Occupational pensions at Roche

An overview

Last revised on 1 January 2020
All references to persons apply to both genders, even where a word or expression imports the masculine gender only.

The full provisions can be found in the Pension Rules and Pension Plans of the individual schemes of F. Hoffmann-La Roche Ltd; the Pension Rules and Pension Plans always take precedence where discrepancies arise. In addition, there may be differing or complementary pension plans for groups of employees defined by the employer (see Art. 3 of the Rules).

The pension schemes of F. Hoffmann-La Roche Ltd comply with the provisions of data protection legislation and treat the personal data of the Insureds with the utmost care.

Insureds must contact their tax office for clarification of tax issues.
Foreword

Dear Colleagues,

Switzerland’s three-pillar system of retirement provision is anchored and laid down in the Federal Constitution. It is a complementary system comprising state old age, survivors’ and disability insurance (AHV/IV), occupational schemes (BVG) and independent private cover.

At Roche, occupational pension provision is covered by the Roche pension funds. They have a long tradition and will soon have been in existence for 100 years, i.e. long before the introduction of the state pension in 1948 (AHV/IV, 1st pillar) and the introduction of the Occupational Pensions Act in 1985 (BVG, 2nd pillar).

Both Roche pension funds, i.e. the Pension Fund and the Supplementary Pension Scheme of F. Hoffmann-La Roche Ltd, are well-established pension schemes that provide extra-mandatory benefits alongside the minimum statutory benefits prescribed by the BVG. The employer funds considerably more than the statutorily prescribed contributions and also assumes the administrative costs.

These Roche pension schemes, together with the state pension (1st pillar) and independent private cover (3rd pillar), ensure an appropriate replacement income for employees upon reaching retirement age, in the event of disability, or for their dependants in the event of death.

The schemes are managed by a Board of Trustees comprising equal numbers of employee and employer representatives. The primary objectives of the Board of Trustees are to manage the assets entrusted to it prudently and to ensure an appropriate balance between risk and return.

This document explains the structure and regulations of Roche’s occupational pension schemes in a simple manner, with a view to aiding understanding of this complex subject matter.

I hope you find it informative.

Dr Gottlieb Keller
Chairman of the Board of Trustees of the
Pension Fund and Supplementary Pension Scheme
of F. Hoffmann-La Roche Ltd
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Glossary

AHV
The abbreviation AHV stands for ‘Eidgenössische Alters- und Hinterlassenenversicherung’ (Federal Old Age and Survivors’ Insurance) and is the first pillar of Switzerland’s three-pillar system.

BVG
The abbreviation BVG stands for ‘Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge’ (Swiss Federal Act on Occupational Old Age, Survivors’ and Disability Pension Plans) and governs the statutory minimum benefits of the second pillar of Switzerland’s three-pillar system.

Capital Savings Plan
The Capital Savings Plan is a component of the Pension Fund (PF) and supplements pension insurance by building up a personal retirement savings account for each Insured. Besides income, the Capital Savings Plan includes any bonus payments and shift allowances.

Certificate of insurance
The certificate of insurance shows your individually insured pension benefits as well as your current retirement account balance.

Conversion rate
The conversion rate is a factor in calculating the pension. The conversion rate is used to convert the retirement account balance into an annual pension.

Income
Income is understood as the annual base salary declared by the employer, before allowances and bonus payments.

IV
The abbreviation IV stands for ‘Eidgenössische Invalidenversicherung’ (Swiss Federal Disability Insurance scheme).

Lump-sum withdrawal
Payment of the retirement account balance in the form of a lump-sum withdrawal.

Pension insurance
Pension insurance is a component of the Pension Fund (PF) and Supplementary Pension Scheme (SPS) and builds up a retirement balance for each employee and also insures benefits for disability and death.

Portable benefits
If you leave the pension funds you are entitled to a portable benefit (termination benefit). The level of portable benefit corresponds to the current retirement account balance from your pension insurance, the Capital Savings Plan, Voluntary Savings scheme and Roche Pension Plan PLUS (RPPP).

