RP Arc-en-ciel
A solution guaranteeing your vested benefits

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Safeguarding your accrued occupational savings account

Legal foundation and purpose

The rights of members leaving a pension fund are determined by The Federal Law on Vesting in Pension Plans (LFLP), which came into effect on January 1, 1995.

Lawmakers laid down the basic rules for calculating the termination benefit (commonly known as the vested benefits) and stated that the former plan member can retain control over these assets.

Principle | Anyone exiting an occupational benefits institution before an insured event occurs is entitled to vested benefits. The occupational benefits institution will calculate the vested benefits in accordance with its regulations.

A statement providing a breakdown of the vested benefits must also be provided to the former member.

Situations in which vested benefits must be secured on a policy

- You temporarily leave gainful employment (e.g. unemployment, career break for family reasons, or sabbatical)
- You leave gainful employment for a long time or permanently (e.g. permanent departure from Switzerland)
- When changing employer, you are unable to transfer the full vested benefits to the new occupational benefits institution (maximum inward transfer exceeded)
- You become self-employed and are therefore not required to pay into an occupational pension scheme, and you decide against cashing out your current vested benefits
- Your annual income falls below the threshold for mandatory coverage – for example, if you go part time
- In divorce proceedings, your spouse becomes entitled to part of your savings account

Maintain the benefit coverage

Situations when exiting a pension fund

Three things can happen when you exit a pension fund.

First case | If you are simply changing employer, you are automatically enrolled in the new pension fund and the former pension fund will transfer in your vested benefits. This situation is known as continued coverage.

Second case | You fulfil the conditions entitling you to claim a cash payment of your vested benefits and submit a request for this. That is only possible if:

- You are leaving Switzerland permanently (see text box on the bilateral agreements below)
- You become self-employed and, as a consequence, no longer have to take out pension cover
- The vested benefits amount is lower than your annual contribution

Third case | If none of the above applies to you, you must keep your savings account on a policy by choosing one of the legally permitted formulas.

Maintain the benefit coverage

If you exit a pension fund, you must state where you wish to maintain your coverage.

A vested benefits policy will pay out an annuity or a lump sum at retirement. Additionally, an individual exiting a pension fund may retain coverage for disability, death or both types of risk.

Once you have opened the vested benefits policy, you may cancel it at any time and transfer the funds contained therein to another vested benefits institution.

Choosing the right vested benefits institution is essential because, unlike for regular pension funds, there are no rules on paying a minimum interest rate. Additionally, each vested benefits institution has its own fee policy and may not always provide a capital guarantee.

If you exit a pension fund and if you do not state where you wish to maintain your coverage. to, the former pension fund will pay the vested benefits to the Substitute Occupational Benefit Institution after six months.

Availability of the vested benefit held on a policy

Cash withdrawal

If you have a vested benefits policy, you can access it:

- Upon reaching the statutory retirement age
- Up to five years before or up to five years after the statutory retirement age
- If you are buying a main residence
- If you are leaving Switzerland permanently (see text box on the bilateral agreements)
- If you become self-employed and are therefore not subject to mandatory pension coverage
- If you receive a full disability annuity from the AI Office and this risk is not covered by the vested benefits policy

Transferring funds

The vested benefits are transferred to a new occupational benefits institution:

- Upon resumption of gainful employment requiring pension coverage
- To complete your benefits in your current occupational pension fund

Bilateral agreements and cash payments

For those leaving Switzerland, the vested benefits corresponding to the portion from mandatory pension coverage may only be paid out if fulfilment of both the following conditions can be demonstrated:
- You are leaving Switzerland permanently
- You are moving to an EU of EFTA country and are not obliged to register under the national social security system.

If these two conditions are not met, the vested benefits corresponding to the portion from mandatory pension coverage must be placed in a vested benefits policy.

This regulation applies to all persons insured by an occupational pension fund or vested benefits institution, regardless of nationality. It does not apply to the extra-mandatory portion of the savings account, which may in all cases be withdrawn in cash.

