
Investment fluctuation reserve	-75'284'852.81	-69'127'708.26
<b>Available assets</b>	<b>334'543'567.46</b>	<b>304'598'937.76</b>
<b>Pension liabilities and technical provisions</b>		
Pension liabilities - active members	-179'974'680.25	-161'959'955.05
Pension liabilities - pension beneficiaries	-83'933'954.00	-77'325'997.00
Liabilities under insurance contracts	-770'777.00	-804'881.00
Technical provisions	-36'460'000.00	-36'420'000.00
<b>Total pension liabilities and technical provisions</b>	<b>-301'139'411.25</b>	<b>276'510'833.05</b>
Foundation's capital	-1'000.00	-1'000.00
<b>Non-committed funds</b>	<b>33'403'156.21</b>	<b>28'087'104.71</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 2016, the funded status under Article 44 OPP2/BVV2 was 136.09% against 135.16% in the previous year. The Foundation's funded status and financial situation has thus further improved and is healthy and solid, thanks in particular to the Foundation's favourable demographic structure.



# Financial situation

## Financial situation

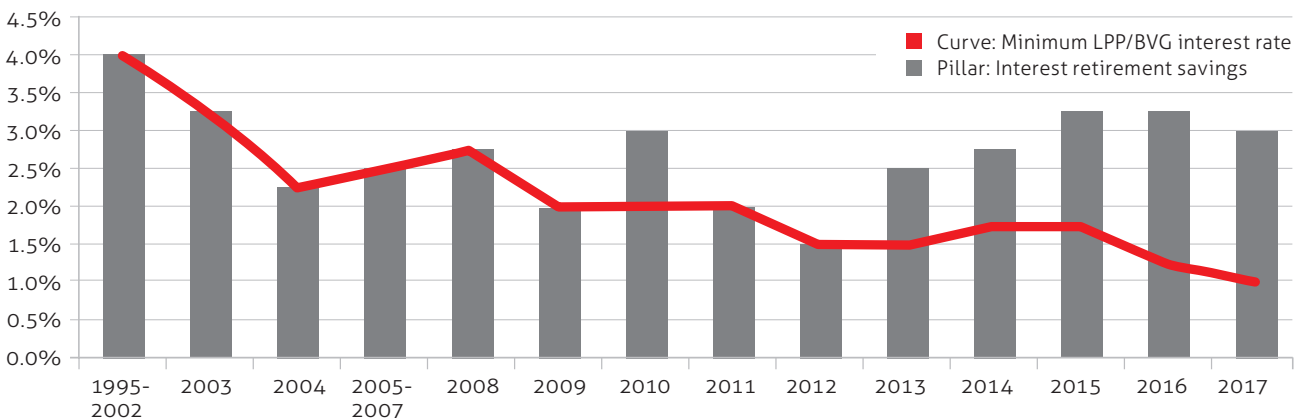
2016 was not an easy investment year for asset managers. Markets were affected by political uncertainty and the disparate approaches of the central banks. Donald Trump's surprising victory in the US presidential elections in November finally provoked a strong rally, and the Foundation closed the investment year with a satisfactory global performance of 4.0% as at 31.12.2016. After increasing all provisions and the necessary investment fluctuation reserve (target value 25% of pension assets) for a total amount of CHF 75,284,852, the Foundation reported an income surplus of CHF 5,317,051. Non-committed funds thus equaled CHF 33,404,156 (prior year CHF 28,088,104).

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

## Interest on retirement savings accounts

The retirement savings accounts of active members earned 3.25% interest in 2016, i.e. a rate which is 2% higher than the minimum LPP/BVG rate set by the Federal Council. For 2017, the Pension Board has set the interest rate at 3.0% (2% above the minimum LPP/BVG rate of 1% 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 22 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.



