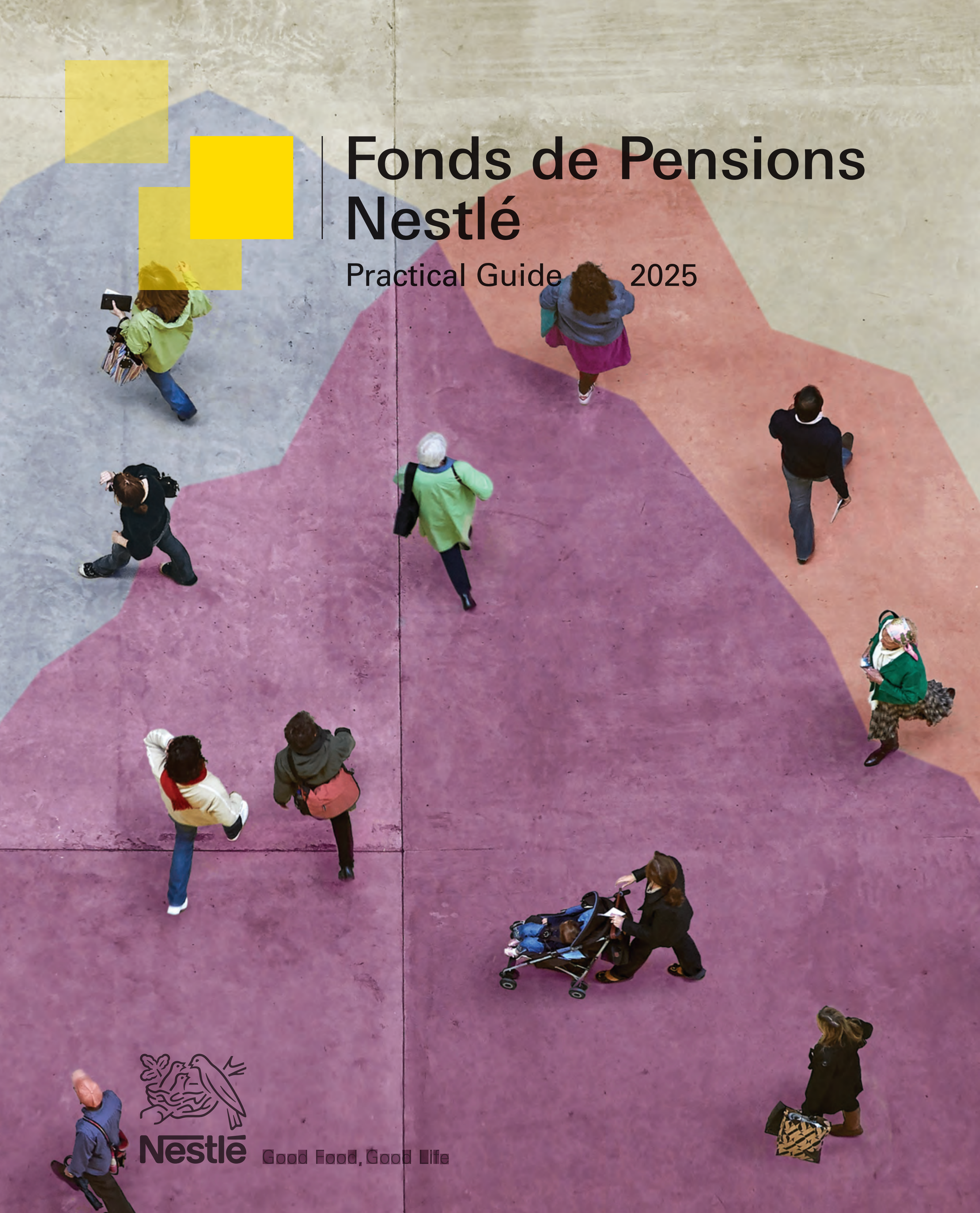
Fonds de Pensions Nestlé

Practical Guide 2025



Nestlé Good Food, Good Life

This text is a translation.
In case of discrepancy or differences in interpretation, the French version takes precedence over the English and German versions.

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Impressum

Published by : Fonds de Pensions Nestlé, Vevey, Suisse

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1. Introduction

The Fonds de Pensions Nestlé (hereinafter: the Fund) manages all issues concerning occupational benefits (Swiss 2nd pillar legislation) for active members and pension beneficiaries: retirement, death or disability benefits, vested benefits in case of termination of employment, contributions, and cash withdrawals for home ownership, etc.

The Fund is a joint fund financed by the active members and their employers. It is officially registered in the register of occupational pension plans. The benefits provided by the Fund largely exceed the minimum LPP benefits.

This Practical Guide describes the benefits provided by the Fund to employees of the Nestlé Group in Switzerland.

The benefits provided by the Fund may be supplemented by benefits under the AVS/AI, military insurance, accident insurance and third-party liability insurance policies. These benefits are not described in this document.

This Practical Guide does not constitute a set of formal pension regulations. The Fund Rules ("Règlement du Fonds de Pensions Nestlé") is the official document, which defines all legal rights and obligations.

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

2. The Swiss occupational benefits system

The Swiss occupational benefits system relies on three pillars :

- **State social security :** the 1^{st} pillar relies on the federal retirement and survivors' insurance (AVS) and the federal disability insurance (AI).
- **Pension benefits :** the 2^{nd} pillar is regulated by the Federal Law on Occupational Benefits (LPP), which requires pension institutions to offer minimum retirement, death and disability benefits. Pension institutions may, however, provide additional benefits, as does the Fonds de Pensions Nestlé.
- **Individual retirement plans :** unlike the Pillars 1 and 2, which are mandatory, the Pillar 3 is optional. Voluntary contributions, are tax-deductible which are limited.

3-Pillar-system

1	2	3
State social security	**Pension benefits**	**Individual retirement plans**
Purpose : to cover basic needs	Purpose : to maintain prior standard of living	Purpose : to improve prior standard of living
Mandatory since 1948	Mandatory since 1985	Optional since 1985
Funding : Employer and employees 50 % each	Funding : Employer (at least 50 %) and employees	Funding : 100 % employees
– AVS – AI – Supplemental benefits – Unemployment benefits – Loss of income insurance	– Mandatory benefits coverage – Extra-mandatory benefits coverage	– Entailed benefits = Pillar 3a – Non entailed benefits = Pillar 3b

All employees whose reference salary exceeds the BVG/LPP entry threshold must be affiliated

3. Membership and pensionable salary

Membership

Membership is compulsory for all persons :

- employed for more than three months, and
- earning an annual salary of at least CHF 22 680 (LPP entry threshold, status 2025).

