

News from the Foundation Board

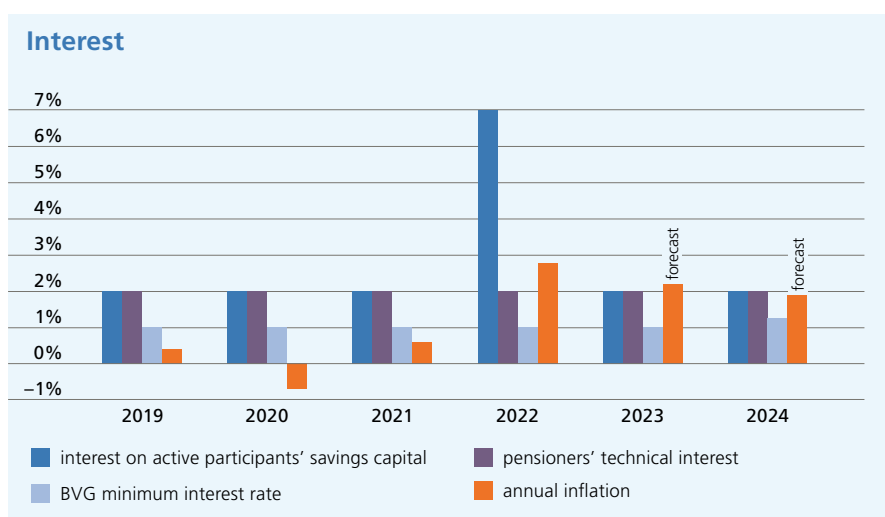
PKE will continue to apply an interest rate of 2% to insured members' assets in 2024. Pensions will not be adjusted next year.



2024 interest

At the end of November, the Foundation Board defines the interest rate to be applied to pension fund assets for the following year. It has decided to apply an interest rate of 2% to retirement savings capital from 1 January 2024, as was the case the previous year. As ever, this applies to all assets held by insured members, including "Saving 60" early retirement savings accounts and assets in supplementary pension plans (shift allowance and bonus pension plans).

This sees PKE continuing to pursue its tried-and-tested policy of consistent interest rates. Although it has not yet been possible to compensate for the considerable loss of value on the capital markets of 2022, insured members once again have the pleasure of a good interest rate. PKE's interest rate remains significantly higher than the minimum pension interest rate stipulated by the government, which is being increased from 1% to 1.25% as of 1 January 2024.



Pension adjustments

The Foundation Board also took decisions on pensions. PKE will not be adjusting pensions in 2024. An adjustment in line with price developments is not possible due to the currently low coverage ratio.

The Foundation Board is aware that pensioners are also impacted by higher inflation and the loss of purchasing power of their pensions. For this reason, it analysed the situation during several meetings over the course of 2023 and came to the conclusion not to consider inflation in isolation.

The Foundation Board has created a concept to ensure active participants and pensioners benefit fairly from any surplus. It considers evaluation criteria such as the height of the conversion rate, guaranteed or two-part pensions, or the applicable interest rate, for example. In line with this concept, allowances for inflation will only be possible when PKE possesses non-committed funds.

Broker commissions: not at PKE

Reviewing and choosing a pension solution is often complex and difficult. Companies often seek advice from insurance brokers to compare and evaluate pension funds' different offerings and services. Many brokers, however, are paid through high commissions from pension funds rather than in accordance with their effective costs. This can lead to conflicts of interest.



Many insurance brokers charge pension funds volume- and performance-based commissions for new client referrals. Commissions of this kind are often paid not only upon conclusion of a contract but for many subsequent years. This can quickly add up to additional expenses for the pension fund of up to CHF 300 per insured member per year.

PKE does not pay commission

Hence, the system is creating false incentives that may lead to recommendations being based not on which pension provider is the best, but on which pays the highest commissions. For this reason,

PKE does not pay any broker commissions – to the advantage of its insured members and affiliated companies.

If a company wishes to work with a broker, PKE recommends they work only with those who charge in accordance with their effective costs. This is conducive to good quality advisory services, because brokers will have no financial incentive to give preference to a specific pension fund. After all, the intention is to obtain objective, transparent advice to help find the best pension solution for employees.

Sustainability in retirement provision



Ronald Schnurrenberger
Chief Executive Officer

In 2024, the Swiss population will be voting on important retirement provision issues: on 3 March, on the possibility of a 13th AHV pension payment and the alignment of the AHV retirement age with life expectancy and, later in the year, on the BVG reform.

