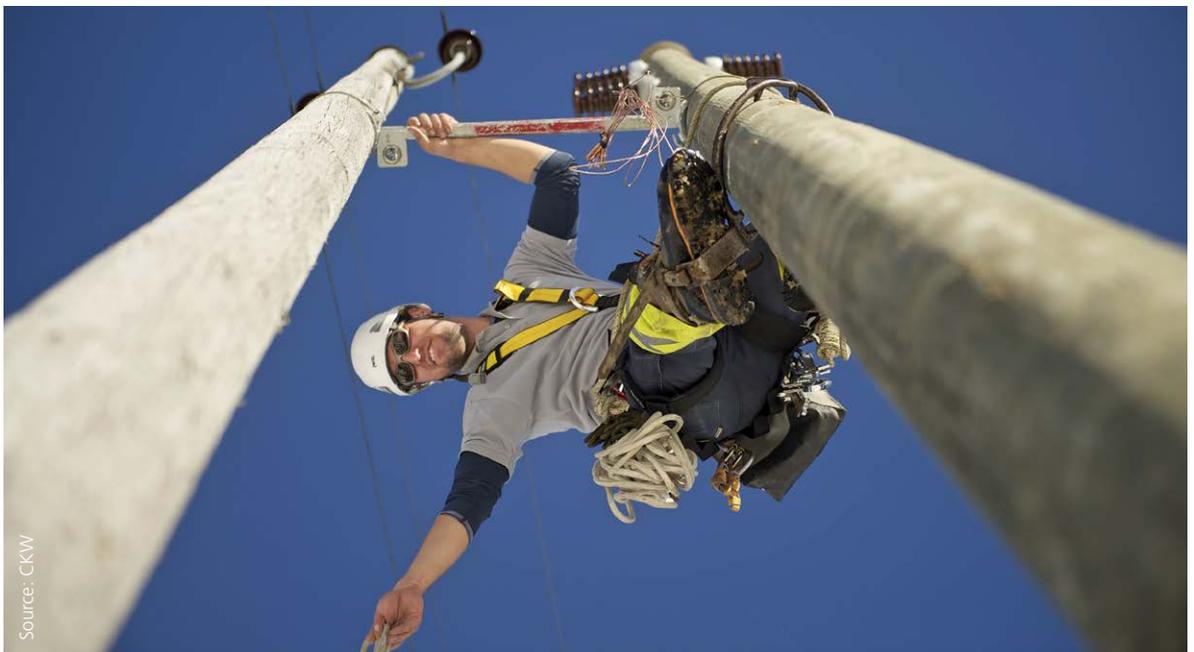




## A success story

In the period from 2014 to 2017, 8200 active insured members and pensioners with pension assets totalling CHF 3.1 billion transferred from the PKE Energy Pension Fund Cooperative to its sister pension fund, the PKE Energy Pension Foundation.



On 1 April 2017, 42 companies accounting for 3838 active insured members and pensioners transferred from the PKE cooperative to the foundation. PKE was able to successfully process and finalise these transitions.

### 2018 transfers

On 1 April 2018, an additional 25 companies will transfer from the PKE Energy Pension Fund Cooperative to our pension foundation.

These will be the last transfers from the PKE cooperative. From April 2018 onwards, the cooperative will have no remaining insured members and will have to be liquidated. This has no repercussions for you as insured members and pensioners of the Energy Pension Foundation. The two pension funds are entirely separate in both legal and financial terms.

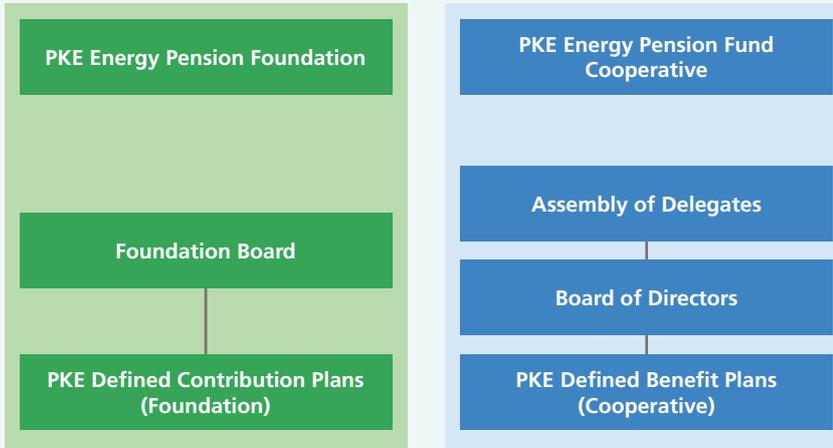
On the contrary, the PKE pension foundation has benefited from transfers from the PKE cooperative over the past few years and has grown significantly. The pension foundation's assets are set to surpass CHF 9 billion.