The earliest possible entry date is 1 January of the year following the employee's 17th birthday.

Pensionable salary

As a rule, the pensionable salary is determined as follows:

	Annual salary (excluding bonus but including the 13th salary)
–	Coordination amount (= 1/3 of the annual salary up to max. CHF 20 000)
=	**Pensionable salary**

The coordination amount is in principle equal to 1/3 of the annual salary up to maximum CHF 20 000.

Examples

Annual salary		CHF 45 000
Coordination amount (CHF 45 000 / 3)	–	CHF 15 000
Pensionable salary (CHF 45 000 – CHF 15 000)		CHF 30 000
Annual salary		CHF 80 000
Coordination amount (CHF 80 000 / 3 ; max. CHF 20 000)	–	CHF 20 000
Pensionable salary (CHF 80 000 – CHF 20 000)		CHF 60 000

The coordination amount is set by the Foundation Board. It is intended to take into account the social insurance benefits (AVS / AI, see page 3).

4. Contributions

Two types of contributions

1. Savings contributions

As of age 25, the insured member and the Employer pay a savings contribution in accordance with the chosen plan (Basic, Standard or Top). The savings contribution is credited to the insured members' savings account (p. 14).

2. Death and disability risk premium

The risk premium for death and disability is allocated to the Fund's risk provision. This provision is used to fund death and disability benefits for active members. The risk contributions are not taken into account for the calculation of the termination benefit when a member leaves the Fund (p. 29).

- Employees under LPP age 25
  Employees under 25 are exempt from savings contributions. The death and disability risk premium is paid by the Fund.
- Employees over LPP age 25
  The employee and the Employer both pay a risk premium for death and disability risk calculated on the annual pensionable salary. The premium is 0.5 % for the insured member and 1.0 % for the Employer.

Age, LPP age

For contribution calculation purposes, the LPP age is determined as follows:

  Current calendar year
– Year of birth
= LPP age

Contributions are determined as a percentage of the annual pensionable salary (see example on page 7) and are deducted from twelve monthly salaries. No contribution is deducted from the 13th salary.

Choice of plan

Insured members may choose their own savings contribution rate by selecting a plan. The choice only affects retirement benefits; it has no impact on death and disability benefits.

Three plans

Basic	For insured members who wish to reduce their contributions and increase their net salary. Their salary will increase, but they will save less for retirement.
Standard	This level applies for new members joining the Fund and/or insured members who have never chosen a contribution rate.
Top	For insured members, who wish to increase their retirement benefits (tax optimization)

Employer contributions are determined according to the member's age, and remain the same regardless of the plan chosen by the member.

Age	Savings contribution employee			Savings contribution Employer
	Basic	Standard	Top	
25 – 34	3,5 %	8,5 %	11,5 %	10,5 %
35 – 44	4,5 %	8,5 %	12,5 %	13,5 %
45 – 54	5,5 %	8,5 %	11,5 %	19,5 %
55 – retirement	6,5 %	8,5 %	12,5 %	24,5 %
Risk premium	0,5 %	0,5 %	0,5 %	1,0 %

The death and disability risk premium is added to the savings contributions (see p. 6).

Example

Member, age 50

Pensionable salary (see page 5)	CHF 60 000
1. Savings contributions	
Member's savings contribution under the chosen plan :	
– Basic (5,5 % of CHF 60 000)	CHF 3 300
– Standard (8,5 % of CHF 60 000)	CHF 5 100
– Top (13,5 % of CHF 60 000)	CHF 8 100
Employer savings contribution (19,5 % of CHF 60 000)	CHF 11 700
2. Risk premium	
Member's risk premium (0,5 % de CHF 60 000)	CHF 300
Employer's risk premium (1,0 % de CHF 60 000)	CHF 600
Total risk premium	CHF 900

Expatriation / assignment as Home-Based Expatriate

Expatriates from Switzerland on temporary assignment abroad are insured under the Standard plan from the first day of expatriation.

Assistance for the choice of plan

Members may ask the Fund administration for an individual proposal with a comparison of retirement benefits, contributions and purchase allowances (see p. 10) or calculate with the simulation module on our website www.fpn.ch. This document is designed to help members choose the plan that is best suited to their personal circumstances.

Example

Male member who joined the Fund at age 25

Annual salary		CHF 65 000

Retirement benefits at age 65 assuming the chosen plan level is maintained throughout his career :

	Accrued savings account	annual pension
– Basic	CHF 500 000	CHF 26 000
– Standard	CHF 570 000	CHF 29 640
– Top	CHF 650 000	CHF 33 800

Time limit

Members may choose their contribution rate until 15 March at the latest by filling and sending in the “Choice of Savings Plan” form available on our website or from the Fund administration. The chosen plan will apply as of the following 1 April. The chosen plan will remain valid until the member opts for another rate or until the occurrence of an insured event (retirement, disability or death).

Members have the choice between three contribution rates


Purchases may be made to
enhance your retirement benefits

5. Voluntary purchases

Voluntary purchases are optional contributions made by a member in addition to the regulatory contributions (p. 6).

Two different purposes

1. Compensating a gap in benefits

There is a gap in benefits when the following condition is met :

Accrued savings account < maximum theoretical savings account

The maximum theoretical savings account is determined by an actuarial table contained in the Fund Rules. It corresponds to the maximum theoretical savings account which would have been constituted from the age of 25, in the chosen plan based on the current salary.

Example

Member, male, age 40

Pensionable salary		CHF 60 000
Maximum theoretical savings account		CHF 185 700
Accrued savings account to date	–	CHF 100 000
Maximum purchase allowance		CHF 85 700

The voluntary purchases are credited to the member's savings account.

The retirement benefits insured with the Fund are increased each time a purchase is made. In the event of an active member's death, his voluntary purchases are part of the lump sum death benefit (p. 26).

2. Prefinancing early retirement

Early retirement may only be prefinanced after the gap in benefits has been fully compensated.

By prefinancing early retirement, a member can mitigate or eliminate the reduction in benefits resulting from early retirement (p. 15). Insured members can also prefinance a temporary pension (AVS bridge pension, p. 17). The purpose of the bridge pension is to supplement a member's income until he receives his AVS pension.

These purchases are credited to the member's early retirement account (p. 35), which is not part of his savings account. The maximum purchase allowance is calculated using the actuarial tables in the Fund Rules and corresponds to the financing of early retirement at age 58 and a maximum AVS bridge pension.

