

Berufliche Vorsorge
Prévoyance professionnelle
Occupational pension

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Information event

Members of the Hitachi Group Pension scheme

September 2023

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Welcome

Agenda

1. Welcome
2. Principles of occupational pension
3. Hitachi Group Pension Fund: current situation
4. Realignment concept
5. New Rules as of 1 January 2024
6. Next steps
7. Discussion / Q&A

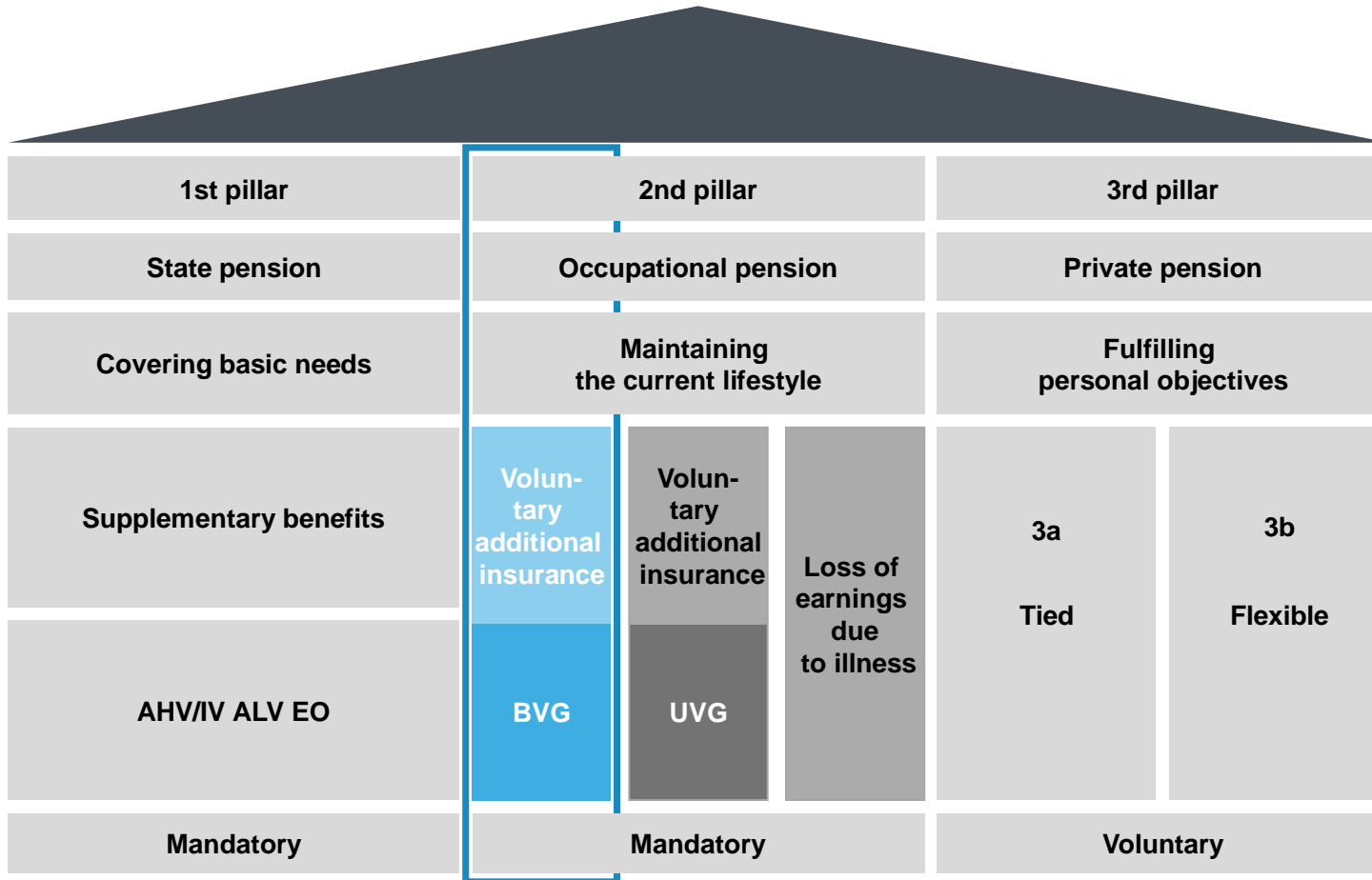
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Principles of occupational pension

3-pillar system



BVG = Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans

The BVG defines which employees must be affiliated with a pension fund and sets out the minimum benefits that the pension funds must provide (mandatory benefits).

Voluntary additional insurance under the BVG = non-mandatory

Some pension funds, such as the Hitachi Group Pension Fund and the Hitachi Group Supplementary Insurance Plan, pay higher benefits above the mandatory BVG level. In this case, the term "non-mandatory" is used.

The Pension Fund's old-age, survivors' and disability pension scheme (2nd pillar)



Pension provision in addition to AHV

Retirement

- Retirement pension

and/or

- retirement capital



Risk insurance in addition to AHV / IV

Death

- Survivors' pension
- Death benefit

Disability

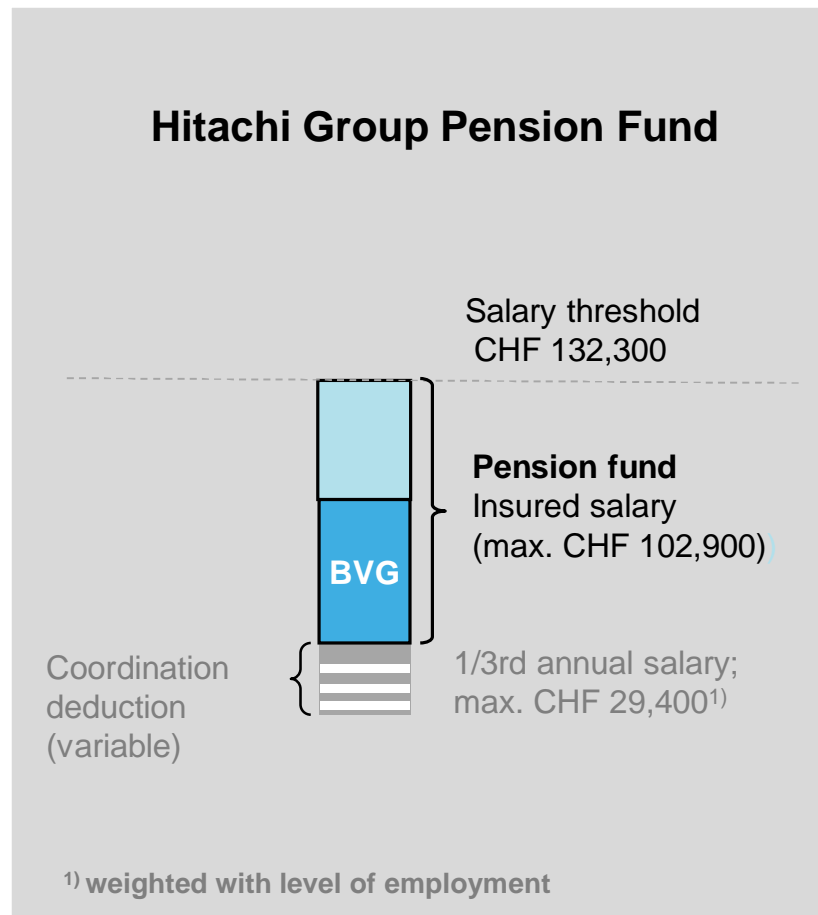
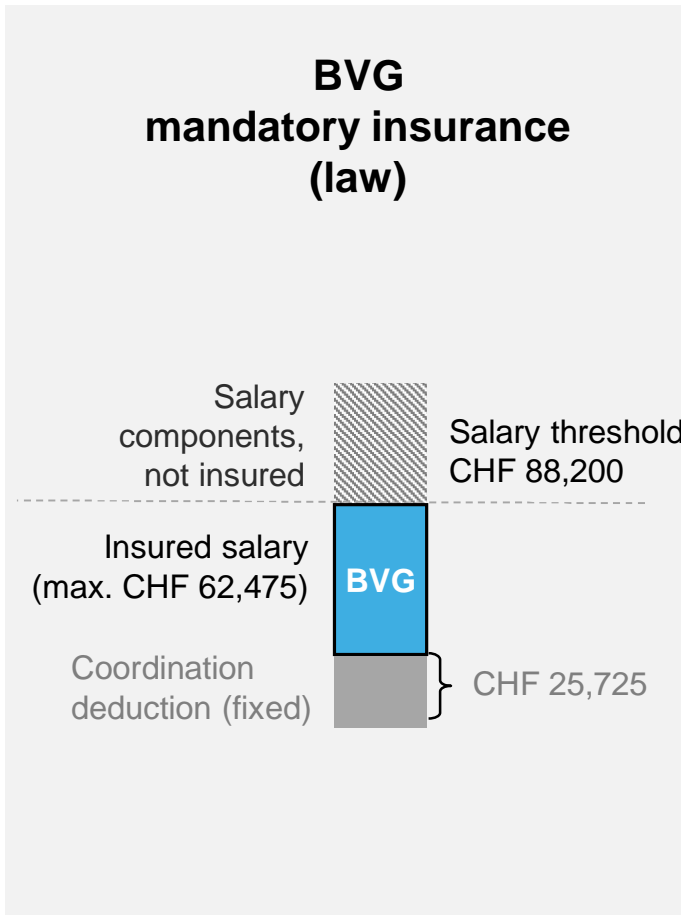
- Disability pension