With over 200 affiliated employers and approximately 24000 insured members and pensioners, the PKE Energy Pension Foundation will become one of Switzerland's major pension funds and by far the largest pension fund in the energy industry.

### In good stead

Before switching to the PKE Energy Pension Foundation, most companies looked into joining other pension funds. Although some pension funds quoted higher conversion rates, almost all of the companies and their employees decided to transfer to the PKE pension foundation.

## PKE: two independent pension funds



To these employers and employees, long-term, sustainably financed benefits are of paramount importance. They refused to be influenced by unrealistic conversion rates of 6% and above, which would be impossible to finance.

### PKE – a modern collective foundation

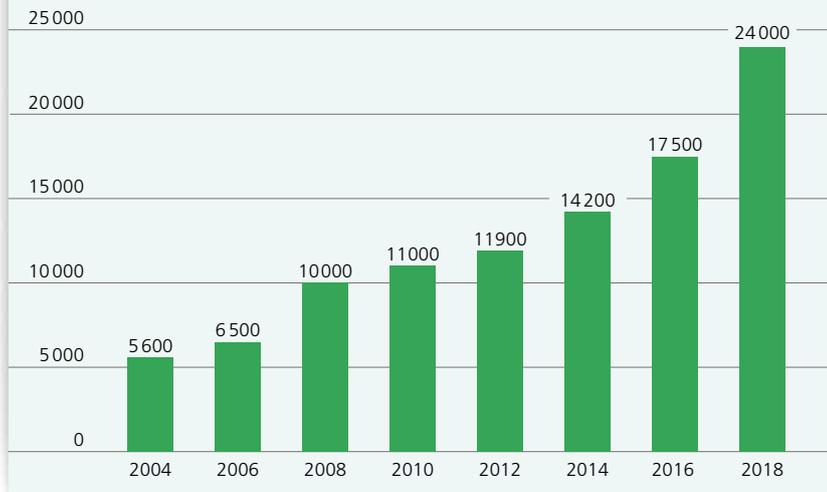
The decision made by the Foundation Board in 2015 to structure the PKE Energy Pension Foundation as a collective foundation has also proven right. This rendered PKE attractive to those companies that are unable or unwilling to buy into the value fluctuation reserve and hence the coverage ratio.

Thanks to this flexibility, the pension foundation was able to offer almost all of the companies within the cooperative a good transfer solution. As an insured member of PKE, you benefit from this, irrespective of whether you have been insured by the foundation for many years or have recently joined.

Some 16 individual pension funds currently account for 20% of PKE's assets. All of the pension funds' assets are pooled and invested as part of a uniform strategy. Insurance risks (death, invalidity, longevity) are borne jointly by all pension funds. This has proven a very solid approach and is one of PKE's success factors.

### PKE Energy Pension Foundation performance

no. of beneficiaries



## Keeping the financial balance in check

One of a pension fund’s most important tasks is to set pension payments so that they are correctly financed for their entire duration.

If pension payments are set too high, the pension fund incurs losses. These are then borne mainly by the active insured members, as they receive little or no interest on their retirement savings. If pension payments are set too low, the pension fund generates surplus funds. These funds are then passed on to pensioners as pension increases.

Both scenarios are to be avoided. The goal is to set pension payments neither too high nor too low so that the pension fund is financially balanced and no generation has to subsidise another.

The most important factor when setting pensions is the conversion rate, which dictates how much is taken from the pension fund’s savings capital to cover pension payments when someone retires. In our last edition of “exclusive”, we demonstrated that the conversion rate depends mostly on life expectancy and future capital gains. Future life expectancy can be well forecast using the statistics and tables available.