Procedure and restrictions

A member's maximum purchase allowance is indicated at the bottom of his pension certificate. At a member's request, the Fund will issue a more detailed purchase proposal. No more than one purchase per year is authorised.

Before their first purchase, **members are requested to fill in** the "Voluntary Purchase Declaration" form confirming that they satisfy the relevant conditions. This form must be filled in and sent to the Fund before a member starts prefinancing early retirement. The form is available on our website or may be obtained from the Fund administration.

Payments should be made to the bank account of the Fonds de Pensions Nestlé, Vevey, IBAN CH67 0024 0240 C078 4787 0 with UBS Geneva, **with the reference : voluntary purchase, active member's number, last name and first name.**

The amount purchased may not be withdrawn as a lump sum for **three years**, notably in the case of departure (p. 30), retirement (p. 16) or in connection with the encouragement of home ownership (p. 33).

Members arriving from abroad who have never been insured with a Swiss pension institution may not make annual purchases exceeding 20% of their pensionable salary during their first five years of membership.

Members who have withdrawn a portion of their pension assets under the encouragement of home ownership scheme must repay the amounts withdrawn before they can make a voluntary purchase.

Members holding pension assets in Switzerland outside the Fund or whose Pillar 3a assets exceed the customary amount (following self-employed activities, for example) may see their purchase limit reduced.

Members postponing early retirement are not entitled **to benefits exceeding the legal limit of 105%** of the retirement pension at the normal retirement age (the AVS bridging pension is not included in the 105 % limit). Any surplus retirement benefits shall remain with the Fund.

Tax aspects

In addition to enhanced retirement benefits, members who make voluntary purchases benefit from tax advantages. Normally, voluntary purchases are fully deductible from a member's taxable income.

The Fund declines all responsibility in the event the tax authorities deny the tax deduction. Before making a significant purchase, members are advised to consult the competent tax authorities to ensure their purchase is deductible.

Purchases must be credited to the Fund before 31 December to be tax-deductible in the current year.

Such purchases are completely independent of the Pillar 3a. Members may contribute to their Pillar 3a and make voluntary purchases in the Fund in the same year.

6. Savings account

Description

The Fund holds a savings account for each active member.

The following amounts are credited to the savings account:

- savings contributions of the active member and the Employer (p. 6);
- termination benefits transferred in from prior pension institutions;
- voluntary purchases by the member to compensate gaps in benefits (p. 10);
- repayments of withdrawals in connection with the encouragement of home ownership;
- benefits transferred by the ex-spouse following divorce (p. 34).

The following amounts are charged to the savings account:

- withdrawals in connection with the encouragement of home ownership (p. 33);
- transfers-out following divorce (p. 34).

The savings account is credited with:

- **minimal interest;**
- **participation in surplus.**

The minimal interest rate and the participation in surplus, as well as the terms and conditions of their allocation, are fixed by the Foundation Board according to the Fund’s financial situation.

Purpose

The savings account is used to fund the retirement (p. 15), disability (p. 21) and death (p. 23) benefits payable by the Fund.

7. Retirement benefits

Retirement date

In agreement with the Employer, the retirement date may be between:

- **age 58** and
- **age 70**.

The normal retirement age is the first day of the month following a member's:

- **65th birthday for men and women.**

Entitlement to a retirement pension

The retirement pension is payable from the effective retirement date until the member's death.

Amount of retirement pension

The annual retirement pension is calculated as follows:

Savings account at the retirement date	x	Conversion rate

Conversion rates

Age	Men	Women	Age	Men	Women
58	4,40 %	4,70 %	65	4,40 %	4,70 %
59	4,50 %	4,80 %	66	4,50 %	4,80 %
60	4,60 %	4,90 %	67	4,60 %	4,90 %
61	4,70 %	5,05 %	68	4,70 %	5,05 %
62	4,85 %	5,20 %	69	4,85 %	5,20 %
63	4,95 %	5,35 %	70	4,95 %	5,35 %
64	5,10 %	5,50 %			

Example

Member, male, age 65	
Accrued savings account	CHF 500 000
Conversion rate at age 65 (men)	5,20 %
Corresponding annual retirement pension (CHF 500 000 x 5,20 %)	CHF 26 000

Lump sum option

When taking retirement, the member may apply to receive a portion of his savings account in the form of lump sum capital. The maximum lump sum is calculated as follows:

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.

Example

Male member retiring at age 65 and applying for maximum capitalisation.		
Savings account at retirement	CHF	1 200 000
Calculation of the maximum available capital:		
CHF 1 000 000 x 50 %	CHF	500 000
CHF 200 000 x 100 %	CHF	200 000
Maximum available capital	CHF	700 000
Remaining retirement pension [(CHF 1 200 000 – CHF 700 000) x 5.20 %]	CHF	26 000

Moreover, the payment of a portion of the retirement benefit in the form of lump sum capital is subject to the following requirements:

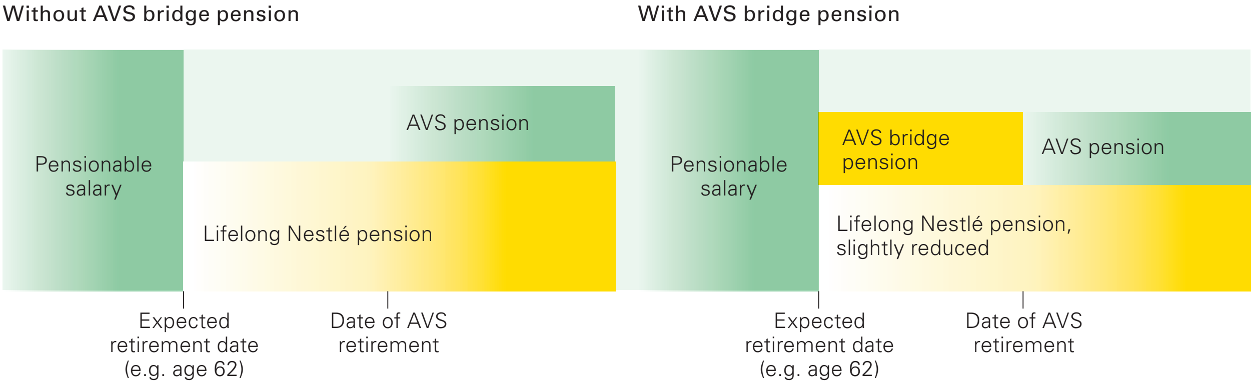
- written consent of the spouse with a copy of an identity document bearing his signature. The Fund may request a certified signature.
- written notification of the member’s irrevocable decision **at least 3 months** before the effective retirement date.

