

AXA Foundation for Occupational Benefits

Changes to improve generational fairness
with effect from January 1, 2025

April 2024

A business of Marsh McLennan



Changes within AXA Foundation for Occupational Benefits

Reason & Key Facts

Due to longer life expectancy and the increasing redistribution from active insureds to retirees, the current lifelong pensions promised at retirement cannot be financed sustainably.

AXA has decided to implement several changes, including a comprehensive conversion rate of 5.2%, starting from January 1, 2025, in order to ensure sustainable pension funding and promote greater fairness between generations.

These adjustments can significantly reduce redistribution and enhance generational fairness within the Foundation, opening the prospect of higher interest income for active insured persons going forward and offering a fair and financially sustainable pension solution.

5.2%

Introduction of a comprehensive conversion rate

65

Retirement age for men and women

1964

Transitional period for those born 1964 or earlier to mitigate any pension losses

1.75%

Comprehensive interest model with a maximum of 1.75% in addition to the mandatory interest rate of currently 1.25%

What exactly is changing?

AXA Professional Invest

31.12.2024

01.01.2025



Conversion rate model

Split conversion rates:

Men retiring at age 65:

Conversion rate of 6.8% for mandatory retirement assets and 5.0% for over-mandatory retirement assets.

Women retiring at age 64:

Conversion rate of 6.8% for mandatory retirement assets and 4.88 % for over-mandatory retirement assets.

Comprehensive conversion rates:

A conversion rate of 5.2 % will apply for the entire retirement assets (mandatory and extra-mandatory) to all men and women retiring at age 65.

For those born in 1964 or earlier who will be retiring soon, the new conversion rate will only apply to assets accumulated from 2025 onwards. For retirement assets accumulated until 31.12.2024 the old model and conversion rates will apply.






Product offering

- The partner's pension in the event of death after retirement is set at 60% of the retirement pension
- Fixed order of beneficiaries in the event of death
- Disability pensions for women are paid up to the age of 64
- In general disability pensions are only granted when the level of incapacity to work is at 40% or higher

- Flexible and individual decision on the amount of the partner's pension for employees (with an over-mandatory retirement portion at least 25%) after retirement age (within the legal range). A lower partner's pension would therefore lead to a higher conversion rate and vis versa.
- Individual decision on the beneficiary order in the event of death within the legal guidelines.
- Due to the new reference/retirement age for women at age 65, the disability pension will also be paid until the age of 65.
- The pension fund committee has the possibility to change the pension plan to provide disability benefits to their employees starting from a 25% incapacity to work.

What exactly is changing?

AXA Professional Invest		31.12.2024	01.01.2025		
	Interest rate model	Coverage Ratio	Total interest mandatory assets:	Total interest over-mandatory assets:	Total interest for mandatory and over-mandatory assets:
		>115	Legal minimum + 1.00%	Legal minimum + 1.75%	Legal minimum + 1.75%
		>112	Legal minimum + 0.50%	Legal minimum + 1.25%	Legal minimum + 1.25%
		>108	Legal minimum + 0.25%	Legal minimum + 1.00%	Legal minimum + 1.00%
		>105	Legal minimum	Legal minimum + 0.75%	Legal minimum + 0.75%
		>100	Legal minimum	Legal minimum	Legal minimum
<100	Legal minimum	0% - Legal minimum	Max. Legal minimum		
<p>With this change in the interest rate model, AXA applies a comprehensive interest rate for the mandatory and over-mandatory retirement assets.</p>					
	Participation model	-	<p>The introduction of a pension participation model is considered by the foundation board which would allow pensioners to participate in excess returns.</p>		
	Online Services	<p>Employees can individually calculate their benefits on the myAXA online-tool</p>			



For retirement per 01.01.2025 the conversion rate of the previous year applies. There are no changes for existing old-age pensioners.

Sample calculation

Change of the conversion rate as per 2025

Sample calculation

Current conversion rates (splitted)

Retirement assets: CHF 600,000
Extra-mandatory share: CHF 300,000 (50%)

	Retirement assets	CR	Annual pension
Women (age 64)			
Mandatory:	CHF 300,000	x 6.8%	= CHF 20,400
Extra-mandatory:	CHF 300,000	x 4.88%	= CHF 14,640
			CHF 35,040
Men (age 65)			
Mandatory:	CHF 300,000	x 6.8%	= CHF 20,400
Extra-mandatory:	CHF 300,000	x 5.0%	= CHF 15,000
			CHF 35,400

Source: AXA

Sample calculation

Comprehensive conversion rate of 5.2%

Retirement assets: CHF 600,000
Extra-mandatory share: CHF 300,000 (50%)

	Retirement assets	CR	Annual pension
Women and men (age 65)			
Mandatory:	CHF 300,000	x 5.2%	= CHF 31,200
Extra-mandatory:	CHF 300,000		

Assumption: reference age 65/65

Source: AXA

For those born in 1964 or earlier a mixed calculation will apply. The retirement assets accumulated until 31.12.2024 will be converted with the splitted conversion rates.

For the retirement assets accumulated after 01.01.2025 the comprehensive conversion rate will be applied.

