This booklet is available in English, French and German.

In case of doubt or differences of interpretation, the French version shall prevail over the English and the German text.

Contact
Fonds de Pensions Nestlé
P.O. Box 353
Avenue Nestlé 55
1800 Vevey (Switzerland)
Phone number: +41 21 924 64 00
E-mail: fonds-de-pensions@nestle.com

Impressum
© September 2011 / Fonds de Pensions Nestlé
Design by: Fonds de Pensions Nestlé, Vevey, Switzerland
Pictures: © Fotolia
Print: Nestec SA, Vevey, Switzerland
Table of contents

1. Introduction
   - Retirement - a mental as well as financial preparation 1
   - Sources of revenue 1

2. Fonds de Pensions Nestlé
   - Flexible retirement - options 2
   - Pension and lump-sum payment 3
   - Using retirement savings account C 8
   - Temporary annuity – OASI bridging pension 8
   - Child’s pension 8

3. Important information
   - Tax aspects 10
   - Old Age and Survivors’ Insurance - OASI 11
   - Disability insurance 13
   - Accident insurance 13
   - Duty to notify 13
   - Life certificate 13
   - Activities for pensioners 15

4. List of documents to be submitted
   - Request for retirement benefits 16
   - Request for a child’s pension 16
1. Introduction

Retirement – a mental as well as a financial preparation

Retirement is approaching, an exciting and unique chapter in your life is about to start. Like all other major events, careful and structured planning is essential in order to ensure that the transition goes as smoothly as possible.

Priorities and goals will change, offering more free time to enjoy hobbies and maybe even take up some new ones. In order to face the future with confidence, certain factors need to be taken into account.

Sources of revenue

Retirement will involve a change in the financial situation – be it large or small. The retirement pension will be modelled in line with Swiss pension system, which is based on three pillars.

Pillar 1: Old Age and Survivors’ Insurance (OASI)
Pillar 2: Fonds de Pensions Nestlé
Pillar 3: Optional, private savings

All benefits accrued under pension funds during assignments abroad in Nestlé group companies are included in the Fonds de Pensions Nestlé benefits.

Social security and/or pension funds benefits accumulated prior to joining the Nestlé group will be paid separately and will be added to the Swiss benefits. It is the responsibility of each individual member to take the necessary steps with the competent authorities.
2. Fonds de Pensions Nestlé

Flexible retirement – options

Early retirement

Early retirement is possible for all members from the age of 58. Additional voluntary contributions can be used to pre-finance early retirement. More information can be found in the implementing regulations, which are available on request or on the intranet.

The retirement pension objective is reduced for:

1. missing years of membership if the member has not reached the maximum duration at the time of retirement,

2. anticipation, corresponding to 3% per year.

Partial retirement

Subject to the agreement of their employer, members may request to receive a partial retirement pension if their working hours are reduced by at least 20%. This option is available from the age of 58 and must be completed in a maximum of three stages.

Deferred retirement

In agreement with their employer, members may extend their career and defer retirement up to the age of 68. They will continue to pay contributions and acquire years of membership. The retirement pension will be increased by 3% per year of deferment.

Continuation of pension cover

From the age of 58 onwards, in the event that a member’s working hours are reduced by 50% at most, they may ask to maintain the pension cover at the level of their previous pensionable salary. If an income is received from a remunerated activity in addition to the reduced pensionable salary, this continuation shall cease. The supplementary contributions shall be paid by the member and are tax deductible.
**Postponing payment of the pension**

On retirement, members may ask for the postponement of the payment of their pension until the age of 68 at the latest. The retirement pension will be increased by 3% for each year payment is postponed. When payment of the retirement pension is postponed, all benefits in the form of a lump-sum payment shall be excluded.

**Pension and lump-sum payment**

In general, retirement benefits are paid in the form of a pension. However, according to the regulations of the Fonds de Pensions Nestlé, members may request the conversion of up to 50% of their retirement pension into a lump-sum payment.

In order to benefit from the advantages of both, a retirement pension and a lump-sum payment, it may be wise to combine the two forms.

Before deciding on the specifics, it is important to take into account all of the aspects of your personal situation and to prepare a budget.

![Diagram](Image)
Advantages of a pension

- **Regular income**

A pension is the most suitable way of ensuring a regular income for life. It is paid at the end of each month like a salary, thus allowing the planning of a budget. The amount of the pension is fixed at the time of retirement and is not influenced by any future change to the pension plan. Pensions currently in payment may be adjusted in line with inflation according to the Fund’s financial situation. The Foundation Board shall determine each year the extent of any adjustment to current pensions.

- **Security and planning**

The amount of the pension is not dependent on the development of the financial markets, meaning that members do not have to worry about having to generate financial returns and can make plans for their future with total peace of mind.

- **Longevity risk is assumed by the Fund**

The Fonds de Pensions Nestlé is committed to paying a pension and will guarantee to pay the amount defined even if the beneficiary lives longer than the average life expectancy.