Purpose of occupational pension schemes:

Ensuring financial security for members and their dependents in old age and in the event of disability and death.

Hitachi Group Pension Fund: insured salary (2023)

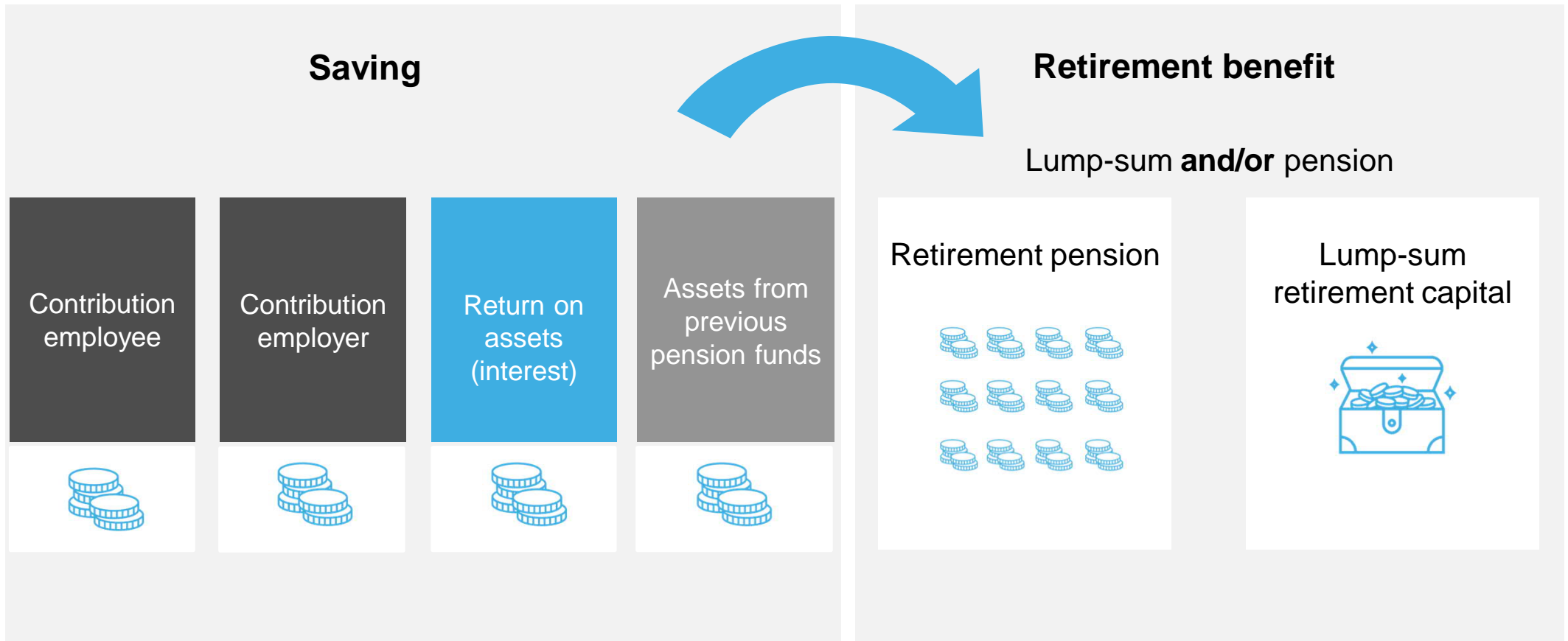


Coordination deduction

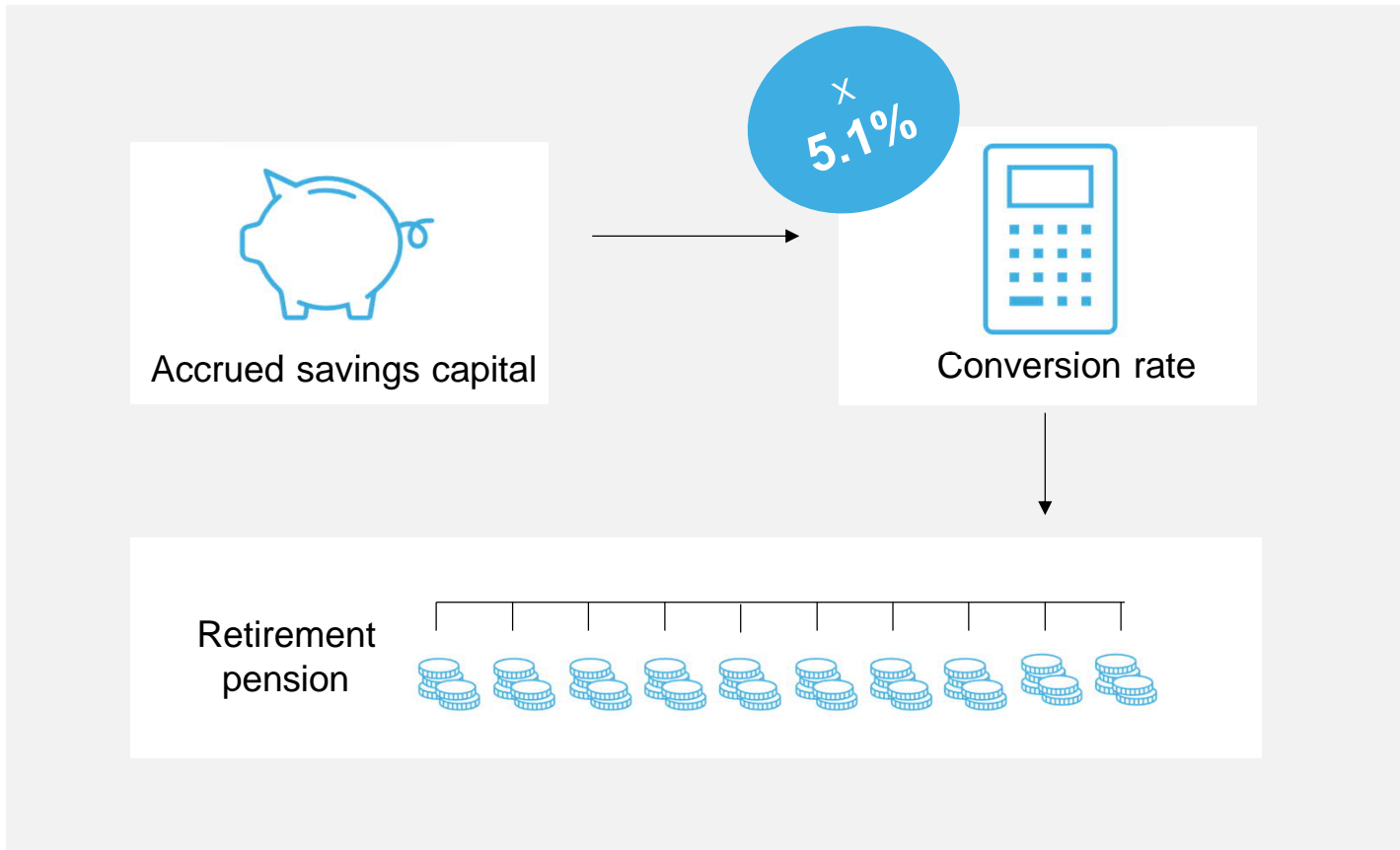
The insured salary in the pension fund is determined on the basis of the BVG coordination deduction. The coordination deduction is deducted from the annual salary since this amount is already insured under the AHV (1st pillar).

