



Fonds de Pensions Nestlé

Retirement – Practical Guide 2018



Nestlé

Good Food, Good Life

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.

Unless otherwise indicated, use of the masculine gender implies the feminine and vice versa.

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1. Introduction

Retirement – an intellectual and financial preparation

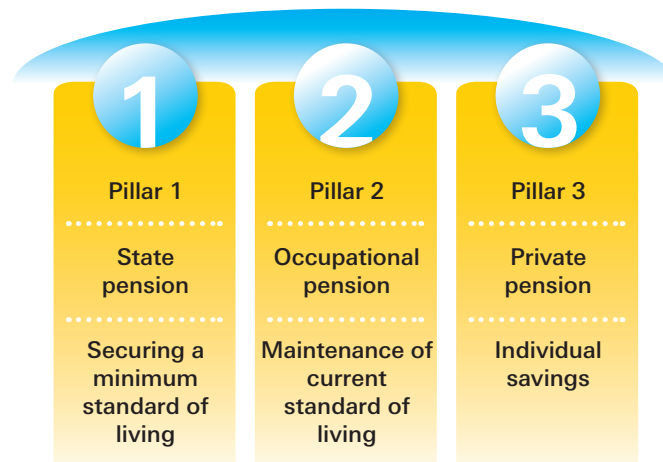
Retirement is approaching, an exciting and unique chapter of your life is about to start. Like all other major events, careful and structured planning is essential in order to ensure a smooth transition.

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

Sources of revenue

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

- **Pillar 1:** Old Age and Survivors' Insurance – OASI (AVS)
- **Pillar 2:** Fonds de Pensions Nestlé
- **Pillar 3:** Optional, private savings



All benefits from social security institutions and / or occupational pension benefits accrued outside Switzerland will be paid separately and added to the Swiss benefits. However, other rules apply to members who were granted a one-off credit at 01.07.2013 (transitional provisions) and to expatriates with Center Based Expatriate status (CBEs).

The member has to undertake the necessary steps with the different institutions.

2. Fonds de Pensions Nestlé

Flexible retirement – options

Early retirement

Early retirement is possible for all members as of the age of 58. Voluntary purchases can be used to pre-finance early retirement. More information is available upon request or on the Fonds de Pensions Nestlé website www.fpn.ch.

The annual retirement pension is calculated as follows:

Retirement savings account at the retirement date multiplied by the conversion rate at retirement age.

Partial retirement

Subject to the agreement of their employer, members may request to receive a partial retirement pension if their working time is reduced by at least 20 %. This option is available as of the age of 58. Retirement may be taken in no more than three stages, the third corresponding to full retirement.

Deferred retirement

In agreement with their employer, members may extend their career and defer retirement up to the age of 68. In this case, contributions continue to be paid into the Fund, thus increasing the retirement savings account.

Continuation of pension cover

From the age of 58 onwards, in case of part-time work of at least 50 %, members can ask to maintain the pension cover at the level of their previous pensionable salary until ordinary retirement age (64 for women / 65 for men). If an income is received from a remunerated activity in addition to the reduced pensionable salary, the pension cover ceases. The additional contributions shall be paid by the member and are tax deductible.

Pension and lump-sum payment

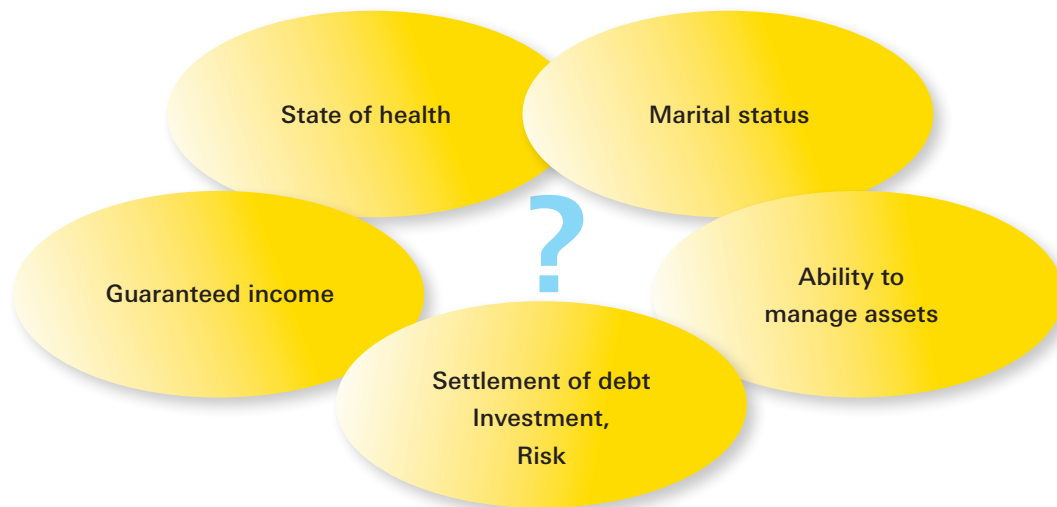
In general, retirement benefits are paid in the form of a pension. However, members may request, at least 3 months before the effective retirement date, to receive part of their retirement savings account as a lump-sum payment :

Portion of the savings account:

- under CHF 1 000 000 : max. 50 % in the form of lump-sum capital
- over CHF 1 000 000 : 100 % in the form of lump-sum capital.

In order to benefit from the advantages of a pension and a lump-sum, it is advisable to combine the two options.