The payment of a portion of the retirement benefit in the form of lump sum entails a corresponding decrease in the retirement pension and the survivor’s pensions attached thereto.

Temporary pension – AVS bridge pension

Members taking early retirement may apply for a temporary pension (AVS bridge pension) which is paid until the normal retirement age (65 for men and 64 for women). The bridge pension allows a member to balance his income before and after his AVS pension is paid.

How does the AVS bridge pension work



The amount of the AVS bridge pension may be fixed by the member provided, however, it does not exceed the maximum AVS retirement pension (CHF 30 249 in 2025).

If a member receiving an AVS bridge pension dies, no pension is granted to the surviving spouse or orphans on the AVS bridge pension.

The AVS bridge pension is financed by a reduction in the accrued savings account at the retirement date, in accordance with the following actuarial factors:

Factors for AVS bridge pension

Age	Men	Age	Women
58	6,449	58	5,478
59	5,588	59	5,611
60	4,708	60	4,726
61	3,810	61	3,822
62	2,892	62	2,899
63	1,951	63	1,955
64	0,988	64	0,989
65		65	

Example

Male member retiring at age 62		
Accrued savings account at age 62	CHF	700 000
Chosen AVS bridge pension	CHF	30 240
Cost of funding AVS bridge pension (CHF 28 680 × 2.828)	CHF	87 454
Savings account after funding AVS bridge pension (CHF 700 000 – CHF 87 454)	CHF	612 546
Residual lifelong retirement pension (CHF 612 546 x 4,85 %)	CHF	29 712
Pensions paid from the Fund from age 62 to 65 (CHF 29 712 + CHF 30 240)	CHF	59 952
Retirement pension from age 65	CHF	29 712

The AVS retirement pension is paid in addition to this pension from the age of 65.

Partial retirement

Active members aged 58 or older may, in agreement with the Employer, ask for a partial retirement pension if their rate of occupation is reduced by **at least 20 %**. Partial retirement enables a member to receive a salary as well as a retirement pension.

At each subsequent reduction of at least 20 % in the residual rate of occupation, the member may apply to receive an additional partial retirement pension. However, the member must retire within a maximum of three stages, the third being full retirement.

Example

Member, male, age 62		
Rate of occupation 60 %, degree of retirement 40 %		
Accrued savings account at age 62	CHF	400 000
Partial retirement pension at 40 % (CHF 400 000 x 40 % x 4,85 %)	CHF	7 760
Residual savings account (CHF 400 000 x 60 %)	CHF	240 000

In addition to the partial retirement pension from the Fund, the member will receive a salary in respect of his 60 % residual degree of occupation.

Maintenance of benefits coverage

Active members aged 58 years or older whose pensionable salary decreases by no more than half may, when their salary is reduced, ask to maintain their benefits coverage **at the level of their previous pensionable salary**. Maintenance of benefits coverage is allowed until **normal retirement age of 65.**

However, if in addition to his reduced pensionable salary, a member earns income from other gainful activities, he can no longer be insured.

Contributions due (p. 6) on the portion of the pensionable salary that exceeds the effective salary are solely borne by the insured member.

Example

Member, male, age 62

Reduction in degree of occupation from 100 % to 60 %

Annual salary (100 %) of CHF 80 000, corresp. to a pensionable salary of	CHF 60 000
Annual salary (60 %) of CHF 48 000, corresp. to a pensionable salary of	CHF 32 000

In order to continue building up his savings account at the previous level, the insured member will have to pay the following contributions:

Annual regulatory contribution on the effective pensionable salary at 60 %, i.e. CHF 32 000 x 9 % (employee share)	CHF 2 880
+ Cost for maintenance of benefits coverage, i.e. CHF 28 000 x 34.5 % (employee share 9 % in the Standard level + Employer share 25,5 %)	+ CHF 9 660
Member's total annual contribution	CHF 12 540

Maintenance of insurance following the dissolution of the employment relationship by the employer from the age of 58 onwards

The insured member **aged 58 or over** who leaves the **Fund following termination of their employment contract by the employer** may maintain its insurance coverage with the Fund.

He can choose to maintain full insurance, risk and savings, or to maintain risk insurance only. The contributions, calculated on the last pensionable salary and the savings plan in force before the maintenance of the insurance, are entirely at the expense of the member.

Once the insurance has been maintained for more than two years, retirement benefits shall only be payable as a pension.

The maintenance of insurance is only possible for persons domiciled in Switzerland. It shall end if the member:

- terminates the maintained insurance;
- joins a new occupational benefits institution and more than two-thirds of his termination benefit is transferred to such institution;
- reaches the normal retirement age;
- is entitled to a temporary disability pension;
- dies before he reaches the normal retirement age;
- is in arrears with contribution payments;
- takes up residence outside Switzerland.

Retired member’s child’s pension

A member receiving a retirement pension from the Fund is also entitled to a pension for each of his children.

The pension is paid until the child turns **age 18**. Children in school or in training are entitled to a pension until they finish their studies or apprenticeship, but not beyond the **age of 25**.

The pensioner’s child’s pension equals, for each child, to **15%** of the retirement pension in payment, subject to a maximum limit of CHF 12 000 per year.

8. Disability benefits

Entitlement to a temporary disability pension

The decision granting a temporary disability pension and fixing the corresponding degree of disability is taken by the Fund in agreement with the Employer. It is based on the decision of the AI and/or on medical advice.

The disability pension is **temporary** and is paid until the normal retirement age. At that age, it is replaced by a retirement pension **which may be different** (p. 15).

Amount of the temporary disability pension

The temporary disability pension is calculated as follows:

Pensionable salary x 65 %

Example

Pensionable salary before the disability	CHF 60 000
Full annual disability pension (CHF 60 000 × 65 %)	CHF 39 000

This pension is paid until the member reaches the normal retirement age (65 for men and 64 for women).

Partial disability

In the case of partial disability, the disability pension is calculated proportionately to the degree of disability decided by the Fund.

The savings account is reduced proportionally according to the degree of disability.

Lump sum option

If the disability occurs after the age of 58, the beneficiary of a temporary disability pension may, before the first pension is paid, apply to receive up to a maximum of 50 % of his pension in the form of lump sum capital.

The payment of a portion of the savings account in the form of lump sum capital results in a corresponding reduction in the disability pension, the future retirement pension and survivor benefits.

Disabled member's child's pension

A member receiving a temporary disability pension from the Fund is entitled to a pension for each of his children.