Special considerations

Taxation

Vested benefits are tax free for the duration which they are locked into a vested benefits policy. Any amount transferred to a new occupational benefits institution is likewise exempt from all types of taxation.

Benefits maturing paid out as an annuity are subject to direct federal tax as well as cantonal and municipal income taxes. The entire annuity is considered as income and is added to other types of income to determine the tax rate.

Benefits maturing paid out as a single lump sum are taxed once, separately from other forms of income. The tax is calculated using a special lower rate for federal as well as cantonal and municipal taxes.

Beneficiaries | If still alive, the policyholder is the beneficiary.

Where that is not the case, the beneficiaries are (in the following order):

1. Survivors as defined by the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (LPP), namely the spouse, registered partner, plus any children entitled to an orphan's annuity

2. Persons who were substantially supported by the policyholder or the person living with the policyholder for a continuous period of at least five years immediately prior to death, or who must support one or more common children

3. Children of the policyholder not entitled to an orphan's annuity; parents or siblings

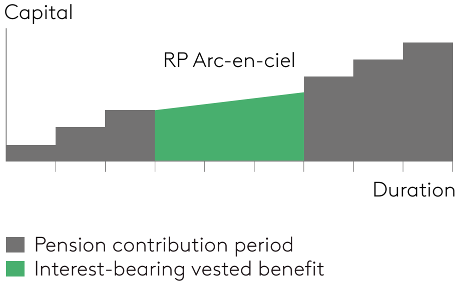
4. The other intestate heirs, with the exception of public authorities

The policyholder may specify, in the vested benefits policy, the rights of each beneficiary and include among the persons defined under point 1 those noted under point 2.

Safely managing your vested benefits according to your needs

With RP Arc-en-Ciel, Retraites Populaires is offering everyone the opportunity to invest their vested benefits safely in a vested benefits policy. The transferred-in capital is guaranteed and credited with interest directly.

RP Arc-en-Ciel is funded exclusively by inward transfers from occupational benefits institutions. What's more, opting for RP Arc-en-Ciel means entrusting your savings account to a local enterprise with a long history of expertly managing pension assets.



With RP Arc-en-Ciel, you can select a pension solution that suits your needs:

1. Your vested benefits can be used to provide a retirement annuity or a lump sum (accessible up to 5 years before the statutory retirement age). The final choice between annuity and lump sum is made at retirement.

   In addition, next of kin are entitled to a death lump sum if you as the policyholder pass away before the retirement.

   If you choose this solution, simply complete and sign the form, then send it to Retraites Populaires to open your RP Arc-en-Ciel vested benefits policy.

2. As a complement, you can focus on personal risk coverage before retirement age (e.g. death or disability). In this scenario, the retirement benefit described under point 1 will be combined with death and disability coverage.

   These risk benefits can be financed by deductions from the savings account or by payment of an additional regular premium.

   Simply contact one of our advisors or send the specific form to open your RP Arc-en-Ciel vested benefits policy. The insurable risk benefits will be determined after a personal consultation.

notes

Your needs, our focus

You can count on us to be reliable, approachable, responsible and effective at what we do. Those are our corporate values – all aimed at making life easier for you. Our vested benefits policy is an ideal way to ensure a strong financial future with peace of mind.

You're at the heart of everything we do

Our advisors can be contacted at any time. As their remuneration is not commission-based, they can be trusted to tailor our products to your goals, every time. For more information, simply contact us or check out our website (only in french).

retraitespopulaires.ch/arc-en-ciel

Lausanne (head office)
Rue Caroline 9
PO Box 288
1001 Lausanne
Tel. 021 348 26 26

Yverdon-les-Bains
Rue de la Plaine 51
1400 Yverdon-les-Bains
Tel. 021 348 28 21

Nyon
Rue Neuve 4
1260 Nyon
Tel. 021 348 20 20

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