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



Advantages of a pension

Regular income

A pension is the safest way of ensuring a regular income for life. It is paid at the end of each month like a salary, which makes planning a budget easier. The amount of the pension is fixed at the time of retirement and is not influenced by any future changes 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 affected by fluctuations in the financial markets. Therefore, members do not have to worry about generating 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 guarantees payment of the amount defined even if the beneficiary lives longer than the average life expectancy.

Guaranteed benefits for the surviving spouse / surviving partner

The surviving spouse's / surviving partner's pension is, in principle, equal to 70 % of the disability or retirement pension in payment (except in the case of an age difference of more than ten years or in the case of marriage / designation of a partner after ordinary retirement age).

The member may designate his partner as the beneficiary of a partner's pension by submitting to the Fund, during his lifetime, the form "Designation of beneficiaries in the event of death – Surviving partner".

The entitlement to a surviving spouse's / surviving partner's pension begins on the first day of the month following the insured member's death and ceases at the end of the month in which the surviving spouse dies or remarries, or the surviving partner dies, marries or lives with a new partner. In these cases, a one-off indemnity equal to three years of pension will be paid.

Advantages of a lump-sum payment

If the financial situation allows for a partial lump-sum payment, members may make a request. The main advantages are as follows :

- **Leaving an inheritance**

If a member without a surviving spouse / surviving partner 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 personal capital**

Members are personally responsible for managing their capital and can invest it as they see fit. This gives them independence, but also increases 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, their spouse or their designated partner will live.

They have to spread their assets out over the years ahead and ensure that these assets generate sufficient return to cover their financial needs. The risk of inflation is not covered.

Conditions and impacts

In case of a lump-sum payment, the retirement pension and any survivor's and child's pension that may be due, are reduced accordingly.

The lump-sum payment is taxed on payout at a lower rate than the one applicable to income. The tax charge is based on the amount of capital withdrawn as well as on the member's marital status and tax residence. In order to estimate 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 from 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.
- Tax savings on any purchase paid during the three years prior to retirement will be lost.



Early retirement account

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

On retirement, the balance of the early retirement account 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 ordinary retirement age. Any excess benefit will remain the property of the Fonds.

The early retirement account is paid as follows:

- in case of retirement: to the member either in form of an increase in his retirement pension or in the form of lump-sum capital
- in case of full disability: to the member in the form of lump-sum capital
- at the member's death: to the beneficiaries of the death benefit in the form of lump-sum capital

Temporary annuity – AVS bridge pension

In order to balance out their income, members can request payment of a temporary annuity (AVS bridge pension), which will be paid out until they reach ordinary AVS retirement age. The member can fix the amount of this annuity; however, it may not exceed the maximum defined AVS old-age pension.

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. 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 generate an 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 each new pension to the tax authorities as well as any lump-sum payment exceeding CHF 5 000.

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 lives 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/AVS

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 AVS.

Obligation to make contributions until ordinary 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 AVS, disability insurance and loss-of-income insurance until ordinary retirement age (64 for women, 65 for men).

This applies to:

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

The contributions made by persons not in paid employment are based on their wealth and their annual income 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.

You can calculate your provisional contributions on the following website:

www.bsv.admin.ch/bsv/de/home/sozialversicherungen/ueberblick/beitraege.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, Albicovac, Berne.

Obligation to make contributions when in paid employment after ordinary retirement age

Persons who are in paid employment after having reached the ordinary retirement age shall continue to make contributions to AVS, disability insurance and loss of-income insurance. Contributions to unemployment insurance shall cease. The compensation fund office Albicovac provides further information.

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 "Application form only in French and German".

Request for AVS pension

It is recommended to submit the pension request approximately 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
AVS Compensation Fund
P. O. Box, 3001 Berne
Phone number : +41 31 300 20 60
website : www.albicolac.ch
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 from the AVS/disability insurance
or
- the Swiss Compensation Office SCO in Geneva, if the beneficiary lives outside Switzerland. All necessary information, independent of the member's situation, transmit to:
Caisse Suisse de Compensation CSC
Avenue Edmond-Vaucher 18
P.O. Box 3100, 1211 Geneva 2
Phone number : +41 58 461 91 11
e-mail : sedmaster@zas.admin.ch
website : www.zas.admin.ch

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 coverage by health insurance

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

Obligation 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
website: www.fpn.ch

Supporting documents

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 living abroad must submit a life certificate every year. Other documents may also be required to periodically verify the data quality.



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 de Retraités Nestlé (ARN), Vevey – www.arninfo.ch
- Nestlé Retirees Association, Orbe
- Nestlé Retirees Association, Broc – www.arninfo.ch/Broc
- Nestlé Retirees Association, Konolfingen
- Nestlé Retirees Association, Zurich Region
- Meeting Group, Basel
- 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 retirement preparation and the Fonds de Pensions Nestlé has listed 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
wp.unil.ch/connaissance3	University for seniors
www.prosenectute.ch	Association committed to maintaining or improving quality of life until an advanced age
www.adlatus.ch	Network for sharing skills and experiences
www.asn.ch	Experts in international mobility and expatriation
seniors.enligne-ch.com	Job and assignment for seniors in Switzerland
http://seniors-sos.ch	Share your knowledge

4. List of documents to be submitted

Request for retirement benefits

Form "Request for retirement benefits", duly completed and signed; if a request for a lump-sum payment is made, the back of the form must also be completed.

- Copy of the member's identification showing photo and signature.
- Copy of a bank document (Bank confirmation or bank card, showing account holder and account number).

If the member is married or in a registered partnership:

- Copy of the spouse's identification showing photo and signature.
- Copy of the family record book or marriage certificate, resp. certificate of registered partnership.

Request for a child's pension

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





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