

AXA Foundation for Occupational Benefits

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

March 2025

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	<p>Split conversion rates:</p> <p><u>Men retiring at age 65:</u> Conversion rate of 6.8% for mandatory retirement assets and 5.0% for over-mandatory retirement assets.</p> <p><u>Women retiring at age 64:</u> Conversion rate of 6.8% for mandatory retirement assets and 4.88 % for over-mandatory retirement assets.</p>	<p>Comprehensive conversion rates:</p> <p>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.</p> <p>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.</p>
	 Product offering	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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
					With this change in the interest rate model, AXA applies a comprehensive interest rate for the mandatory and over-mandatory retirement assets.
	Participation model	-			The introduction of a pension participation model is considered by the foundation board which would allow pensioners to participate in excess returns.
	Online Services	Employees can individually calculate their benefits on the myAXA online-tool			



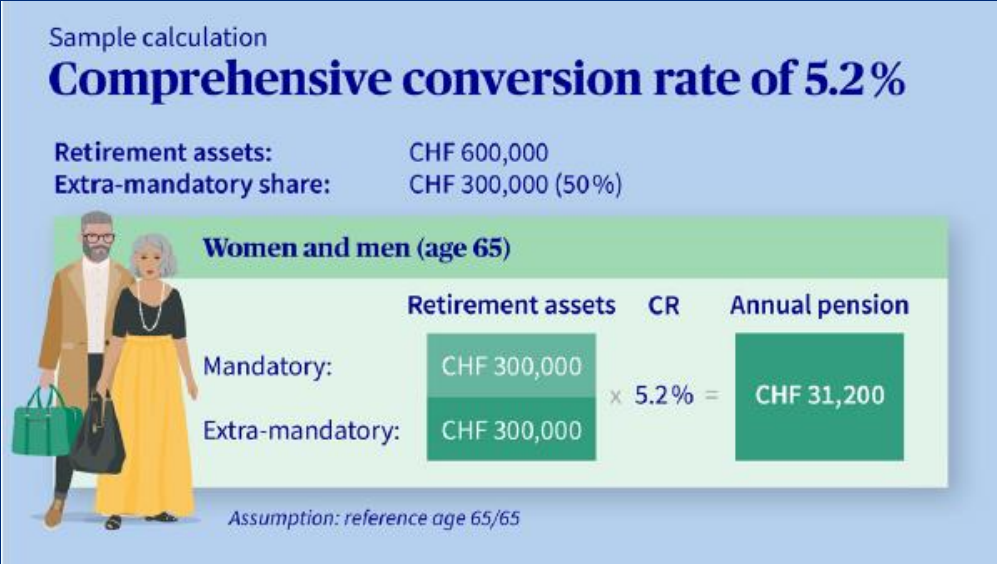
For retirement per 01.01.2025 the conversion rate of the previous year applies. There are no changes for existing old-age pensioners.

Sample calculation

Change of the conversion rate



Source: AXA



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.

Additional information

on the individual order of beneficiaries
and option to adjust the individual
retirement and partner pension

Product Changes

As per 01.01.2025

Key points at a glance



If an insured dies before they retire, under certain circumstances their survivors may also receive a **supplemental lump-sum death benefit** in addition to the survivors' pension.



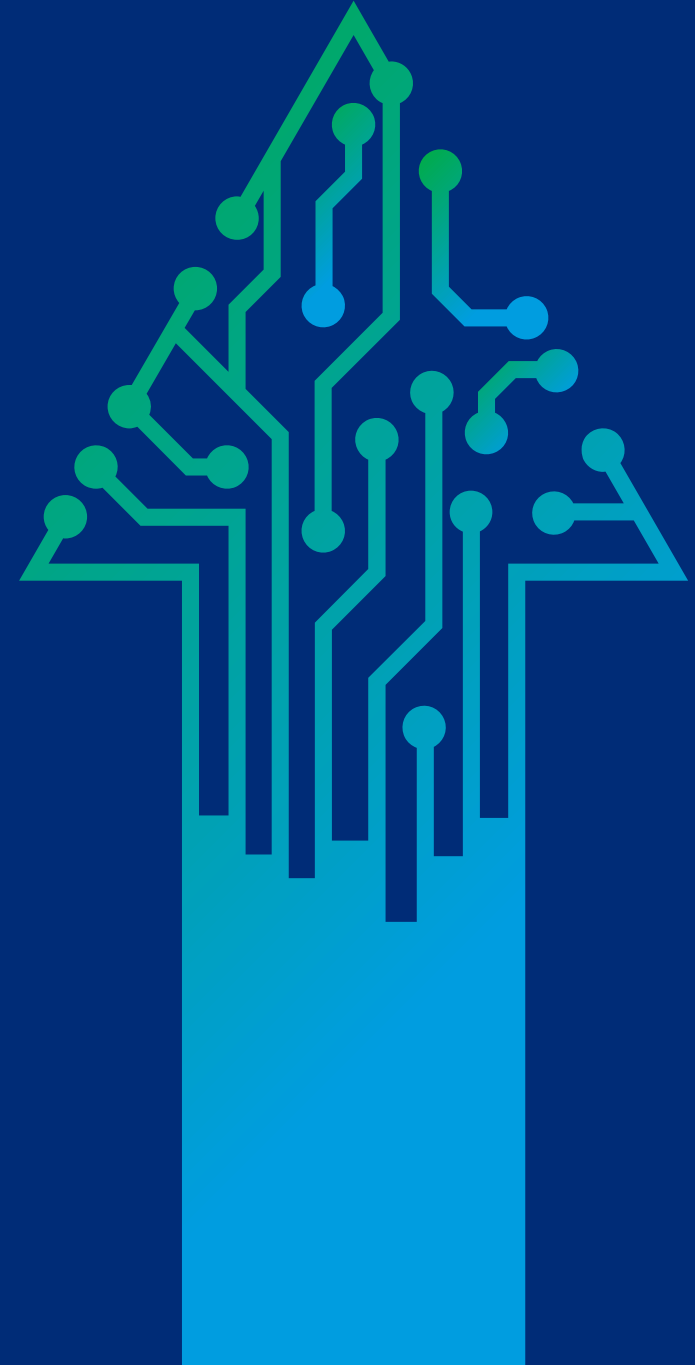
The occupational benefits fund regulations for your pension fund determine **which people are entitled to a lump-sum death benefit** if you die.