Without a doubt: major challenges lie ahead for Switzerland's retirement provision. Increasing life expectancy and the social aging with which it goes hand in hand are leading to an imbalance between those paying contributions and those receiving a pension. Reforms are necessary in order to safeguard first and second pillar pensions. But what reforms are fair for all generations?

13th AHV pension payment

Calling for a 13th AHV pension payment is neither sustainable nor fair. It would entail additional expenditure of around CHF 5 billion per annum at a time when the old-age and survivors' insurance system is already contending with a huge funding gap. According to a survey conducted by UBS this year, it amounts to CHF 654 billion. This is an enormous sum, that, contrary to solidarity or fairness, is being passed on to the generation of those under 50. It would be irresponsible to further increase this debt for a 13th AHV pension payment.

Retirement age

What is correct, however, is to tie the AHV retirement age to life expectancy. If we are living longer lives, we need to pay in more,

work for longer or accept lower pensions. Anything other than this would burden the young with even more debt.

BVG reform

Things are a little more difficult when it comes to reforming occupational pension provision. It would improve retirement provision for part-time workers and employees on low salaries. The conversion rate would also be reduced. The reduction would not suffice though. In addition, the compensation measures intended to counter the effect of the lower conversion rate have been set incorrectly. The compensation would be paid out following a scattergun approach, including to those whose pensions would not actually be any lower. Meanwhile, there would be pensioners receiving lower pensions who would not benefit from any allowances.

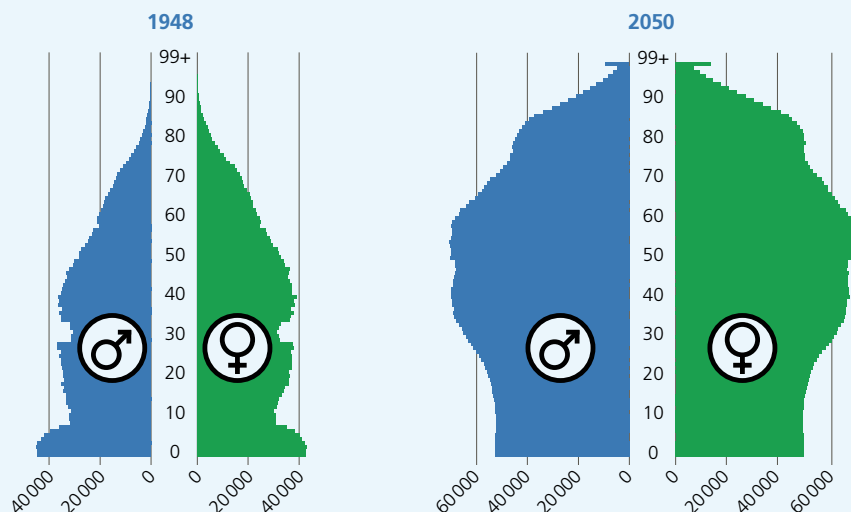
PKE's pensions would not be affected by the BVG reform. At PKE, retirement savings

capital is far higher than required by law. If the BVG reform is passed, however, insured members of PKE will be subject to an additional, minor salary deduction.

Evidently, sustainable and fair retirement provision is no easy feat. It results from a mixture of higher contributions, retirement at an older age and lower pensions. Unfair retirement provision as the trade unions would have it, on the other hand, is simple: even more redistribution, even more pressure on the generations of those under 50.

When the votes on the three proposals come around, we will have to decide which reforms we believe are sustainable and fair. As we do so, we should also bear in mind generations to come – our children and grandchildren. This is because retirement provision is a form of solidarity between generations that must be preserved.

Age structure of Switzerland



Switzerland's age pyramid has changed a great deal over the course of the 20th century. It clearly shows a sharp increase in the proportion of older people due to low birth rates and increasing life expectancy. At the end of 2022, 19.9% of the population of Switzerland were under 20 years old, 60.9% were between 20 and 64, and 19.2% were 65 years of age or older.

Source: Federal Statistical Office | www.bfs.admin.ch/bfs/en/home/news/whats-new.assetdetail.26905518.html



PKE online

“PKE online” enables us to be there for you around the clock, providing the following services among many others:

- information on your current retirement savings capital
- simulation of your retirement benefits for voluntary savings contributions and pension fund buy-ins
- printable pension certificate updated to the day

Our team for your future

Every day, our team of over 30 employees dedicates itself to your concerns. Many of them have been with PKE for over a decade. This enables you to benefit from substantial know-how and a long-term personal service.

We are happy to provide competent advice on any matters relating to your occupational pension provision. We are at your service, not only online, but also one-to-one by phone or e-mail.



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