The pension is paid until the child turns **age 18**. Children in school or in training are entitled to a pension until they finish their studies or apprenticeship, but not beyond the **age of 25**.

The disabled member's child's pension equals, for each child, **10 %** of the pensionable salary. It is limited to CHF 12 000 per year. This pension is proportionate to the degree of disability decided by the Fund.

Contribution waivers

At the beginning of the right to temporary disability pension, the accrued savings account is transferred to the disability part of the insured member proportionately to the degree of disability. Thereafter, this savings account is governed by the rules below.

Entitlement to a contribution waiver begins and ends at the same time as the entitlement to a temporary disability pension. In case of partial disability, the contribution waiver applies only to the disability part of the pensionable salary, proportionately to the degree of disability decided by the Fund.

During the term of the contribution waiver, the Fund bears both the member's and the Employer's contributions. The contributions are determined in accordance with the Standard plan based on the last pensionable salary before the onset of the incapacity for work.

9. Death benefits

Types of pensions and beneficiaries

Spouse means:

- the member's legal spouse under Swiss law, or
- a person of the same gender who has concluded a registered partnership with the insured member, as defined by the Swiss Federal Act on Partnerships Between Persons of the Same Sex.

A partner is deemed to be the person, of the same or opposite sex, who fulfills the following cumulative conditions :

- he is not married and has not concluded a registered partnership (with the member or any other person)
- he is not related to the insured member
- he has shared a common life with the member for an uninterrupted period of at least 5 years immediately prior to the member's death, or must contribute to the maintenance of one or more of the couple's children.

During his lifetime, the insured member must designate his partner to the Fund in writing, with the form "Designation of Beneficiaries in the Event of Death", which is available on the intranet or may be obtained from the Fund administration.

The surviving partner must assert his claim to the Fund in writing within 12 months, submitting proof that he satisfies the qualifying conditions for a partner.

Start and termination of entitlement

Entitlement to a surviving spouse's or surviving partner's pension begins on the first day of the month following the insured member's death and terminates at the end of the month in which the beneficiary dies or remarries. It also terminates if the surviving partner starts living with a new partner. In both cases, a one-off indemnity equal to three years of pension will be paid.

Amount of the surviving spouse's or partner's pension

The pension of an **active member's** surviving spouse or partner is calculated as follows:

Pensionable salary x 45 %

Example

Pensionable salary	CHF 60 000
Surviving spouse's or partner's pension (45 % of CHF 60 000)	CHF 27 000

At the death of a **disabled or retired member**, the surviving spouse's or partner's pension is calculated based on the disability or retirement pension in payment. As a rule, it equals:

Disability or retirement pension x 70 %

No surviving spouse's or partner's pension is granted on a possible AVS bridge pension.

Age difference

If the beneficiary of a surviving spouse's or surviving partner's pension is younger than the insured member and the age difference exceeds 10 years, the pension is reduced by 2.4 % per year over the 10-year limit.

Example

14 years' age difference (i. e. 4 years more than the 10-year limit)	
Reduction for 14 years' difference (4 × 2.4 %)	9,6 %
Surviving spouse's or partner's pension	CHF 27 000
Reduced spouse's or partner's pension ([100 % – 9,6 %] × CHF 27 000)	CHF 24 408

Marriage or declaration after retirement

If an insured member marries or declares a new partner after reaching the normal retirement age, the surviving spouse's or partner's pension is reduced by 20 % for each year lapsed after the normal retirement age. However, in case of marriage, the minimal spouse's pension under the LPP is guaranteed.

Example

If, at the age of 68 (i.e. three years after the normal retirement age of 65), a retired member marries a woman aged 60, the insured surviving spouse's pension is reduced by 60 %.

Lump sum option

If the insured member dies after the age of 58, the beneficiary of the surviving spouse's or surviving partner's pension may, before the first pension is paid, apply to receive up to 50 % of his pension in the form of a lump sum capital.

Orphan's pension

Each child of a deceased member is entitled to an orphan's pension.

The pension is paid until the child turns age 18. For children in school or in training, the entitlement to a pension is extended until they finish their studies or apprenticeship, but not beyond the age of 25. Upon request, the child may have his pension paid onto his own account.

At the death of an active member, the orphan's pension is equal to 10 % of the deceased member's pensionable salary.

At the death of a disabled or retired member, the orphan's pension is equal to 15 % of the pension in payment.

If the child loses both parents, the orphan's pension is doubled.

Example

Pensions paid by the Fund following the death of an active, married member.

Surviving spouse's pension (45 % of CHF 60 000)	CHF 27 000
Orphan's pension, for each child (10 % of CHF 60 000)	CHF 6 000

Lump sum death benefit without survivor pensions

If an active member dies and **no surviving spouse's or partner's pension** is payable, the survivors of the deceased member are entitled to a lump sum death benefit in the following order:

1. – the member's children who are entitled to a child's pension, or
   – the persons previously designated by the member, provided that, at his death, they were financially dependent on him.

Failing any beneficiaries in category 1:

2. – the member's children who are not entitled to a child's pension;
   – failing them, the parents;
   – failing them, the brothers and sisters.

Failing any beneficiaries in category 2:

3. the member's other legal heirs, excluding public bodies.

If there are several beneficiaries, the lump sum death benefit is divided equally among them.

The insured member may alter the order of beneficiaries within the same category and / or specify how the lump-sum death benefit is to be divided between the beneficiaries of an individual category using the form "Designation of Beneficiaries in the Event of Death" which is available on the intranet or may be obtained from the administration of the Fund. The order of the categories may not be altered.

Beneficiaries must claim their entitlement from the Fund within 12 months of the member's death. The lump sum death benefits which cannot be paid remain with the Fund.

The amount of the lump sum death benefit corresponds to :

Savings account at the member's death

Lump sum death benefit with survivor pensions

If, at the death of an active member, **a surviving spouse's or partner's pension is paid**, the Fund shall grant the beneficiary of the pension a lump sum death benefit equal to the higher of:

Total purchases made to compensate gaps in benefits with interest – total withdrawals, with interest	or	Retirement savings account at the member's death – present value of the surviving spouse's or partner's pension

The lump sum death benefit is paid to the beneficiary of the surviving spouse's or partner's pension.