Portable benefits account
The portable benefits account is an account held with an external institution (bank, for example), in which your pension balance and protection against the risks of disability and death are tied up. A portable benefits account will be opened if you leave service, although the termination balance cannot be transferred to a new pension scheme immediately/can only be transferred in part.

Retirement pension
The retirement pension is a lifelong pension that is paid out upon retirement. The amount depends on the available retirement balance and the conversion rate.

Retirement savings account
The retirement savings account comprises total credits and interest, including portable benefits transferred in as well as make-up payments, less any early withdrawals that have been made.

Roche Pension Plan PLUS (RPPP)
This pension plan is a component of the Supplementary Pension Scheme (SPS) and is funded independently of personal income exclusively from contributions by the employer.

SimplyOne
On SimplyOne you can access your personal salary and pension information by entering the search term ‘Pension Funds – Personal Information’. In addition to your personal insurance certificates from the Pension Fund (PF) and the Supplementary Pension Scheme (SPS) you will find personal calculations for make-up payments, leaving, retirement and other scenarios. On SimplyOne you can also choose the level of the contribution to the Voluntary Savings Scheme.

Termination benefits/termination balance
See portable benefits.

UVG
The abbreviation UVG stands for ‘Bundesgesetz über die Unfallversicherung’ (Swiss Federal Accident Insurance Act) and is a component of occupational retirement provision in Switzerland. The accident insurance scheme at Roche is SUVA; it covers treatment costs and any pension payments in the event of accidents.

Voluntary Savings
The ‘Voluntary Savings’ scheme is a component of the Pension Fund (PF) and Supplementary Pension Scheme (SPS) and builds up an additional retirement account balance as a supplement to retirement insurance. It serves as a voluntary improvement to benefits for old age, disability or death. It can take the form of an increase in monthly contributions or, in the event of existing make-up options, a one-off payment to the Voluntary Savings scheme.
Pensions in Switzerland

The pension schemes in Switzerland insure you and your dependants against the financial consequences of old age, death and disability. Provision is based on the principle of the three-pillar concept.

<table>
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<th>1st pillar</th>
<th>2nd pillar</th>
<th>3rd pillar</th>
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<td>Occupational pension</td>
<td>Private pension</td>
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<tr>
<td>AHV/IV</td>
<td>PF</td>
<td>3a</td>
</tr>
<tr>
<td>Old Age, Survivors’ and Disability Insurance</td>
<td>Pension funds (including mandatory BVG/UVG element)</td>
<td>Fixed plan</td>
</tr>
<tr>
<td>Meeting basic needs</td>
<td>Continuation of accustomed standard of living</td>
<td>Voluntary, individual top-up</td>
</tr>
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</table>

1st pillar – state pension
The first pillar is mandatory and comprises the state pension under Old Age and Survivors’ Insurance (AHV) and Disability Insurance (IV). This is designed to cover basic needs in the event of a loss of earned income due to old age, disability or death.

2nd pillar – occupational pension
The aim of the second pillar – also known as the Pension Fund (PF) – is to enable you to maintain the standard of living to which you are accustomed. The occupational pension complements the state pension and is mandatory for Roche employees. At Roche, occupational provision encompasses the two schemes Pension Fund (PF) and Supplementary Pension Scheme (SPS). In the event of an accident, payments are also made under the Swiss Federal Accident Insurance Act (UVG).

3rd pillar – private pension
The third pillar comprises private provision and is voluntary. A distinction is made between Pillar 3a and Pillar 3b. Pillar 3a is subject to statutory requirements, but benefits from tax advantages. Pillar 3b comprises your individual savings towards a private pension.