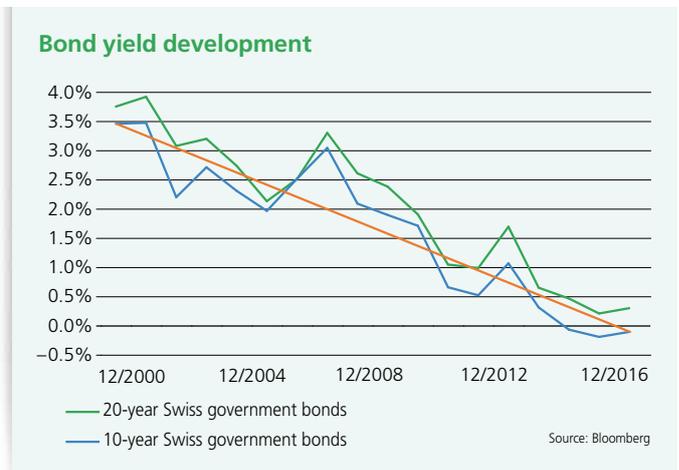
### Life expectancy in years aged 65

Tariff basis	Observation period	Men*	Women*
BVG 2000	1999–2001	17.8	21.1
BVG 2010	2005–2009	18.9	21.4
BVG 2015	2010–2014	19.8	21.9

\* Accounting table, i.e. any forecast increase in life expectancy has not been incorporated.

Calculating capital gains is somewhat more complicated. As both pensions and, in the event of death, spouse’s pensions are paid out for an average of 30 years, capital gains also have to be estimated for this duration.

This is clearly extremely difficult, if not impossible. With this in mind, pension funds use several scenarios to try to assess the next five to ten years, based on which they set a sustainable conversion rate.



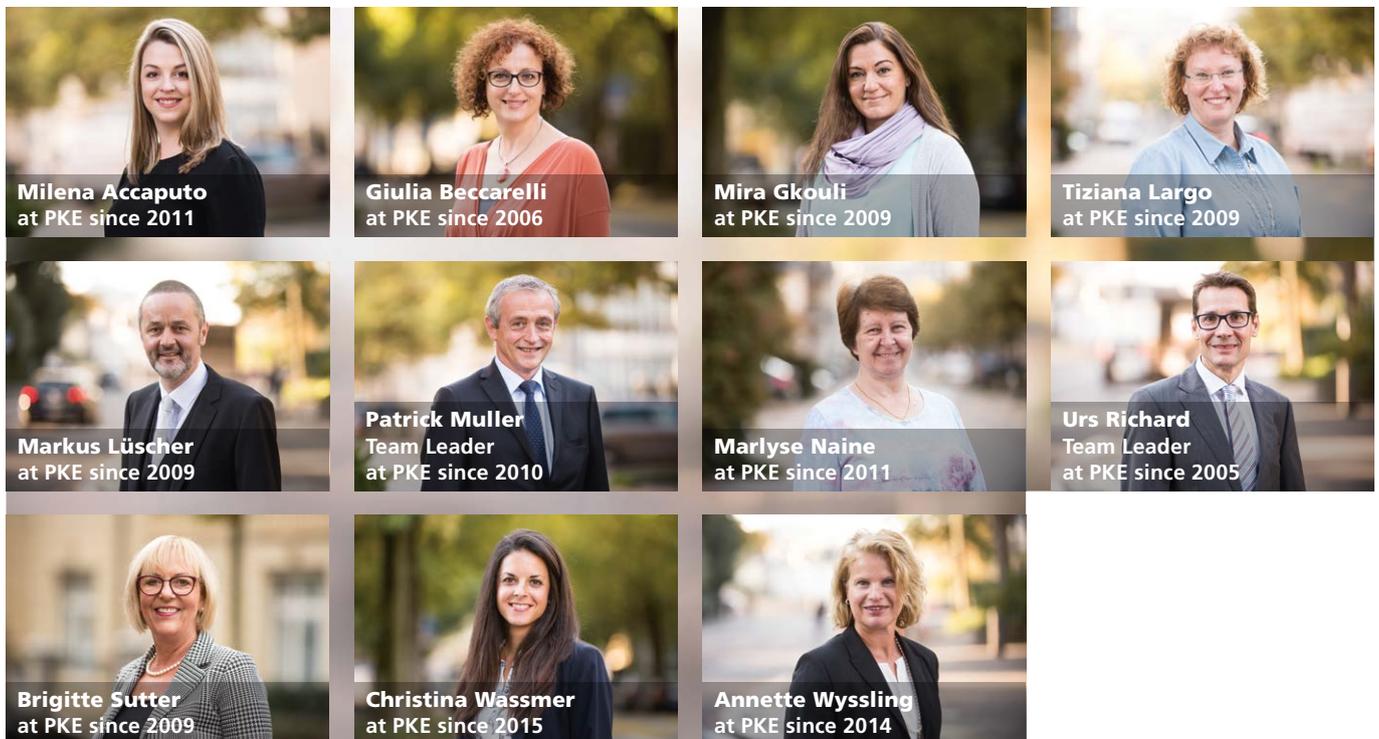
As per the usual cycle, PKE’s Foundation Board had scenarios of this kind drawn up once again this autumn. The Board will be discussing the results in its upcoming meetings and decide upon the further course of action. The goal is always to set pensions in a responsible, sustainable and fair manner, so that every insured person who retires receives what he or she saved over the course of his or her career. This is the principle upon which the second pillar is based.