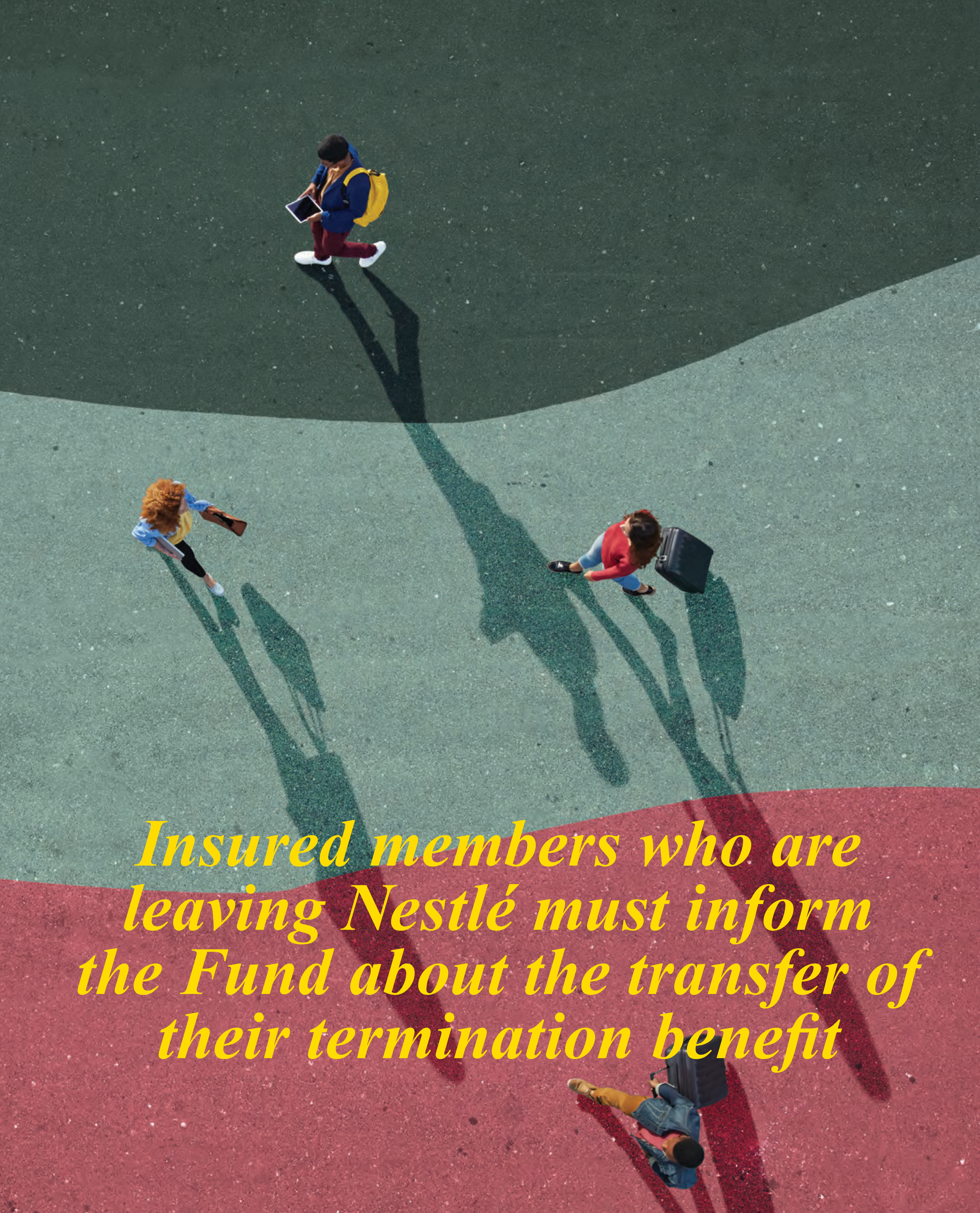
Example

Active member, male, deceased at age 62

Savings account at the member's death	CHF	1 000 000
Present value of surviving spouse's pension	– CHF	950 000
Difference	CHF	50 000
Purchases made by the member, with interest	CHF	80 000
Total withdrawals	– CHF	20 000
Difference	CHF	60 000
The lump sum death benefit corresponds to the highest amount, i.e.	CHF	60 000

One-time death allowance

At the death of an active member or of the beneficiary of a retirement or disability pension, a single amount of CHF 5 000 is paid.


Insured members who are leaving Nestlé must inform the Fund about the transfer of their termination benefit

10. Leaving the Fund

An active member whose employment is terminated:

- before he reaches age 58 (p. 15),
- without being entitled to a retirement or disability pension from the Fund, and
- in principle, without joining another company of the Nestlé Group,

no longer qualifies as an insured member and is entitled to a **termination benefit** corresponding to:

Savings account at the termination date

An insured member **over age 58** who is not entitled to disability benefits from the Fund and does not join another company of the Nestle Group may only apply for a termination benefit if he can prove that he is continuing fulltime employment or that he has registered for unemployment benefits.

If that is not the case, the member will be granted an early retirement benefit from the Fund (p. 15).

Transfer of termination benefit

The termination benefit remains in the pension funding, i.e. must be applied to the leaving member's pension benefits. It must be transferred to:

- his new occupational benefits institution, or
- a blocked vested benefits account with a bank, or
- a vested benefits policy with an insurance company.

If no instructions are received from the member within 6 months, the Fund will transfer the termination benefit to the LPP Substitute Pension Plan.

Cash payments

Under certain conditions, members leaving the Group may cash in their termination benefit depending on their future country of residence:

Country of residence	Conditions	Portion of the termination benefit that may be cashed in
Switzerland	The member becomes selfem-ployed and is no longer subject to mandatory benefits coverage	Total termination benefit
EU member States, Iceland and Norway	The member is subject to mandatory retirement, death and disability coverage	Difference between the termination benefit and the LPP retirement savings capital (extra-mandatory portion)
	The member is not subject to mandatory retirement, death and disability coverage	Total termination benefit
Liechtenstein	The member becomes self-employed	Difference between the termination benefit and the LPP retirement savings capital (extra-mandatory portion)
Other countries	No conditions	Total termination benefit

Example

Male member leaving the Nestlé Group at age 52 to live and work in Italy, while remaining subject to mandatory benefits coverage.

Total termination benefit	CHF 350 000
of which LPP retirement savings capital	CHF 100 000
Difference between the termination benefit and the LPP retirement savings capital (extra-mandatory portion)	CHF 250 000

In this example, only CHF 250 000 may be paid out in cash. The LPP retirement savings capital of CHF 100 000 remains subject to LPP requirements.

The LPP retirement savings capital which cannot be cashed in will be transferred, for example, to a vested benefits account with a bank in Switzerland. The member will be able to access these funds 5 years before normal swiss retirement age.

If the termination benefit is less than the member's total annual savings contribution, the total termination benefit may be paid out in cash.

