

Explanations on the regulations for partial liquidation – treatment of the deficiency in the case of insufficient cover

When is the deficiency (insufficient cover) not taken into account?

- In the event of **partial liquidation of a pension plan**, i.e.:
 - if there is significant headcount reduction or the employer's organization is undergoing restructuring, resulting in a significant headcount reduction.
 - if a group of insured persons leaves the plan.
 - if a follow-up agreement remains in force.
- If the **company is in liquidation/the employer goes bankrupt**, i.e.:
 - all employees are dismissed
 - a sole proprietor company is liquidated (self-employed person who is winding up his business when going into retirement)
- Where **payments of benefits are made on the basis of current contracts**, i.e.:
 - when an insured person leaves the scheme (vested benefits)
 - at retirement (old age)
 - in the event of death and disability

When is a deficiency (insufficient cover) taken into account?

- Only if the **contract is terminated** (by the employer or the Vita Joint Foundation), i.e.:
 - if there is a change of pension institution.
 - the deficiency is charged on the basis of art. 53d para. 3 BVG or art.17 of the follow-up contract (or art. 16 for older versions of the contract).
 - the deficiency is covered at the pension plan level:
 - by the employer (voluntary)
 - using unrestricted assets (participation of the administration committee)
 - using the insured person's non-mandatory retirement savings (participation of the administration committee)
 - by being taken over by the new pension plan

Principle: The retirement savings up to the **mandatory BVG level** are **never reduced**.

What happens with the pension institution's unrestricted assets?

Any existing **unrestricted assets of the pension institution** shall be distributed (art. 3.2 and 3.6 of the partial liquidation regulations). If they are not required to cover the deficiency, they will be used to top-up the retirement savings or the pensioners' actuarial reserve.

The relevant regulations governing information and procedure apply (art. 3.7 of the partial liquidation regulations).

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