Note: BVG minimum requirements
The Occupational Pensions Act (BVG) contains minimum requirements, i.e. all pension funds must comply with and prove that they meet the prescribed minimum benefits in CHF – also known as the mandatory element. Besides complying with these rules, the Roche pension funds also provide extra-mandatory benefits that exceed the minimum requirements.
Occupational pensions at Roche – 2nd pillar

Occupational retirement provision at Roche encompasses the two schemes Pension Fund and Supplementary Pension Scheme. Whether you are insured with each of these plans will depend on your contract of employment and income. You can be a member of both schemes at the same time.

**Employer**
F. Hoffman-La Roche Ltd

**Foundation**
(Independent pension schemes)

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**Pension Fund of F. Hoffmann-La Roche Ltd – ‘PF’**
The PF constitutes the basis of future retirement benefits and, in addition to the AHV and IV, insures you and your family against the financial consequences of disability and death due to illness. The PF exceeds the minimum benefits prescribed by the BVG and takes into account incomes of up to CHF 113,760 per year.

**Supplementary Pension Scheme of F. Hoffmann-La Roche Ltd – ‘SPS’**
The SPS supplements the PF and insures incomes above CHF 113,760. Members of the employer-funded Roche Pension Plan PLUS (RPPP) are also insured under the SPS. The terms of admission and further information can be found below.

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**Insured income**
The PF insures incomes up to four times the maximum annual AHV retirement pension. The SPS insures incomes in excess of this maximum. The rule is, insured income in the SPS = total income less income insured in the PF.
Pension Fund and Supplementary Pension Scheme

The PF and SPS schemes consist of the following pension schemes: pension insurance, the Capital Savings Plan and the Voluntary Savings scheme in the case of the PF; pension insurance, the Voluntary Savings scheme and the income-independent Roche Pension Plan PLUS in the case of the SPS.

### Pension plans

<table>
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<th>Capital Savings Plan</th>
<th>Voluntary Savings</th>
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</thead>
<tbody>
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<td>Pension insurance</td>
<td></td>
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<tr>
<td>Supplementary Savings Plan</td>
<td>Roche Pension Plan PLUS</td>
<td>Voluntary Savings</td>
</tr>
<tr>
<td>Pension insurance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Employment contract for 3 months or longer, income-dependent**
- **Employment contract unlimited, dependent on level of employment and independent of income**

### Pension insurance (PF and SPS)

Pension insurance is an insurance policy that replaces loss of earnings in the event of disability and death due to illness with the payment of a pension. In addition to this risk insurance, each Insured has an account containing their personal retirement insurance balance.

### Capital Savings Plan (PF)

The Capital Savings Plan supplements pension insurance and builds up a separate retirement account balance for each Insured. Unlike pension insurance, the Capital Savings Plan does not include any risk insurance. The Capital Savings Plan includes any bonus payments and shift allowances in addition to income.

### Voluntary Savings scheme (PF and SPS)

You can choose to pay voluntary savings into the PF and – if your income is sufficient – the SPS. The Voluntary Savings scheme supplements your pension insurance and the Capital Savings Plan, and builds up an additional retirement balance. This retirement balance augments the benefits paid under your occupational pension scheme in the event of old age, disability or death.

### Roche Pension Plan PLUS (SPS) – in the following ‘RPPP’

The employer funds the additional build-up of a retirement balance and a supplementary risk insurance for beneficiaries. The amount provided is proportionate to the level of employment and applies to an unlimited employment contract for scheduled working of at least 20%.

### Roche Pension Plan PLUS entitlement

Entitlement to Roche Pension Plan PLUS benefits is based on the employment contract and is stipulated in the pension plans.
Terms of admission

Provided you meet the acceptance terms, you will automatically be insured under the PF and SPS on joining the company. The question of when your obligation to pay contributions commences and how these contributions are composed depends on your age.

