

Questions and answers relating to the [SVE information letter](#) dated 11 July 2016 concerning the reduction in the conversion rate as of 1 January 2018

For those retiring on 31 December, will the higher conversion rates of the current year still apply – or will the lower conversion rates of the new year already apply?

For those retiring on 31 December, SVE will apply the higher conversion rates of the current year. In the year in which insured members retire, interest will be paid on their retirement savings at the rate set by the Board of Trustees for departures and retirements in the course of the year.

For example, for someone retiring on 31 December 2016 at age 65 the conversion rate of 5.95% at age 65 applies (with the option of a 60% spouse's pension) and their retirement savings will earn 1.25% interest for the current year 2016.

Why does a lower conversion rate have an impact on my pension?

To calculate your retirement pension, the conversion rate is used to convert your retirement savings accrued at your retirement date into an annual pension benefit. The conversion rate depends on how old you are when you retire and on what option you choose for the spouse's pension (60% or 100%).

Formula: accrued retirement savings x conversion rate = annual pension

Take the example of someone retiring in 2016 at age 65 with a conversion rate of 5.95% (60% spouse's pension) and retirement savings totalling CHF 500'000.-

CHF 500'000 x 5.95% = annual retirement pension of CHF 29'750.-

What contributions can I make myself to improve my pension benefits?

You can increase your own savings contributions by switching your savings plan to the Comfort plan or the Super plan. **This year, as an exception, SVE is offering you the option of switching over your savings plan on 1 January 2017 instead of on the ordinary adjustment date (1 July).** Please send the application form (www.sve.ch/de/service/downloads) to your client advisor by December 2016 at the latest.

You can also improve your future retirement benefits through voluntary purchases. More detailed information on this can be found on our website.

Should I retire earlier to get better retirement benefits with a higher conversion rate?

The conversion rate depends on the age of the insured member at the time of retirement. The older you are when you retire, the higher the conversion rate will be. During the insurance period your retirement savings will also steadily increase as a result of savings contributions and interest. Consequently, in most cases retiring later will result in a higher retirement pension despite the reduction in the conversion rate. Comparative calculations therefore need to be performed very carefully.

Where can I see the impact of the reduction in the conversion rate on my personal benefits?

Your prospective pension benefits can be simulated using our pension calculator ('Rentenrechner') at www.sve.ch. On 1 January of each year, all insured members will receive their personal insurance certificate. This will show their projected pension based on the revised conversion rates.

What is the technical interest rate?

The technical interest rate is the interest that is expected to be paid on the capital of future pensioners, i.e. the interest payable on the money set aside for pension payments. The rate depends, among other things, on expectations of possible returns on the financial markets. Thus, the same amount capital may result in a larger or smaller pension. The technical interest rate, along with life expectancy, therefore has a significant impact on the conversion rate. The technical interest rate has nothing to do with the interest paid on the retirement savings of active insured members.