Pension funds that offer benefits in excess of the BVG are free to define a different coordination deduction.

Savings process and retirement benefit



Conversion rate - function



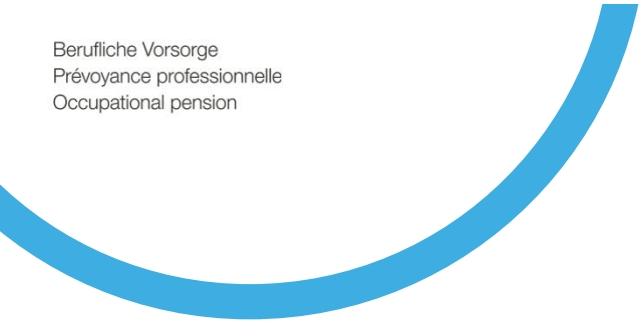
Conversion rate

On retirement, the savings capital is converted into a lifelong pension – unless it is drawn as a lump sum.

To this end, the so-called conversion rate is applied. It indicates the percentage of the savings capital that makes up the annual retirement pension.

The level of the conversion rate depends on the assumed **life expectancy** and the **expected return** on investments.

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Hitachi Group Pension Fund

Current situation

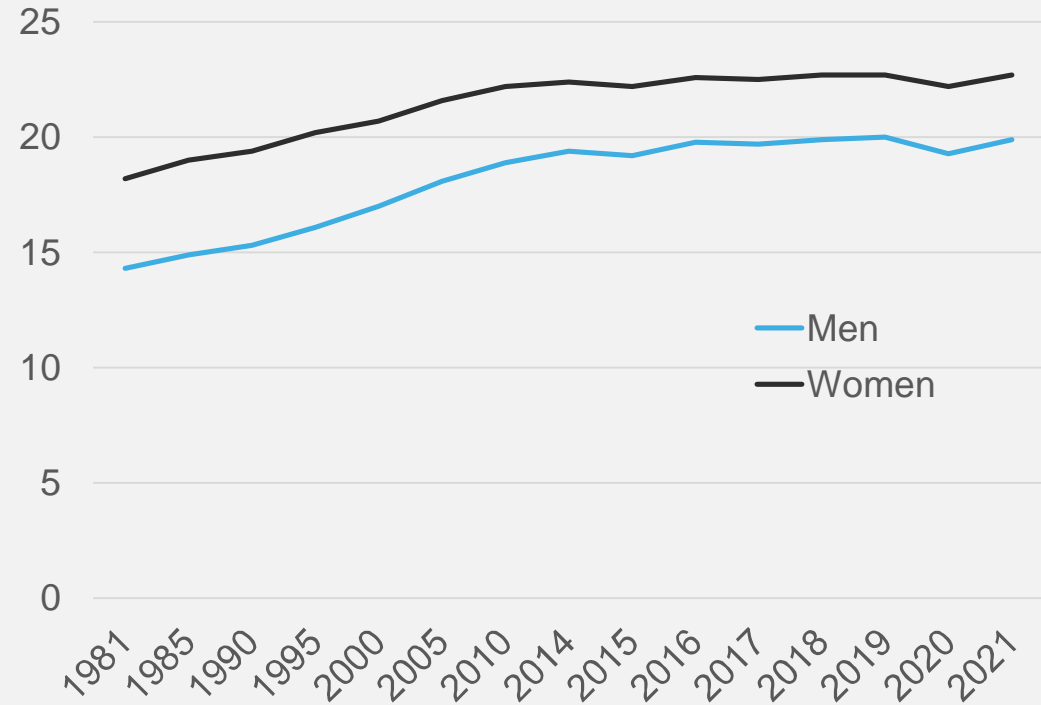
Challenges facing occupational pension schemes (life expectancy)

- Rising life expectancy
- Fixed retirement age

- Longer pension disbursement period

Life expectancy at age 65

in years



Source: Federal Statistical Office, 2021

Challenges facing occupational pension schemes (return on assets)

Lower
interest rates

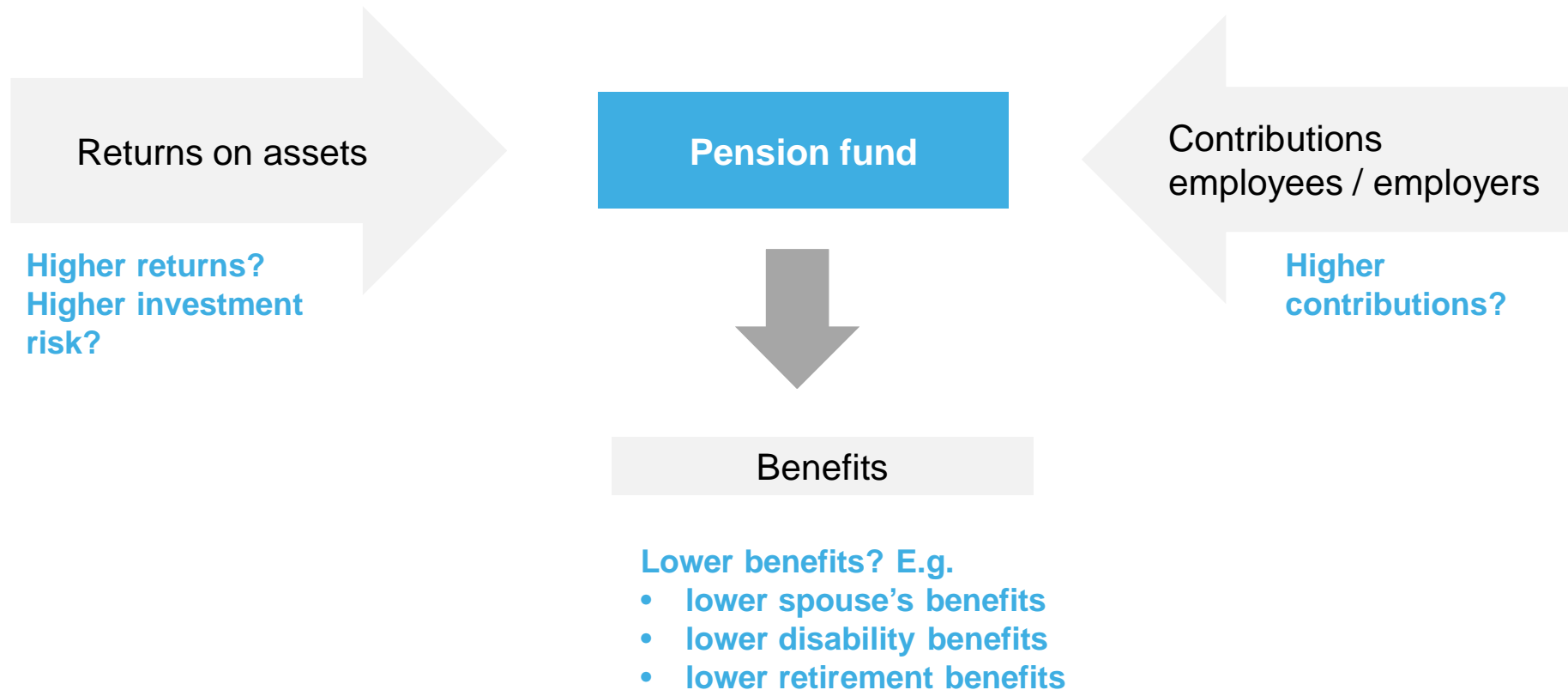
Lower
returns on assets
for pension capital