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<th>Voluntary Savings (PF and SPS)</th>
<th>Roche Pension Plan PLUS (SPS only)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Start of mandatory contributions</strong></td>
<td>From age 20</td>
<td>From age 30</td>
<td>From age 20</td>
</tr>
<tr>
<td><strong>Particular features</strong></td>
<td>Risks insured from age 18</td>
<td>Bonus payments and shift allowances insured from age 18</td>
<td>No employer contributions Can be optionally selected by Insureds</td>
</tr>
</tbody>
</table>

Terms of admission

On joining the company, you will automatically be enrolled in the Roche occupational pension scheme provided the following conditions are met:

- **Pension insurance, Capital Savings Plan and Voluntary Savings**
  - Your contract of employment is longer than 3 months
  - Your income exceeds the statutory minimum prescribed by the BVG (PF) or 4 times the maximum AHV retirement pension (SPS)

- **Roche Pension Plan PLUS**
  - You are entitled to benefits according to your employment contract
  - Your employment contract is unlimited

Age-dependent insurance

Your insurance is structured differently depending on your age (see illustration above). Enrolment starts on joining the company or on 1 January of the year in which you reach the relevant age.

Portable benefits from previous pension plans

On joining the company, portable benefits from previous pension plans must be transferred to the Roche pension funds.
The PF and SPS are funded from employee and employer contributions, as well as from the investment income generated. These contributions are credited to your personal retirement account, while the risks of disability and death are insured.

Contributions
Employee contributions are directly deducted from income every month and transferred to the relevant scheme together with the employer contributions.

- **Pension insurance**: Individual employee contributions remain unchanged throughout the period of insurance and account for around ⅓ of contributions. Roche, as the employer, pays around ⅔ of the contributions.
- **Capital Savings Plan**: Employee contributions depend on age, while employer contributions remain unchanged throughout the period of insurance and amount in total to approximately one half of contributions.
- **Voluntary Savings scheme**: Under the Plan Medium and Plan High, you can increase your rate of contribution if you wish. The employer does not make any contributions.
- **Roche Pension Plan PLUS**: The employer pays all contributions. Entitlement is based on your employment contract (unlimited employment contract) and level of employment.

Credits
The schemes add credits and interest to your personal retirement balance on a monthly basis.

- **Retirement insurance**: The level of credits depends on age: the older you are, the higher the level of credits you receive. In addition, a portion of the contributions is used to insure the risks of disability and death.
- **Capital Savings Plan**: The amount of the credits are equal to the sum of employer and employee contributions.
- **Voluntary Savings scheme**: The amount of the credits is equal to the contributions paid.
- **Roche Pension Plan PLUS**: The amount of the credits funded in full by the employer is based on your level of employment and is independent of income.

Contributions and credits for pension insurance
Contributions to pension insurance remain unchanged. Credits will be increased graduated by age.
Possible make-up payments

By making additional make-up payments to your occupational pension, you will enjoy a direct improvement in your retirement and risk benefits.

When can I make make-up payments?
Make-up payments can be made if the maximum possible retirement balance is higher than the current level due to your income and age. Salary increases and admission to the pension funds after age 20 are among the most frequent reasons for making make-up payments.

Advantages of make-up payments
- Your retirement savings balance is increased.
- Payments are increased in the event of disability and death.
- Make-up payments are a comparatively secure investment.
- Make-up payments can offer tax advantages in Switzerland.

Disadvantages of make-up payments
- Funds are tied up for a long period; the possibility of withdrawals is limited.
- You have no influence over the investment strategy.
- Where there are no heirs with entitlement to benefits under the Rules, the balance remains in the pension funds in the form of a solidarity contribution.

Restrictions

Lump-sum withdrawals: If you have made make-up payments, you cannot draw benefits in the form of a lump sum from either the PF or the SPS within the next three years.
Promotion of home ownership scheme: Make-up payments are not permitted if there is an outstanding advance withdrawal under the home ownership promotion option.
Newcomers: If you have relocated to Switzerland and have never belonged to an occupational pension scheme, you may make additional make-up payments into the pension funds amounting to up to 20% of your insured income every year for the first five years following enrolment.
Voluntary Savings

Voluntary Savings are an additional scheme within the PF and SPS. They enable employees to build up an additional retirement balance by voluntarily increasing their pension fund contributions.