In all cases where a payment is made in cash, members leaving the Fund must, if applicable, request the written consent of their spouse and provide a copy of an identity document bearing the spouse's signature. The Fund may require a certified signature.

Members leaving Switzerland permanently must present an official confirmation from the authorities ("contrôle des habitants") to this effect. Furthermore, a withholding tax will be deducted. Members emigrating to an EU Member State, or to Iceland or Norway, may be asked to submit other additional documents.

Members who become self-employed in Switzerland are required to present a copy of the certificate issued by the AVS Compensation Fund confirming their status as self-employed.

The termination payment is transferred as soon as the departing member completes and submits the "Request for the transfer of termination benefits", but at the earliest on the last day of employment in accordance with the employment contract.


Pension assets can be used to finance the purchase of your own home

12. Encouragement of home ownership

Pledging

Pledging refers to the use of all or a portion of the savings account held with the Fund as security for a loan granted by the pledge-holder to finance the purchase of the member's main residence.

The pledge may apply to:

- **the termination benefit:** the insured member pledges his current savings account or, if necessary, his future savings account. As a rule, the pledge is for a fixed amount.
- **the entitlement to pension benefits** (retirement, disability and death benefits): in this case, the entitlement to pension benefits is pledged and not an amount.

Withdrawals

A withdrawal consists of transferring all or a portion of the savings account to the insured member. A withdrawal reduces the insured member's retirement benefits.

Insured members may use their savings account for the encouragement of home ownership provided that the assets are used to buy or build their main residence or to pay off mortgage loans on such property. Financing of a second residence or holiday home is not permitted.

Withdrawals or pledging are allowed:

- until 3 years before normal retirement age
- until the occurrence of an insured event (early retirement, disability or death)
- until termination of employment with the Nestlé Group.

The maximum permissible withdrawal for the encouragement of home ownership equals:

- up to age 50, the total savings account
- for members over 50, the savings account accrued at age 50 or half of the savings account accrued at the withdrawal date if that amount is higher.

More information can be found in the guide "Encouragement of home ownership". This document is available upon request or can be found on the Fund's website.

12. Divorce

Pursuant to a final and binding divorce decree applicable in Switzerland, the Fund may be required to transfer all or a portion of an insured member's savings account.

Such a transfer has the effect of reducing the member's accrued savings account and the respective benefits, in particular his retirement benefits.

For a member receiving a disability pension, the transfer reduces the member's accrued savings account but has no incidence on the disability benefits in payment.

In the event of the death of a divorced insured person, the surviving divorced spouse will be entitled to a divorced spouse's pension provided that:

a. a pension was awarded upon divorce pursuant to the dispositions of the Swiss Civil Procedure Code (CPC) and
b. the marriage lasted at least ten years.

13. Unpaid leave of absence

A member who takes unpaid leave in agreement with the Employer remains insured with the Fund.

During the unpaid leave:

- no contributions are payable by the Employer or the member
- disability (p. 21) and death (p. 23) benefits remain insured with the Fund at its expense and at the same level as before the leave
- the accrued savings account continues to bear interest, but no savings contributions are credited.

If, as a result of the unpaid leave, the insured member has a gap in benefits, he may make voluntary purchases (p. 10).

14. Early retirement account

Opening and financing

Every active member may create an additional early retirement account to finance:

a. reductions resulting from early retirement

b. the temporary pension (AVS bridge pension) described on page 17.

The early retirement account is financed by the member's purchases (p. 10). It earns interest at the same rates as those set by the Foundation Board for the savings accounts.

The voluntary purchases of the insured member can be credited to the early retirement account only if:

a. the member has fully compensated all gaps in benefits

b. the "Voluntary Purchase Declaration" has been filled out (available on our website or requested from the Fund administration).

Payment

The early retirement account is payable in case of retirement, total disability, death or on leaving the Fund. The accrued amount is payable in addition to the other benefits.

The early retirement account is paid as follows:

a. in case of retirement: to the member either in the form of an increase in his retirement pension and / or his AVS bridge pension, or in the form of lump sum capital

b. in case of full disability: to the member in the form of lump sum capital

c. at the member's death: to the beneficiaries of the death benefit in the form of lump sum capital

d. on leaving the Fund: to the member, following the rules explained on page 29 and following.

The early retirement account may be used to finance a transfer following a divorce decree or a withdrawal in connection with the encouragement of home ownership.

Members postponing early retirement are in any event not entitled to benefits in excess of the legal limit of 105 % of the retirement pension calculated at the normal retirement age (the AVS bridge pension is not included in the 105 % limit). Any surplus retirement benefits remain with the Fund.

15. Adjustment in pensions

Pensions in payment may be adjusted to the increase in the cost of living depending on the financial possibilities of the Fund. Each year, the Foundation Board decides whether to adjust pensions and to what extent. Its decision is explained in the annual report.

Pensions coming from a divorce splitting are not adjusted to the cost of living.

16. Overinsurance

If the total benefits paid to the beneficiaries of retirement pensions, surviving spouse's pensions, partner's pensions and disability pensions, according to the following list and regardless of their origin, exceed 100 % of the reference salary which the insured member would have earned if he had continued working, plus any family allowances, the Fund shall reduce its benefits accordingly.

The income taken into account is:

- AVS / AI benefits
- benefits paid by the federal military insurance
- benefits from an insurance company or pension plan entirely or partly financed by the Employer
- benefits paid by vested benefits institutions and the Substitute Pension Plan
- benefits paid by foreign occupational benefits institutions comparable to the Fund
- foreign social insurance benefits
- any salary or indemnities paid by the Employer
- income earned by a partially or totally disabled person or income he could earn from an achievable activity, with the exception of supplementary income earned from insertion activities of the Federal AI
- retirement benefits paid by social insurance institutions or Swiss or foreign pension institutions also qualify as income.

For the purpose of calculating overinsurance, lump sum benefits are converted into pensions calculated in accordance with the Fund's actuarial tables.

17. Conditional guarantee 2018

In relation with the pension plan modifications from 1 July 2018, active members born before 01.01.1973 and insured with the fund at 30.06.2018 are entitled, where appropriate, to a conditional guarantee that will be triggered if the member reaches retirement within the Fund and takes the retirement benefits in the form of a pension.

The guarantee comes into effect at the time of retirement (as from the age of 58) by means of a payment of an additional capital into the member's savings account to be converted into a pension at the prevailing conversion rates at that time.

Should the member decide at the time of retirement to receive a proportion of his final savings account in the form of a lump sum, the value in capital of the conditional guarantee will be reduced proportionally.