Yields on 10-year federal bonds in %



Source: Data portal of the Swiss National Bank, 2023

How can pension funds secure their long-term financing?



Objectives set by the Board of Trustees for your pension fund



up to date



fair




well developed



**stable financial
situation**

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Realignment concept

Changes as of 1 January 2024

New contribution scale and higher contributions from 2024 (I)

Age	Members' savings contributions Standard	Members' savings contributions plus	Members' savings contributions minus	Risk contribution members	Savings contribution employer	Risk contribution employer	Total contribution employer
18 - 20	0.00%	0.00%	0.00%	0.00%	0.00%	2.70%	2.70%
21 - 24	3.50%	7.95%	0.00%	0.00%	5.25%	2.70%	7.95%
25 - 29	4.50%	8.95%	3.00%	0.00%	6.25%	2.70%	8.95%
30 - 34	5.50%	9.95%	4.00%	0.00%	7.25%	2.70%	9.95%
35 - 39	6.50%	10.95%	5.00%	0.00%	8.25%	2.70%	10.95%
40 - 44	7.50%	11.95%	6.00%	0.00%	9.25%	2.70%	11.95%
45 - 49	8.50%	12.95%	7.00%	0.00%	10.25%	2.70%	12.95%
50 - 54	9.50%	13.95%	8.00%	0.00%	11.25%	2.70%	13.95%
55 - 65	10.50%	14.95%	9.00%	0.00%	12.25%	2.70%	14.95%
66 - 70	10.50%	14.95%	9.00%	0.00%	12.25%	0.00%	12.25%



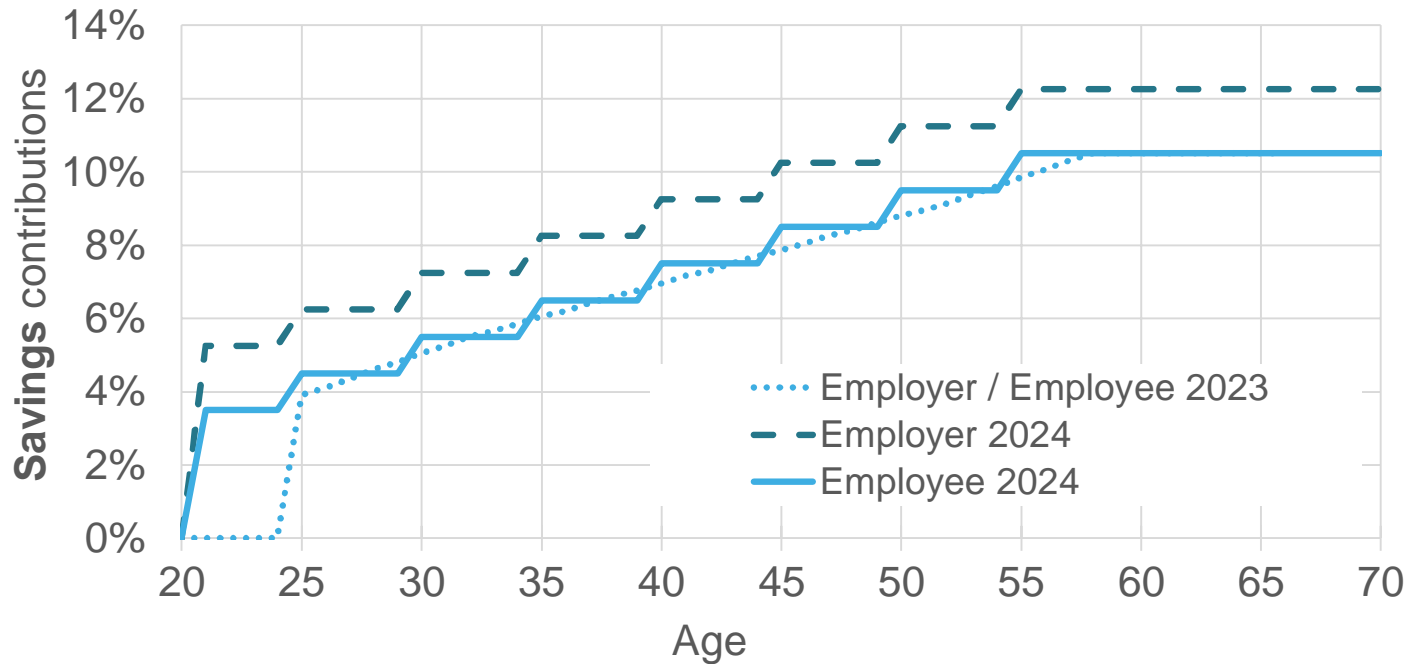
What will change:

- Savings contributions as of age 21
- Higher savings contributions
- Employer pays +2.8 million/year
- Standard plus benefits up to 28% higher than Standard

Lower contributions possible budget is tight:
-> Standard minus

New contribution scale and higher contributions from 2024 (II)

Contribution table Standard



**Example member aged 47
(insured salary 67,550):**

Savings credits as % of insured salary

- new:
18.75 (EE 8.50 / ER 10.25)
- until now:
16.50 (EE 8.25 / ER 8.25)

Savings credits in CHF

- new:
12,666 (EE +169 / ER +1,351)
- until now:
11,146 (EE 5,573 / ER 5,573)