How the Voluntary Savings scheme works

- **Choice of contributions:** With the Voluntary Savings scheme, employees can choose their own level of contributions by opting for the Plan Medium or the Plan High. You can make your choice on SimplyOne whenever you wish. Once made, your choice is valid as of the following month. On joining the scheme, the Basic contribution plan without voluntary contributions is automatically selected. If you do not make a new choice, your contribution remains at the same level as before. For convenience, the additional contributions are deducted from your salary.

- **Funding:** The scheme is funded entirely from the additional contributions chosen by the employee (up to age 65). The employer does not make any contributions to Voluntary Savings.

- **Make-up payments:** Make-up payments are possible on a retroactive basis to age 20 and are made in accordance with the order of priority stipulated in the Rules.

- **Retirement:** You can choose between a one-off lump-sum settlement, a lifelong pension or a combination of the two.

- **Disability or death:** In the event of full disability, your Voluntary Savings balance will be paid to you in the form of a one-off lump sum. In the event of death, the retirement balance will be paid to your heirs in the sequence prescribed in the Rules.

- **Interest rates:** The interest payable within the respective fund (PF/SPS) is the same for all schemes.

### Calculation example: Voluntary Savings, assumption total income CHF 120,000 p.a.

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<tr>
<td>Total income:</td>
<td>120,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insured income PF:</td>
<td>113,760</td>
<td>No additional contribution</td>
<td>1.125% 1,280</td>
<td>2.25% 2,560</td>
</tr>
<tr>
<td>Insured income SPS:</td>
<td>6,240</td>
<td>No additional contribution</td>
<td>2.85% 178</td>
<td>5.70% 356</td>
</tr>
</tbody>
</table>

* The figures represent a percentage of insured income and are deducted in addition to the contributions prescribed.
Retirement

The normal retirement age for men and women is 65 years in the case of both the PF and the SPS. Under AHV, the pensionable age for women is 64.

Options

You can choose between a lifelong pension, a one-off lump-sum settlement or a combination of the two when you retire.

**Difference between lump-sum withdrawal and drawing a pension**

- **Drawing a pension:** The pension begins at retirement and is payable for life. In the event of death, dependants are also insured in retirement through a spouse’s or orphan’s pension.
- **Lump-sum withdrawal:** With a lump-sum withdrawal, the entire retirement account balance is taken as a one-off payment, which you can use in accordance with your own needs. Insurance cover ends in the event of death.

Flexible retirement age

- **Early retirement (age 60–65):** Early retirement is possible from age 60 at the earliest, but benefits will be reduced as a result.
- **Deferment of pension benefits (age 65–70):** An agreement may be reached with the employer to defer the start of pension benefits up to age 70 at the latest. Benefits will be higher as a consequence.
- **Continued insurance from age 60 in the event of a reduction in insured income:** From age 60, Insureds may opt to continue insuring their previously insured income. In this case both the employer and employee contributions to the voluntarily insured portion of the salary will be paid in full by the employee.

Retirement account balance on retirement

Your personal retirement balance is comprised as follows: monthly credits and interest, any portable benefits transferred in and make-up payments, less any early withdrawals made. To provisionally calculate your retirement account balance on retirement, the current retirement account balance and expected future credits are extrapolated to age 65 on the basis of current income using an assumed interest rate.
Calculating your retirement pension

At retirement, you have the option of converting the retirement savings you have accumulated into a lifelong pension based on the conversion rate. The conversion rate is influenced by the level of investment income and life expectancy.

Conversion rate

The conversion rate is closely connected to the life expectancy of the respective generation of retirees and the actual investment income:

- **Life expectancy**: The longer the average life expectancy, the longer the pension is payable and the lower the conversion rate.
- **Investment income**: If the investment income is lower than expected over the long term, the pension capital will not be sufficient to cover current pension obligations.