## We're here for you

The eleven qualified, motivated employees working in our two insurance department teams would be delighted to provide you with expert advice on any matters relating to your occupational pension plan.

Are you insured by PKE and have questions about your insurance certificate, additions and departures, the promotion of home-ownership or your pension plan? Would you like to find out how you can improve your pension outlook through buy-ins into the pension fund or voluntary savings contributions? Are you considering early retirement? If so, please feel free to contact our insurance department experts. They will be glad to provide you with professional advice on your second pillar.

The teams work closely with the companies' heads of HR, payroll accounting and pension funds. Important tasks also include correctly assessing entitlement to invalidity and survivor's benefits as well as issuing pension payments in a timely manner.



### Get in touch!

Give us a call (044 287 92 88) or send us an e-mail ([contact@pke.ch](mailto:contact@pke.ch)). Please have your PKE insurance certificate at hand when calling so our experts can advise you promptly and efficiently.

### Online

Would you like to know what benefits you can expect upon retirement? Or how to increase your benefits through deposits or contributions? Use our tool. It has the answers to several questions. Visit [www.pke.ch](http://www.pke.ch) and click "Simulation" (available in German, French and Italian). Simply generate the desired evaluations online.





## 2018 interest

The Foundation Board has decided to award attractive interest payments of 2.5% on pension assets to those insured by PKE's collective pension fund once again in 2018. Interest payments for the 16 individual pension funds are to be set by the respective Pension Fund Committees.

Thanks to excellent returns, the collective pension fund is once again able to offer high interest payments of 2.5%. This interest rate will be applied to all pension assets, "Sparen 60" savings accounts and all assets in supplementary pension plans (shift and other bonus plans).

Bearing in mind the lower inflation rate of approximately 0.2% expected for 2018, this means that real interest rates continue to be significantly higher than those offered by the collective pension fund in the 1990s. Although an interest rate of 4% was then applied to retirement accounts, inflation of up to 6% was recorded.

With the 2.5% interest rate, active insured members will continue to benefit from the same interest rate as pensioners. There will be

no cross-subsidisation. The 2.5% rate also clearly exceeds the minimum pension interest rate stipulated by the BVG of 1.0%, as well as any interest rates to be expected from savings accounts held with banks. These accounts have earned barely any interest at all for some years now.

The Pension Fund Committees representing the individual companies in the 16 individual pension funds are responsible for setting the respective interest rates for 2018. The insured persons will receive further information from their Pension Fund Committees directly.

As inflation remains low, current pension payments will remain unchanged in 2018.

## PKE – your partner for attractive mortgages

Turn your dream of owning your own property into reality. PKE offers attractive mortgages for the financing of your property. Our competitive conditions speak for themselves.



### Why take out your mortgage with PKE?

Thanks to our long-standing experience, we can provide you with comprehensive advice on all of your financing questions. Including the option of drawing upon funds set aside for your occupational pension plan.

### You can count on us

Choose a PKE mortgage and benefit from several advantages:

- favourable conditions (net prices)
- quick, simple processing (in house)
- skilled, dedicated contact partner with years of expertise

- semi-annual interest payments
- no fees or charges
- no obligation to enter into additional business

### Our products

As a reliable financing partner, we assist private individuals and legal entities, whether they are insured by PKE or otherwise.

PKE grants both fixed-rate mortgages with terms of two to ten years and variable-rate mortgages.



### Would you like to find out more?

We'd be delighted to compile a non-binding quote for you.

### Information

You can find more information, along with our mortgage calculator and application form, at [www.pke.ch/hypotheiken](http://www.pke.ch/hypotheiken) (available in German, French and Italian).

### Your contact partner

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