Higher insured salary 2024

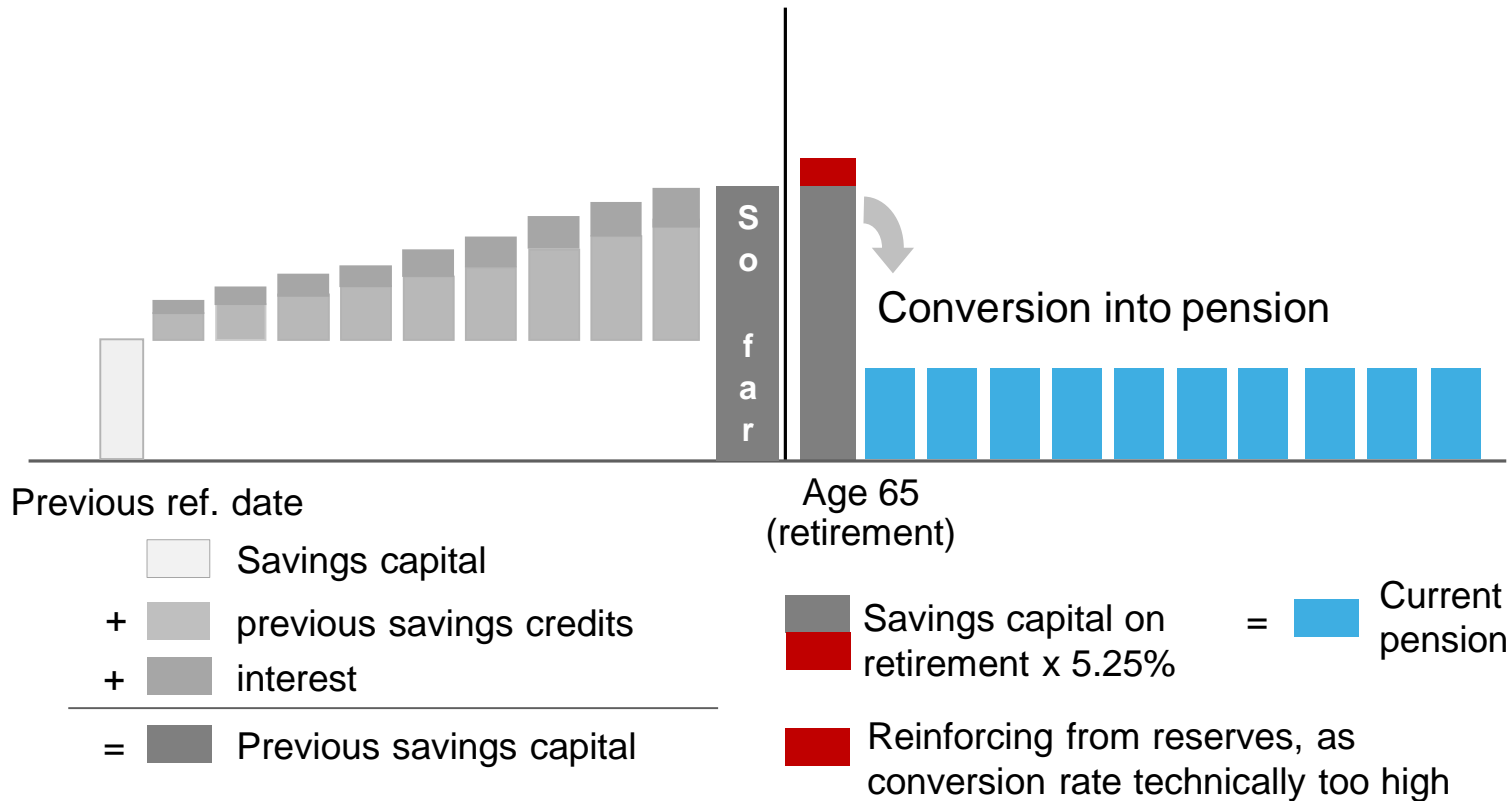
	2023	2024	
Annual salary	91,000	91,000	
50% target bonus	2,275	2,275	
Annual salary incl. bonus	93,275	93,275	
Employment level	100%	100%	
Pension fund			Difference
Relevant salary Savings (incl. bonus)	91,000	93,275	2,275
less coordination deduction	-29,400	-25,725	3,675
Insured salary Savings	61,600	67,550	5,950
Relevant salary Risk (excl. bonus)	91,000	91,000	0
less coordination deduction	-29,400	-25,725	3,675
Insured salary Risk	61,600	65'275	3,675



What will change:

- Reduction of maximum coordination deduction from CHF 29,400 to CHF 25,725
- 50% of the target bonus also insured for retirement benefits
- Increase in maximum insured salary from CHF 102,900 to CHF 106,575

Previous savings capital at age 65 with reinforcement since conversion rate is too high



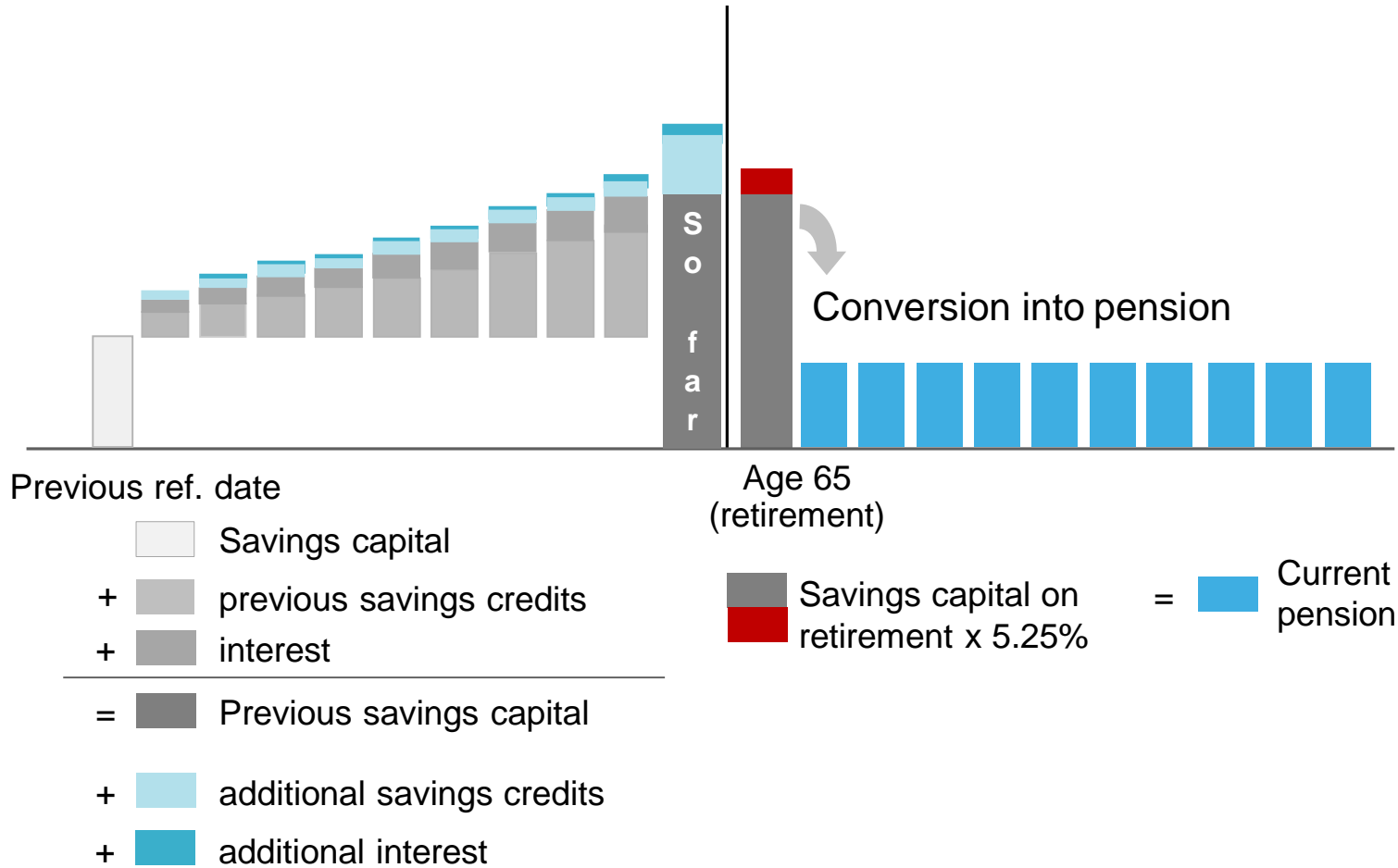
Conversion rate

- until now 5.25%
- new 5.1%

At least equal pension at age 65

On average across all members, the retirement pension increases by around 10%.