Both scenarios may lead to a reduction in the conversion rate for future retirements.

Calculating your retirement pension

Your pension entitlement is calculated as follows:

Account balance on retirement × age-dependent conversion rate = lifelong annual pension.

The insurance certificates issued by the PF and SPS provide information on the amount of the respective conversion rates and the retirement pension that can be expected on drawing a pension. The conversion rate on credits from the SPS is lower than that for the PF. Early retirement is possible from age 60. In this case, the conversion rate is reduced by 0.15% per annum and the retirement account balance is lower due to the missing contribution years and the shorter interest period. Subject to the employer’s consent, retirement may be deferred to age 70 at the latest. In this case, the conversion rate is increased by 0.15% per annum and the retirement account balance will be higher due to the additional contribution years and the longer interest period.

Calculating the PF old-age pension in the case of normal and early retirement

**Example**: Annual income of approx. CHF 80,000, full contribution years

<table>
<thead>
<tr>
<th>Age 65</th>
<th>Retirement account balance</th>
<th>Conversion rate</th>
<th>Calculation of old-age pension in CHF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHF 500,000</td>
<td>5.0%</td>
<td>500,000 × 5.0% = 25,000 pension p.a. or 2,084 monthly</td>
</tr>
<tr>
<td>Age 60</td>
<td>CHF 418,000</td>
<td>4.25%</td>
<td>418,000 × 4.25% = 17,785 pension p.a. or 1,481 monthly</td>
</tr>
</tbody>
</table>
Disability

If, as a result of illness, you become incapacitated as defined in IV prior to drawing your retirement pension, you are entitled to disability benefits from the PF and, if applicable, the SPS, in addition to your 1st-pillar disability pension.

Disability pension

If you become unable to work as a result of illness, Roche will continue to pay your salary for the first 24 months. If, after that, you are deemed incapacitated as defined in IV, a lifelong disability pension will be payable from PF and SPS pension insurance and from the Roche Pension Plan PLUS depending on the degree of disability. If your disability is due to an accident, the SUVA (Swiss National Accident Insurance Fund) supplements your pension payments.

Lump-sum payment

If you are entitled to a full disability pension, your current retirement account balance from the Capital Savings Plan and Voluntary Savings scheme will be payable in the form of a one-off lump sum. In the event of partial disability, the retirement account balance remains with the corresponding scheme and is continued in accordance with the new level of employment.

RPPP option in the event of full disability (at least 70%)

In the event of full disability, a lump sum equal to the retirement account balance extrapolated to age 65, excluding interest, can be selected as an alternative to a lifelong pension.

Degree of disability

The degree of disability is decided through a legally binding decision of the Swiss Federal Disability Insurance scheme (IV).

**Full disability:** If you are at least 70% disabled as defined by IV, you are entitled to a full disability pension.

**Partial disability:** You have a statutory entitlement to a quarter pension if you are at least 40% disabled, a half pension if you are at least 50% disabled, a three-quarters pension if you are at least 60% disabled.
Death of Insureds

If you die before reaching retirement age, your dependants may be entitled to survivors’ benefits. Benefits are payable in the prescribed sequence based on the order of beneficiaries defined in the Rules.

**Spouse’s/orphan’s pension**
In the event of death, pension benefits are paid out of pension insurance and the Roche Pension Plan PLUS to the following beneficiaries:
- Spouse’s or registered partner
- Domestic partner
- Children and foster children entitled to an orphan’s pension paid out of pension insurance

(only pensions for spouses, registered partners or domestic partners are insured in the RPPP.)

**Lump-sum payment**
The accrued retirement savings balance from the Capital Savings Plan and Voluntary Savings scheme are payable as a one-off lump sum in the following sequence to:
- Spouses or registered partners
- Domestic partners
- Children
- Parents
- Siblings.