The value in capital of the conditional guarantee was determined so that the projected retirement pension at 1 July 2018 amounts to a certain percentage of the projected retirement pension at 30 June 2018, depending on the age of the member at 1 July 2018, according to the table below.

Age	**Guarantee in % of the current projected retirement pension**	**Age**	**Guarantee in % of the current projected retirement pension**
45	92.00 %	56	97.87 %
46	92.53 %	57	98.40 %
47	93.07 %	58	98.93 %
48	93.60 %	59	99.47 %
49	94.13 %	60	100 %
50	94.67 %	61	100 %
51	95.20 %	62	100 %
52	95.73 %	63	100 %
53	96.27 %	64	100 %
54	96.80 %	65	100 %
55	97.33 %		

18. Transitional provisions 2013

Special conditions for one-off credit

The following conditions apply to the active members who are allocated a one-off credit as part of the plan changes effective 01.07.2013.

In case of an insured event (retirement, disability, death or leaving the Fund), the present value of benefits acquired abroad during the years of service for the Group and before 01.07.2013 are deducted from the benefits paid by the Fund. The reduction is limited, however, to the amount of the one-off credit, with interest, at the date the benefits are paid. The benefits received from abroad, such as social insurance benefits, local pension fund benefits, similar foreign institutions or severance packages, are taken into account.

Moreover, if retirement, death or disability benefits are paid, the Fund administration may refuse to pay the one-off credit, with interest, as a lump sum and replace it by a pension.

Supplemental payment at early retirement

Active members, who, cumulatively,

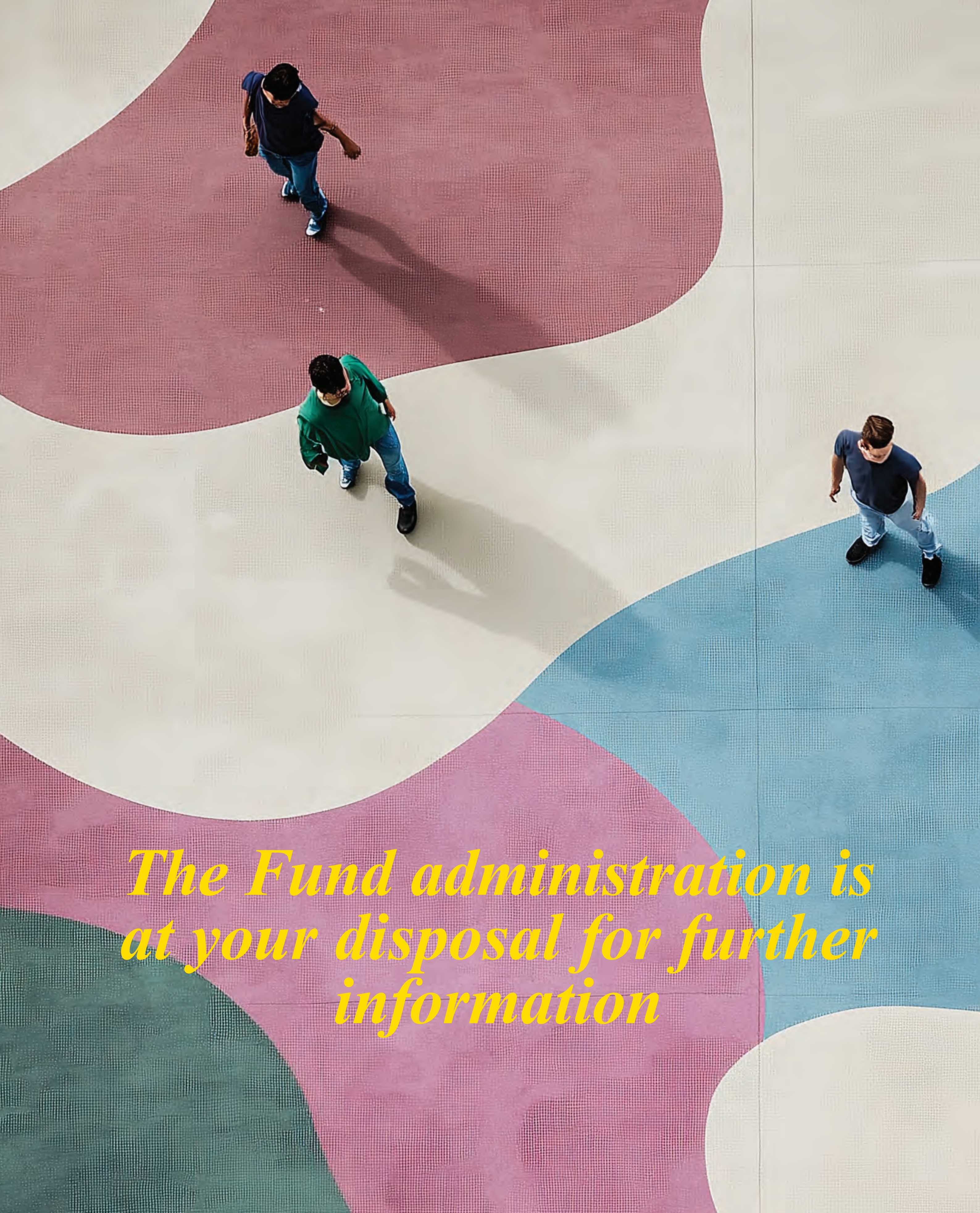
- are born after 31.12.1958 and before 01.01.1969;
- were insured with the Fund at 30.06.2013;
- are entitled to a one-off credit at 01.07.2013;
- benefit from a 35-year contribution scale in the former “pension objective plan”;

are entitled to a supplemental payment if they retire before age 65 for men and 64 for women.

Members with **more than 35 years of membership** at age 65 for men and 64 for women are entitled to a supplemental payment equal to 3 % of the total savings contributions, with interest, paid by the insured member and the Employer at the retirement date, for each year of early retirement. That duration is limited, however, to the number of years of membership exceeding 35, but not more than 5 years.

Moreover, insured members covered by the old 35-year contribution scale applicable before **1992** and having **more than 25 years of membership** at age 65 for men and 64 for women are entitled to a supplemental payment of **2 %** of the total savings contributions, with interest, paid by the insured member and the Employer at the retirement date, for each year of early retirement. That duration is limited, however, to the number of years of membership exceeding 25, but not more than 5 years, less the years already offset under the preceding paragraph.

The supplemental payment is an integral part of the benefits indicated on the pension certificate.



The Fund administration is at your disposal for further information

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