Higher savings capital at age 65 as of 1 January 2024



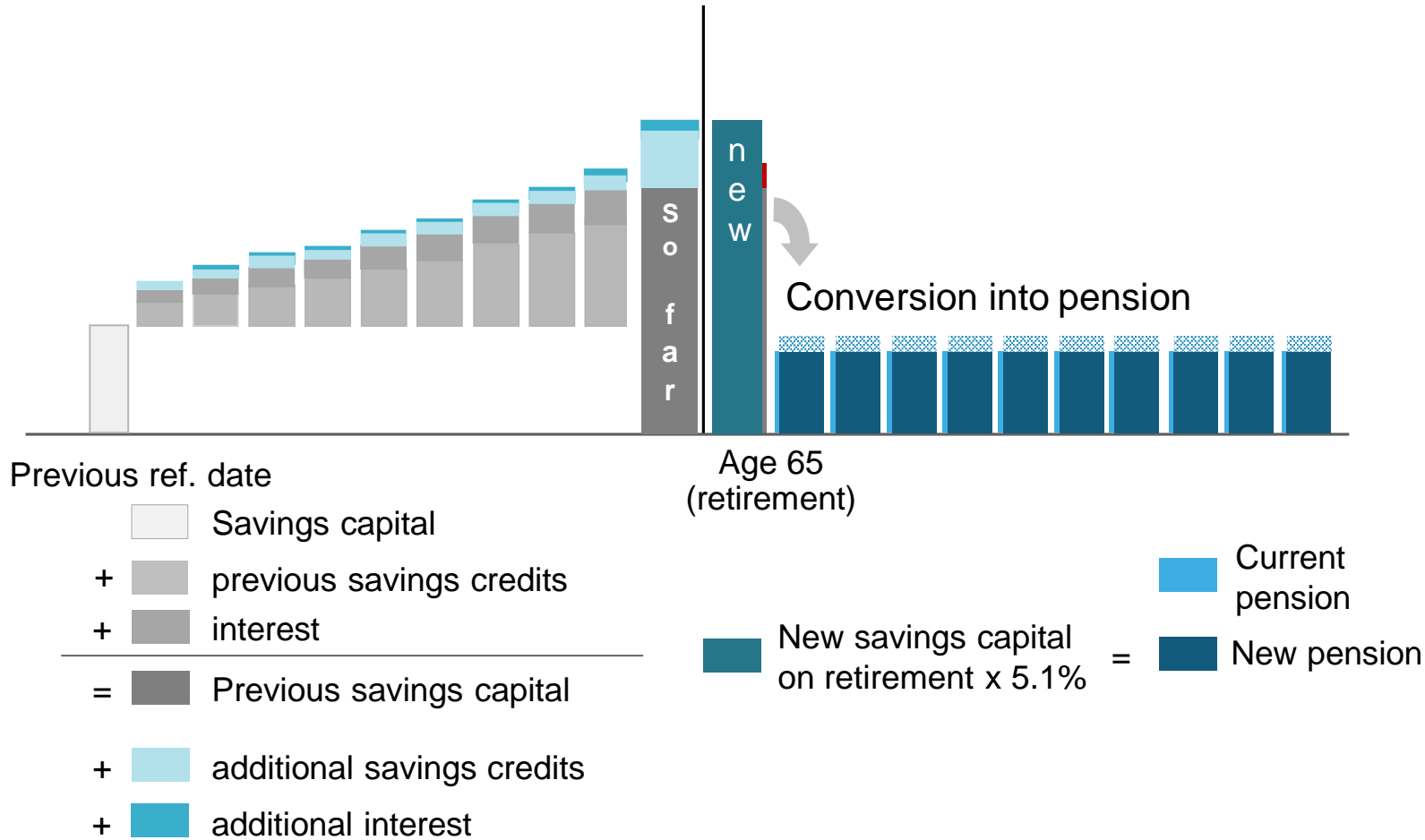
Conversion rate

- until now 5.25%
- new 5.1%

At least equal pension at age 65

On average across all members, the retirement pension increases by around 10%.

Higher savings capital at age 65 and at least equal pension



Conversion rate

- until now 5.25%
- new 5.1%

At least equal pension at age 65

On average across all members, the retirement pension increases by around 10%.

Lowering of conversion rate



- Application of correct actuarial conversion rates
 - Minimised redistribution from younger to older members
 - Fair pension solution for all employees
- Lowering of conversion rate from 5.25% to 5.10% at age 65
- Lowering of conversion rates for early retirement and deferred retirement
 - 4.95% at age 64
 - 4.80% at age 63
 - 4.65% at age 62
 - 4.55% at age 61
 - 4.45% at age 60
 - 4.35% at age 59
 - 4.25% at age 58

Compensation (I)



For all members:

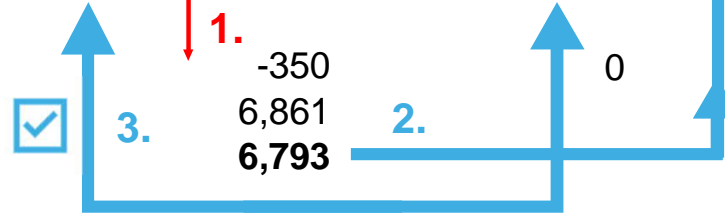
One-off contribution, if the new pension would be lower
(after accounting for future higher contributions)

- Compensation for the past, but not for the future
- The closer to retirement age, the higher the one-off contribution

Compensation (II): comparative calculation for retirement pension at age 65 - previous and new

Example at age 64

Rules	2023 until now	2024 new	2024 compensated
Insured salary	61,600	67,550	67,550
Savings credits	21.0%	22.75%	22.75%
Savings credits	12,936	15,368	15,368
Savings capital 01/01/24	300,000	300,000	300,000
Compensation contribution 01/01/24 (one-off)			6,793
Interest rate	1.0%	1.0%	1.0%
Interest credit	3,000	3,000	3,068
Savings cap. at reg. retirement age	315,936	318,368	325,228
Conversion rate	5.25%	5.10%	5.10%
Retirement pension	16,587	16,237	16,587
Difference in pension		-350	0
Capital deficit		6,861	
Discounting to 01/01/2024		6,793	