Right to choose in RPPP: The RPPP gives spouses, registered partners and domestic partners the option of choosing a one-off lump sum instead of a lifelong pension. If there is no spouse, registered partner or domestic partner, the available retirement account balance is paid to children, parents or siblings.

If the deceased is not survived by any eligible beneficiaries, his accrued retirement savings balance plus interest shall revert to the scheme concerned in the form of a solidarity contribution.

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**Who is considered a domestic partner and entitled to a spouse’s pension?**
A domestic partner shall be entitled to survivors’ benefits if he:
- received substantial support from the Insured
- or lived in a marriage-like relationship with the Insured in the same household for the five years prior to the Insured’s death or, if the latter’s death was after age 65, had been living in such a relationship before the Insured reached age 60, and neither partner was married during this time
- or the relationship produced one or more children that the surviving domestic partner is responsible for.

Living in the same household and in a mutually exclusive relationship is another essential condition.
Leaving

Leaving the company also requires that you leave the PF and SPS. On leaving, you are entitled to a termination benefit; this is normally transferred directly. Only in exceptional circumstances is a cash payment possible.

**Direct transfer**
In the following cases, your retirement account balance will not simply be paid out on leaving the PF and SPS, instead, you must re-invest the balance directly:
- **New employer in Switzerland**: The entire termination benefit is transferred to your new employer’s pension scheme.
- **No new employer, resident in Switzerland**: The entire termination benefit is paid into a portable benefits account or vested benefits trust of your choice.
- **Relocation to an EU/EFTA member state**: Mandatory BVG retirement savings are transferred to a portable benefits account or vested benefits trust. Any extra-mandatory balance may be drawn in cash if requested.

**Cash payment**
Only in the following exceptional circumstances can your termination benefit be paid out in cash:
- **Self-employment**
- **Negligibility**: Your termination benefit amounts to less than one year’s contributions.
- **Relocation to a non-EU/EFTA member state**: if desired the entire retirement savings balance can be drawn in cash.

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**How is the termination benefit structured?**
The level of termination benefit consists of the retirement savings balance accumulated until the leaving date, including interest. This includes all balances in the retirement insurance, Capital Savings Plan and, if contributions were made, Voluntary Savings scheme and Roche Pension Plan PLUS.
Divorce and promotion of home ownership

The law states that 2nd-pillar pension fund assets can be withdrawn in the event of divorce or used to promote home ownership. A withdrawal will reduce retirement, disability and survivors’ benefits.

Divorce
In the event of divorce or the dissolution of a registered partnership, the retirement balance accrued during the marriage or partnership is divided by the divorce court and the PF is instructed to transfer the assets in accordance with the court order. If the existing retirement balance is reduced as a result of a severance payment, this reduces the retirement and risk benefits for disability and death for the person affected. Following a divorce, current pensions can also be divided by the divorce court, resulting in a reduction in such pensions.

Promotion of home ownership
Under certain statutory conditions, you can use a portion of your retirement balance (minimum of CHF 20,000) once every five years to finance owner-occupied residential property as follows:

- **Early withdrawal:** Early withdrawal means a reduction in the retirement balance and therefore a reduction in retirement and risk benefits.
- **Pledge:** With a pledge, the capital used serves as security and remains in the PF; there is no reduction in benefits.

Compensation options

**Divorce:** Reductions in benefits due to a divorce prior to retirement can be offset again through corresponding make-up payments made no later than before the commencement of pension entitlement.

**Promotion of home ownership scheme:** It is possible to repay a retirement balance withdrawn early through the promotion of home ownership scheme, the minimum repayment being CHF 10,000. Repayment of the early withdrawal is compulsory if the property is sold or is no longer owner-occupied.
Property financing (mortgages)

To the extent permitted by the investment guidelines, the Roche Pension Funds finance the purchase of single-family houses, apartment blocks and condominiums in Switzerland. We offer personal advice that takes account of your particular situation and work with you to determine whether you can afford the property you want to buy.