- **Guaranteed benefits for the surviving spouse**

If a member who is married or in a registered partnership dies, the Fund shall, in principle, pay a survivor’s pension amounting to 70% of the lifelong pension (except in the case of an age difference of more than ten years or marriage after normal retirement age). If the surviving spouse subsequently remarries, the entitlement to a pension shall cease at the end of the month in which they marry and they shall receive a lump-sum payment equal to three annual pensions.
Advantages of a lump-sum payment

The financial situation permitting, members may request a partial lump-sum payment. The main advantages are as follows:

- **Leaving an inheritance**

  If a member without a surviving spouse dies shortly after retiring, the accumulated assets to guarantee future benefits shall remain the property of the Fonds de Pensions Nestlé. For someone who is concerned about leaving an inheritance to their heirs, it may be in their best interest to withdraw a lump-sum payment.

- **Tax optimisation**

  Whereas a pension is taxed as revenue, lump-sum payments are subject to a one-off tax when they are paid out.

- **Ability to manage own capital**

  Members are personally responsible for managing their capital and can invest it as they see fit. This gives them independence, but also brings with it the risks associated with investments and fluctuations in the financial markets.

  Members opting for a lump-sum payment need to plan their finances with the utmost care since it is impossible to know how long they or their spouse will live. They have to spread their assets out over the years ahead and ensure that these assets generate a sufficient return to cover their financial needs. The risk of inflation is not covered.
**Conditions and impact**

Up to 50% of the capitalised value of the pension may be drawn as a lump-sum payment. This, in turn, reduces the retirement pension as well as any survivor’s or child’s pension that may be due.

The lump-sum payment is taxed on payout at a lower rate than the one applicable to income. The tax charge is dependent on the amount of capital withdrawn as well as on the member’s marital status and tax residence. In order to get a better idea of the impact a lump-sum payment will have on the financial situation, it is advised to contact the tax authority, specifying that it concerns a lump-sum benefit under pillar 2.

Lump-sum payment requests are subject to the regulations of the Fonds de Pensions Nestlé:

- The request must be made irrevocably in writing at least three months prior to the date of effective retirement.
- The spouse must give written approval and submit an identification document bearing the spouse’s signature.
- In the event of partial retirement, the member may request up to two lump-sum payments.
- When payment of the retirement pension is postponed, all benefits in the form of a lump-sum payment shall be excluded.
- Tax savings on any additional voluntary contributions paid during the three years prior to retirement will be lost.
Using retirement savings account C

Pre-financing of early retirement is only possible if gaps in pension benefits have been completely offset. Additional voluntary contributions allow members to limit or eliminate any reductions in benefits due to early retirement. These contributions are credited to the member’s retirement savings account C.

On retirement, the balance of retirement savings account C may be withdrawn in the form of a lump-sum payment or converted into a supplementary pension.

If members postpone their early retirement, the benefits paid may under no circumstances exceed the legal limit of 105% of the retirement pension calculated at normal retirement age. Any excess benefit will remain the property of the Fonds de Pensions Nestlé.

Temporary annuity – OASI bridging pension

In order to balance out their income, members can request payment of a temporary annuity (OASI bridging pension), which will be paid out until they reach legal OASI retirement age. The amount of this annuity can be chosen by the member; however, it may not exceed the maximum defined amount.

Members are responsible for the financing; the lifelong retirement pension as well as the survivor’s benefits will be reduced as a result.

If a member receiving a temporary annuity dies, no survivor’s pension is due in respect to the temporary annuity.

Child’s pension

All beneficiaries of a retirement pension are also entitled to a pension for each of their children in line with the provisions outlined in the regulations.

The pension shall be paid until the child turns 18. If the child is in training or full-time education, subject to presentation of an appropriate certificate (training contract/certificate of studies), the entitlement to a pension shall be extended until the end of the education or training, but not beyond the age of 25 years at the latest. A copy of an identification document is also required for all children entitled to these benefits.
3. Important information

Tax aspects

The end of the professional activity does not entitle to intermediary taxation. A revision of provisional payments may be requested from the municipal tax office.

**Tax residence in Switzerland**

Swiss pension funds are obliged to declare to the tax authorities each new pension as well as any lump sum payment made exceeding CHF 5000.

The benefits paid are taxable in full. Annual pension certificates are sent to retired members for this purpose.

**Tax residence outside Switzerland**

All benefits received in the form of lump sum payment are subject to withholding tax. The tax rate of the canton of Vaud is applicable.

If the beneficiary is domiciled in a country which has not concluded a double taxation treaty with Switzerland, a tax at source of 11% is withheld on the pension.
Old Age and Survivors’ Insurance – OASI

Obligation to make contributions

When a member takes early retirement, the contributions to the Fonds de Pensions Nestlé and to unemployment insurance shall cease. This does not apply to OASI.

- **Obligation to make contributions until legal retirement age**

All persons living in Switzerland who do not receive a salary (i.e. are not in paid employment), are still obliged to make contributions to OASI, disability insurance and loss-of-income insurance until legal retirement age (64 for women, 65 for men). This applies to:

- persons who have taken early retirement, even if they are receiving an OASI pension or a pension from a pension fund,
- spouses of retired persons,
- beneficiaries of disability pensions,
- widows and widowers.