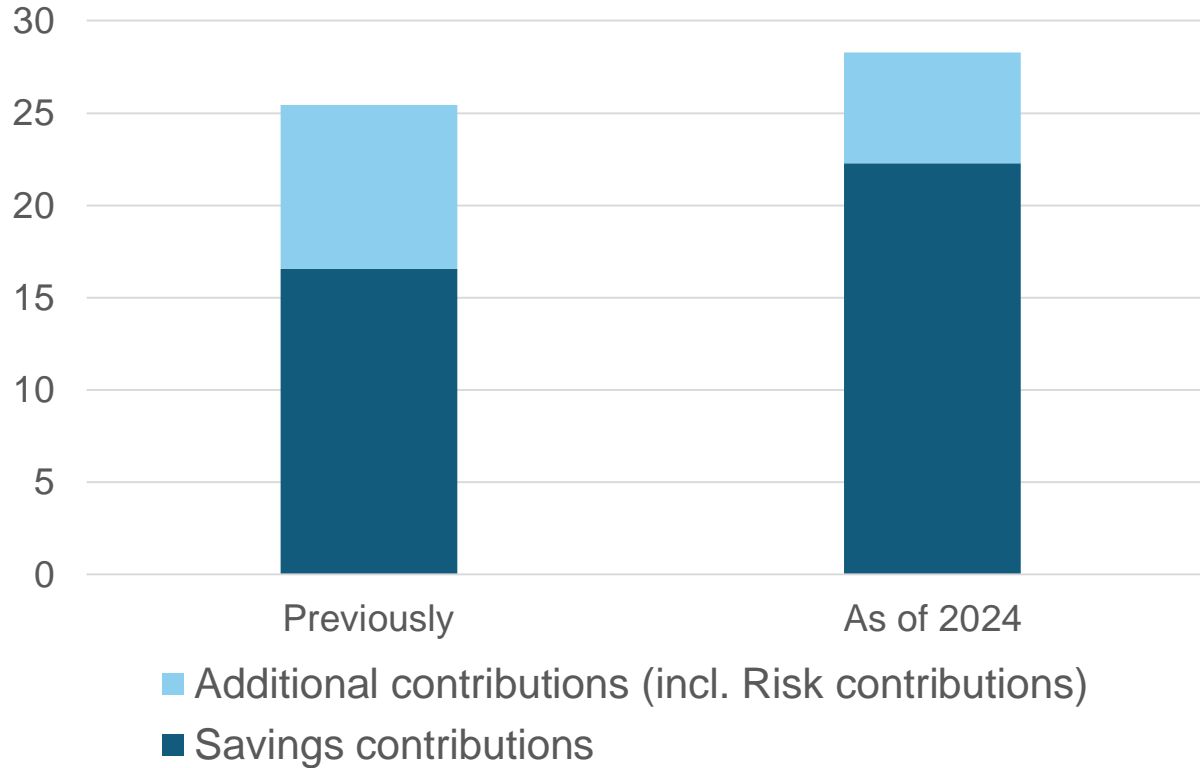


Guarantee of equal or higher retirement pension at age 65

- Comparative calculation
- One-off contribution as at 01/01/24 where necessary
- Everyone is eligible who is insured with the PF as at 31/12/23.
- Buy-ins in 2023 are not taken into consideration

What is the employer's contribution to the realignment?

Employer contributions in million CHF



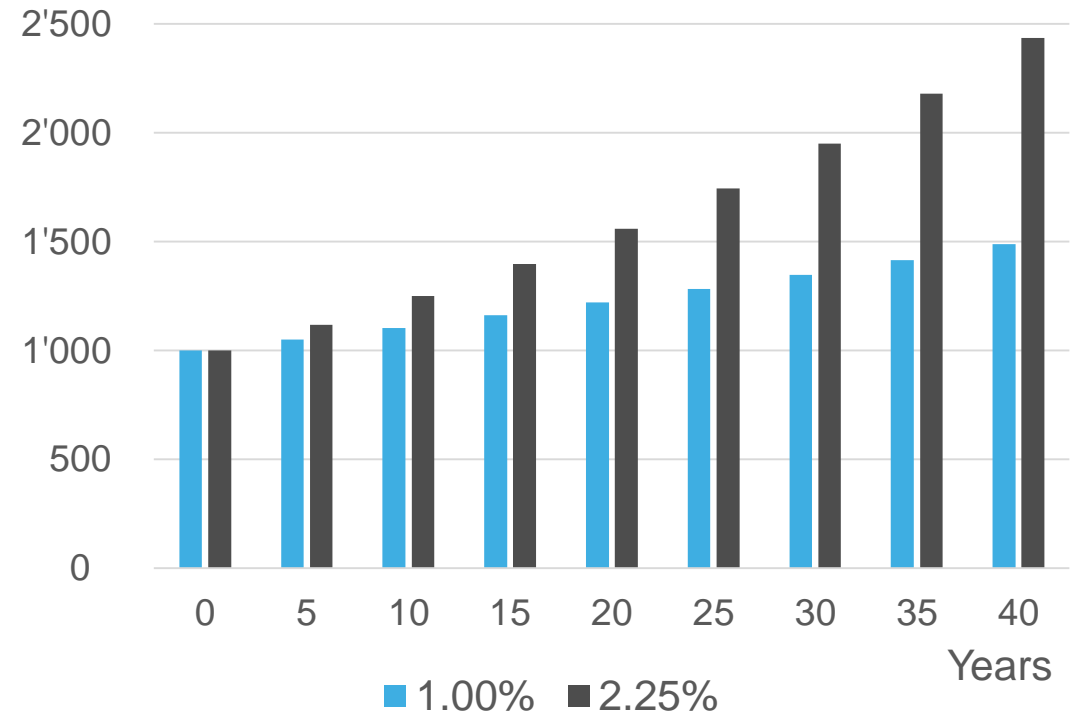
Higher interest expected after realignment

The Pension Fund expects **higher interest** for the members:

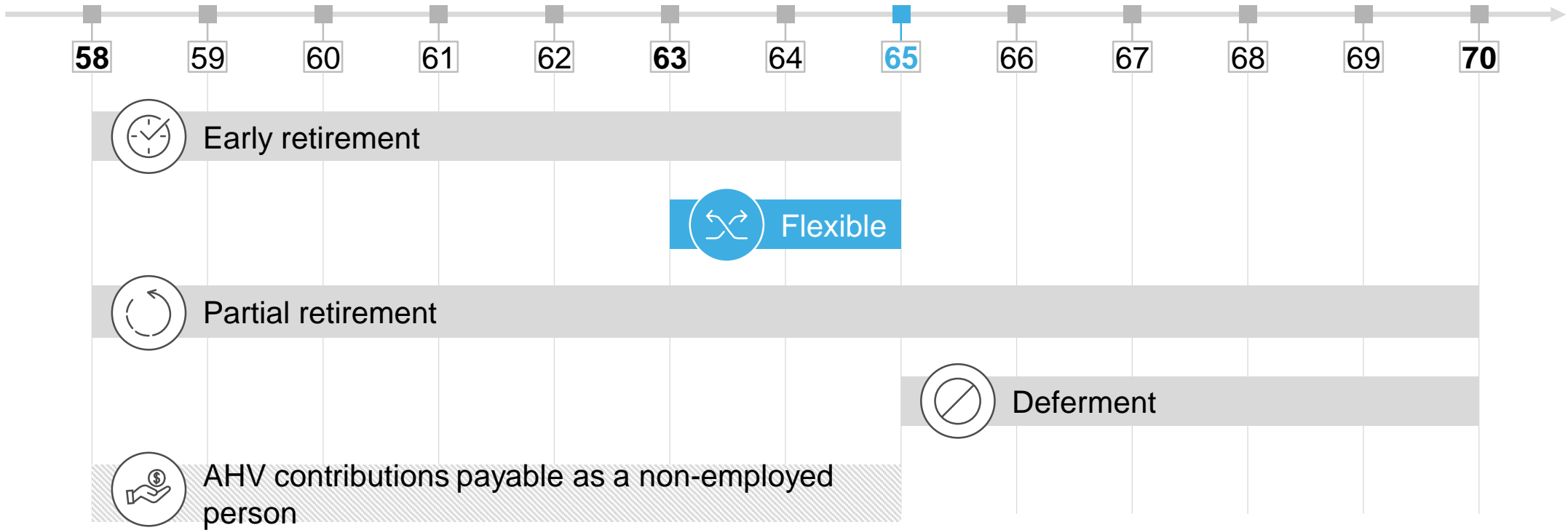
- Application of correct actuarial conversion rate. No retirement losses.
- Higher coverage ratio and better financial position due to release of pension loss provision that is no longer necessary (approx. CHF 38 million)
- Increase in technical interest rate to 2.25% and adjustment of actuarial principles
→ positive effect on coverage ratio
- New participation concept – interest rate depends on level of coverage ratio

Members benefit from higher interest credits and hence higher benefits.