### Financing plan

**Loan to value**
- Equity: min. 30%
- Mortgage: max. 70%, based on estimated value

### Affordability

The cost of mortgage interest (technical interest rate of 5% from mortgage amount) plus utility costs (1% of estimated value) must not exceed one third of total income.

### Interest

The mortgages offered by the Pension Fund attract interest at standard market rates. Daily interest rates can be requested from the Pension Fund Office at any time.

### Equity

The equity required for financing residential property normally comes from the borrower’s own assets (e.g. savings, 3rd pillar assets or early withdrawals from 2nd pillar on pro-rata basis).

### Amortisation

There is no amortisation requirement.

### Advantages of a Pension Fund mortgage

The financing guidelines of the Roche Pension Funds differ from those of the banks. In particular, the maximum loan of 70% of estimated value means that there is no amortisation requirement. As well as fast, straightforward processing, you benefit from professional advice that meets your needs. Since pension funds do not offer banking services, you can count on independent advice and fair interest rates, regardless of which bank or other financial services provider you trust to handle your other financial affairs.
Investments

The pension fund assets of Insureds, as well as “pensioners’ capital”, are managed and invested by the Pension Funds with the aim of ensuring that the objectives of pension provision are met on a long-term, sustainable basis and to enable an appropriate interest rate to be paid on retirement account balances.

Investment principles
When investing the assets, we seek to ensure that the value of the investments in the portfolio of the Roche Pension Funds can be preserved and increased on a sustainable basis. Our investment strategy is based on the legal requirements for asset management – specifically the investment objectives of security, income, risk distribution and liquidity, with the focus on generating appropriate returns and sustainable capital appreciation. In line with our sustainable investment strategy, we also take account of social and environmental factors in our investment decisions.

Investment philosophy and strategy
The investment strategy is reviewed and adjusted periodically in light of the Fund’s risk capacity and target profitability, and after taking into account the risk and return characteristics of the different asset classes. In terms of strategy implementation, the focus is on appropriate and broad diversification with a view to risk distribution.

Details and reporting
The Annual Reports of the Pension Fund and the Supplementary Pension Scheme provide information about the investment strategy, its implementation and the investment return.

Interest on retirement account balances
The Board of Trustees decides the interest rate on retirement account balances on an annual basis. When doing so, it complies with the statutory requirements regarding the minimum interest rate. Depending on the financial position of the Pension Funds and the return on investment, it aims to achieve a higher interest rate.
Additional information

Further information, information sheets, Rules and calculation tools can be found on SimplyOne or on RocheNet. If you need personal advice, our advisory team will also be happy to assist.

Simply One
On SimplyOne enter the search term ‘Pension Funds’ to find the following personal information:
• your personal inbox, your personal insurance certificates and other documents as well as personal calculations for make-up payments, Voluntary Savings, retirement, promotion of home ownership, and leaving
• An option allowing you to define your Voluntary Savings contributions
• Links to the Pension Funds’ RocheNet Services

RocheNet
Pension Funds services, MGB services and key information are available on RocheNet:
• The Roche occupational pensions advisory team
• Further information on employee pensions including information sheets
• Notes on insurance certificates
• Current rules and retirement plans:
  Pension Fund of F. Hoffmann-La Roche Ltd
  Pension Rules
  Pension Plan – Pension insurance, Capital Savings Plan and Voluntary Savings scheme
  Supplementary Pension Scheme of F. Hoffmann-La Roche Ltd
  Pension Rules
  Pension Plan – Supplementary Pension Scheme
  Roche Pension Plan PLUS

The Mortgages service can also be found on RocheNet. To the extent permitted by its investment guidelines, the PF finances the purchase of single-family houses, apartment blocks and condominiums in Switzerland.

For questions about Switzerland’s Federal Old Age and Survivors’ Insurance (AHV) and Disability Insurance (IV)
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