### A safe pension fund

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

---

# Main 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. The main points in a nutshell:

## Reduction of risk contributions effective 1 January 2016 with a guarantee to 31 December 2018

---

**As of 1 January 2016, contribution rates set in % of pensionable salary:**

- Death and disability risk contribution rates: 1.8% previously 2.0%
- Cost-coverage contribution rate: 0.6% previously 0.8%
- Total 2.4% previously 2.8%

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

## Higher interest on retirement savings capital

---

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 interest rate set by the Pension Board is valid until the end of 2018.

BVG/LPP minimum interest rate for 2016: 1.25%

- Interest rate on retirement savings capital in SwissStaffing 2<sup>nd</sup> pillar Foundation: 3.25%

BVG/LPP minimum interest rate for 2017: 1.00%

- Interest rate on retirement savings capital in SwissStaffing 2<sup>nd</sup> pillar Foundation: 3.00%

BVG/LPP minimum interest rate for 2018 as yet unknown.

## Adjustment of pensions to the cost of living and payment of a 13th month's pension

---

**Effective 1 January 2016, pensions were increased by 2% for all pensioners.**

In December 2016, all recipients of a retirement, survivor, disability or child pension were granted an additional (13<sup>th</sup>) month's pension.

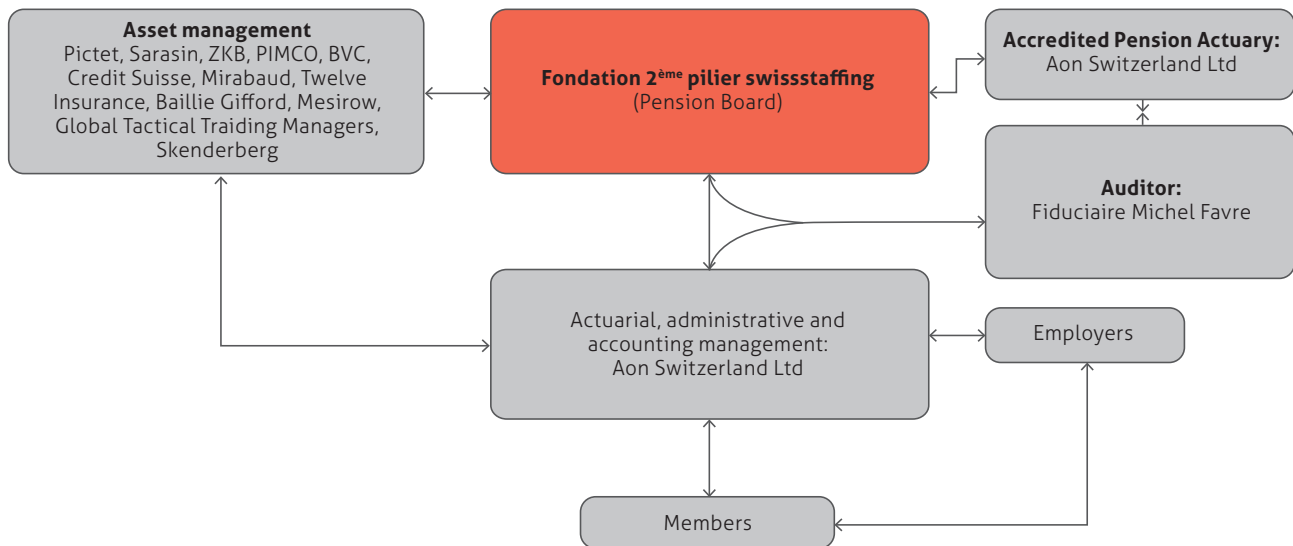
## Exercise of shareholder voting rights

---

The Foundation exercised its voting rights by proxy, delegating them to an independent neutral representative.

# 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
- swisstaffing Association
- Management Company
- Regulatory Authority
- Auditor



### 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.



**The swisstaffing 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.

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

swisstaffing  
Stettbachstrasse 10  
CH-8600 Dübendorf

 **swisstaffing**  
BVG-LPP

---