Development of capital with different interest rates



How will the AHV bridging pension change? (I)



 Bridging pension -
financed by employer

How will the AHV bridging pension change? (II)

- AHV bridging pension for flexible retirement from age 63+ to age 65 at the latest

Changes:

- 01/01/24 to 31/12/28 transitional period for five years (previous solution remains in force as it was)
- From 2029, no more funding from employer in the case of **voluntary** retirement
- From 2029, payment of an AHV bridging pension will still be possible in the event of **voluntary** retirement
 - two options available for financing by members:
 - A) pre-financing via personal buy-ins
 - B) reduction of the lifelong retirement pension
- From 2029, in the event of **involuntary** retirement (initiated by the employer), payment of an AHV bridging pension according to the provisions of the old Rules (2023)

In which cases is retirement as of 31/12/2023 advisable?

1.

Not possible to
make a general
recommendation

- Depends on personal circumstances
- Meticulous and early retirement planning (budget planning, analysis of pension gaps, etc.) recommended for all, regardless of realignment of the Pension Fund

2.

Rule of thumb

Pension after approx. one month/year of early retirement equal to previous solution

- E.g. age 61: → 4 years before regular retirement at age 65
→ after 4 months of continued work, pension is back to same amount

By the end of the year: shortening of period for registration of early retirement and lump-sum withdrawals to two months

Options for members



**Transfer of
vested benefits
to PF**

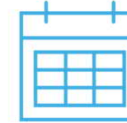


**Choice of contribution
options / tables**

- **Standard plus**
- **Standard**
- **Standard minus**




Personal buy-in



**Selection of retirement
date:
early / continued
employment with deferral**

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New Rules

as of 1 January 2024

Key facts about the new Rules - further adjustments

- Complete revision
- In the event of death: crediting of personal buy-ins made at other pension funds
 - separate pay-out
 - **Please note!** Three-month grace period for registration, until 31 March 2024.
 - Please notify us in writing of your previous buy-ins including supporting documents
 - Buy-ins at ABB PF do not need to be reported subsequently if you transferred directly to Hitachi Group PF as of 01/07/2020
- Continued insurance (optional) from age 55 instead of 58 in case of dismissal by employer
- More flexibility at retirement age: retirement at Hitachi Group PF or transfer of PF assets to a vested benefits account
- On retirement: shortening of period for lump-sum capital registration to two months
- Clarifications

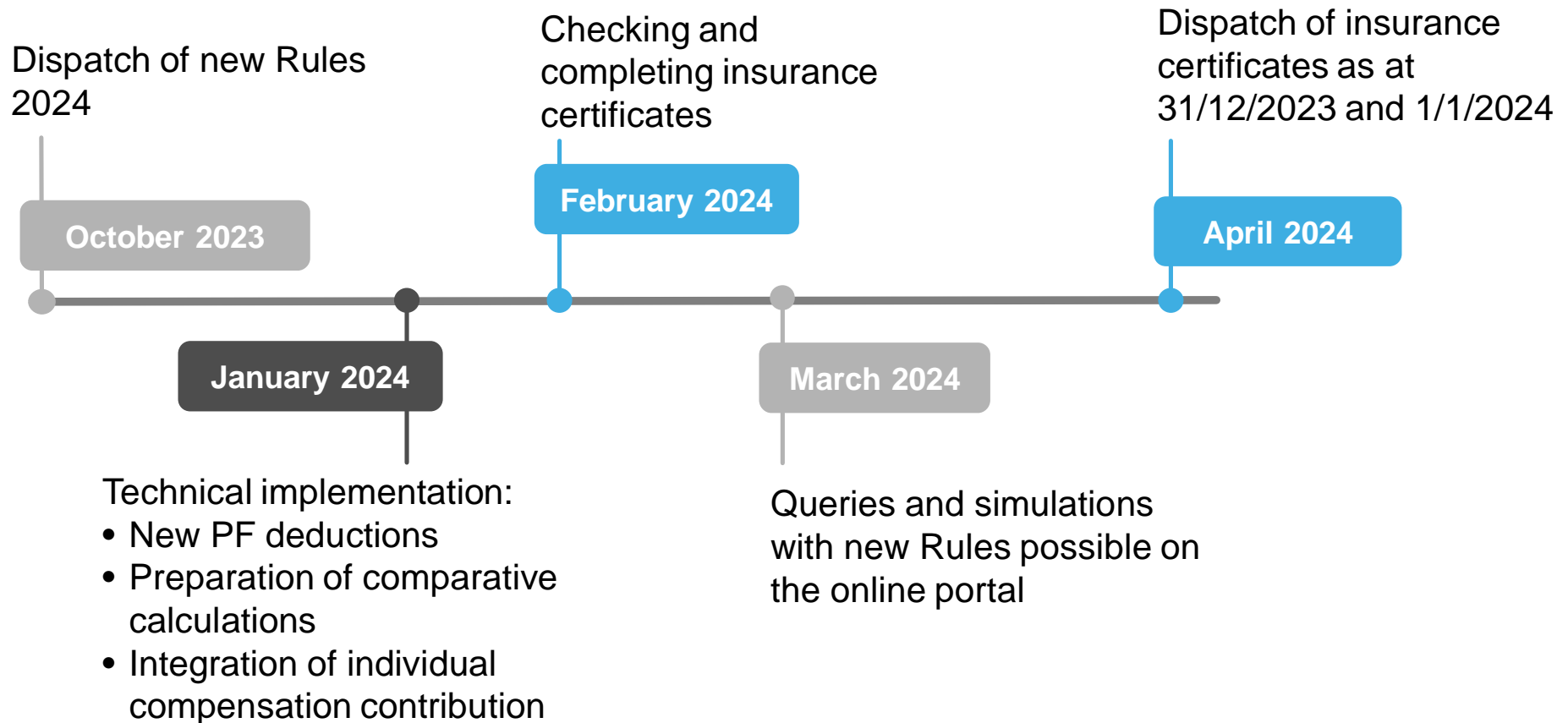
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Next steps

Next steps taken by the Pension Fund



Contact details

Website Hitachi Group PF

www.hitachigroupvorsorge.ch

- Information about the Pension Fund and the Supplementary Insurance Plan
- Document centre comprising Rules, forms, leaflets and other documents
- Link to online portal

Online portal (access via the Hitachi Group Pension website)

- Overview of personal situation in Pension Fund, simulation calculations and download of insurance certificates

Administrative office (Avasis Vorsorge AG)

info@hitachigroupvorsorge.ch

Phone +41 58 585 82 87 (German, French and English)

- Questions regarding insurance certificates
- Individual calculations



Board of Trustees

Employer representatives



Ron Steijn
(Chairman)



Christoph Käubler



Katharina Ohlhoff



Rafaela Vogt

Employee representatives



Jörg Lehmann
(Deputy Chairman)



Robert Fellmann




Jeannette Müller



Gabriel Salm

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Discussion

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Online portal - information and simulations



My pension situation

My documents

Pension Fund

Contact

Log out

My pension situation (in CHF)

Savings capital

As per 30.09.2023

Retirement benefits

Annual retirement pension at 65

Disability benefits

Annual disability pension

Death benefits

Lump-sum benefit

Annual spouse's pension/partner's pension

Contributions (monthly)

Member's savings contribution

Member's risk contribution

Company's savings contribution

Company's risk contribution



My documents: Filing of official insurance certificate at the end of the year



Retirement

My documents

Pension Fund

My pension situation

Choice of
contributions table

Individual calculations

Buy-in

Home ownership

Retirement

Divorce

Departure

Contact

Log out

Advance withdrawal amount:

Date of retirement:

[Calculate >>](#)