The contributions to be made by persons not in paid employment are calculated on the basis of their wealth and their annual income acquired in the form of a pension multiplied by 20. Benefits received from federal disability insurance and supplementary benefits are not considered as pension income. For persons who are married or in a registered partnership, regardless of their marriage settlement, the wealth and pension income of both spouses is combined and the total divided by two.

The maximum annual contribution for 2011 is CHF 10 300 per person. You can calculate your provisional contributions on the following website:

www.bsv.admin.ch/themen/ahv/berechnung_nichterwerbstaetige/index.html

Persons not in paid employment must register with the social security office of their municipal residence or with the compensation fund office of the Nestlé Group, Albicolac, Berne.

- **Obligation to make contributions when in paid employment after legal retirement age**

Persons who are in paid employment after having reached legal retirement age shall continue to make contributions to OASI, disability insurance and loss-of-income insurance, but only on the part of their income from paid employment which exceeds in 2011, CHF 1 400 per month or CHF 16 800 per year.
**Personalised information**

A statement of the individual account can be requested in writing from your previous compensation fund office or on the website: www.ahv-iv.info.

A projection of the future pension can be requested, in principle as from age 57, on the website: www.albicolac.ch.

**Request for OASI pension**

It is recommended to submit the pension request roughly four months before the legal age of retirement (64 years for women, 65 years for men). The pension request forms can be obtained from compensation fund offices and their agencies as well as from the Fonds de Pensions Nestlé.

The request must be submitted to:

- the Albicolac compensation fund office for employees of the Nestlé Group

  ALBICOLAC
  OASI Compensation Fund
  P. O. Box
  3001 Berne
  Phone number : +41 31 300 20 60
  
  or

- the compensation fund office to which the last contributions were paid, if the member has taken early retirement
  
  or

- the spouse’s compensation fund office, if the spouse receives a pension under OASI/disability insurance.
Disability insurance - DI

Request to submit documents

All beneficiaries of an early retirement pension, who will be entitled at a later stage to benefits from the Swiss disability insurance, are required to submit copies of any disability insurance notification to the Fonds de Pensions Nestlé.

Accident insurance

Request for cover by health insurance

At the end of the professional activity, the obligatory accident insurance shall cease. All future retirees should contact their health insurance provider in order to include the cover for medical expenses in the case of accident; this will involve an increase in premium.

Duty to notify

The decision to retire has to be communicated to the Human Resources department with three months’ notice for the end of a month, respectively six months’ notice for directors.

After retirement, any changes to your tax residence, marital status, bank details for the payment of the pension or any other circumstances which may affect the pension must be notified in writing as soon as possible to:

Fonds de Pensions Nestlé
Avenue Nestlé 55
P. O. Box 353
CH - 1800 Vevey

E-mail : fonds-de-pensions@nestle.com

Life certificate

Pension beneficiaries may at any time be requested to provide a life certificate or any other document confirming their entitlement to a pension. Pension beneficiaries domiciled abroad must submit a life certificate every year.
Activities for pensioners

Nestlé associations

Pensioners may become members of an association in order to take part in specific activities or share common interests. Several such associations have been set up at Nestlé for this purpose:

- Association Sports et Loisirs Nestlé (ASLN), Vevey - www.asln.ch
- Association des Retraités Nestlé. (ARN) - www.arninfo.ch
- Nestlé Retirees Association, Orbe
- Nestlé Retirees Association, Broc
- Nestlé Retirees Association, Konolfingen
- Nestlé Retirees Association, Zurich Region
- Meeting Group, Bale
- Meeting Group, Rorschach

For more information, please contact the Human Resources department of the respective Nestlé companies.

Useful Internet links

Various websites provide information on preparing for retirement and the Fonds de Pensions Nestlé has taken the liberty of listing some of them to help members in their private research.

- www.arpr.ch Riviera Regional Association on preparation for retirement
- www.seniorweb.ch Club that organises get-togethers and cultural activities
- www.pro-senectute.ch Association committed to maintaining or improving quality of life until an advanced age
- www.seniornet.com Employment Network for persons aged 50 and over or in retirement
- www.55net.com Articles and discussion groups
- www.senior-planet.com Information and entertainment portal designed for web users aged 50 and over
- www.adlatus.ch Network for sharing skills and experiences
- www.asn.ch Experts in international mobility and expatriation
4. List of documents to be submitted

Request for retirement benefits

- Form “Request for retirement benefits”, duly completed and signed; if request for a lump-sum payment, the reverse of the form must also be completed.
- Copy of a form of identification of the member bearing their signature.

If the member is married or in a registered partnership:

- Copy of a form of identification of the spouse bearing their signature.
- Copy of the family record book or marriage certificate, resp. certificate of registered partnership.

Request for a child’s pension

- Copy of a form of identification or birth certificate for each child subject to an entitlement.
- Training contract / certificate of studies for children studying and aged between 18 and 25.