You can **change the designated order of beneficiaries** in the regulations to suit your personal needs.



You can **adjust** your individual **retirement and partner pensions** to your life situation



Individual order of beneficiaries

Who is entitled to a lump-sum death benefit?

When a lump-sum death benefit is paid out, the regulations define which people are entitled to it. This is what is known as the "order of beneficiaries."

Typically, the order is as follows:

- the spouse; if none
- the children eligible for an orphan's pension; if none
- the natural persons who received substantial support from the insured, and/or the person with whom the insured lived in a life partnership or who bears financial responsibility for one or more children from the relationship; if none
- the children not eligible for an orphan's pension; if none
- the parents; if none
- the siblings and half-siblings; if none
- any other legal heirs, with the exception of the canton and commune.

You can **change the order of beneficiaries listed in the regulations to adjust it to your personal situation**. In other words, based on what is legally permissible, you can determine which people receive what percentage of the lump-sum death benefit. Depending on your circumstances and family situation, this may give you more or less flexibility.

You are married or live in a registered partnership

Individual order of beneficiaries

You are married or live in a registered partnership

Are there any other people whose financial support you are significantly responsible for or who are responsible for supporting your joint children (as per C)?

Yes

No

Individual designations can be made for:

- | | | |
|---|---|----|
| A | • Spouse | X% |
| | • Registered partnership | |
| B | • Children eligible for a pension | X% |
| C | • Natural persons who received significant support from the insured person | X% |
| | • Natural person who is responsible for supporting one or more joint children | |

D	• Children who are not eligible for a pension	–
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E	• Parents	–
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F	• Siblings and half-siblings	–
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You can decide what percentage you would like to allocate to each of the people in Categories A, B and C. The total sum must amount to 100%.

Individual designations can be made for:

- | | | |
|---|---|----|
| A | • Spouse | X% |
| | • Registered partnership | |
| B | • Children eligible for a pension | X% |
| C | • Natural persons who received significant support from the insured person | – |
| | • Natural person who is responsible for supporting one or more joint children | |

D	• Children who are not eligible for a pension	X%
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E	• Parents	X%
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F	• Siblings and half-siblings	X%
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You can decide what percentage you would like to allocate to each of the people in Categories A, B, D, E and F. The total sum must amount to 100%.

You are not married and do not live in a registered partnership

Individual order of beneficiaries

You are not married and do not live in a registered partnership

Do you have a life partner? Are there any other people whose financial support you are significantly responsible for or who are responsible for supporting your joint children (as per C)?

Yes

Individual designations can be made for:

A	• Spouse • Registered partnership	–
B	• Children eligible for a pension	X %
C	• Life partner • Natural persons who received significant support from the insured person • Natural person who is responsible for supporting one or more joint children	X %
D	• Children who are not eligible for a pension	–
E	• Parents	–
F	• Siblings and half-siblings	–

You can decide what percentage you would like to allocate to each of the people in Categories B and C. The total sum must amount to 100 %.

No

Individual designations can be made for:

A	• Spouse • Registered partnership	–
B	• Children eligible for a pension	X %
C	• Life partner • Natural persons who received significant support from the insured person • Natural person who is responsible for supporting one or more joint children	–
D	• Children who are not eligible for a pension	X %
E	• Parents	X %
F	• Siblings and half-siblings	X %

You can decide what percentage you would like to allocate to each of the people in Categories B, D, E and F. The total sum must amount to 100 %.

Regulations on beneficiaries

Previous vs. new regulations

Beneficiary order		Regulations (previous)	Regulations (new)
A	<ul style="list-style-type: none"> - Surviving spouse or - Surviving registered partner 	If available 100%	If available 100%
- B	<ul style="list-style-type: none"> - Children entitled to a pension 	In the absence of A, Distribution in equal parts	In the absence of A, Distribution in equal parts
C	<ul style="list-style-type: none"> - Natural persons who have been supported to a considerable extent by the insured person, - Life partner ¹⁾, - Natural person who is responsible for the maintenance of one or more joint children 	In the absence of A and B, Distribution in equal parts	In the absence of A and B, Distribution in equal parts
Special arrangement	<ul style="list-style-type: none"> - Children entitled to a pension - Children not entitled to a pension 	Previously not possible	If A & C are missing, B & D are combined in one group, distribution in equal parts (NEW)
D	<ul style="list-style-type: none"> - Children not entitled to a pension 	In the absence of A - C, Distribution in equal parts	In the absence of A - C, Distribution in equal parts
E	<ul style="list-style-type: none"> - Partners 	In the absence of A – D, Distribution in equal parts	In the absence of A – D, Distribution in equal parts
F	<ul style="list-style-type: none"> - Siblings and Half-Siblings 	In the absence of A – E, Distribution in equal parts	In the absence of A – E, Distribution in equal parts
G	<ul style="list-style-type: none"> - Other legal heirs 	In the absence of A – F, Distribution in equal parts	In the absence of A – F, Distribution in equal parts
		50% of the capital is paid out	50% of the capital is paid out

1) The person who has lived with the deceased for the last five years without interruption (joint residence) or who is responsible for the maintenance of one or more joint children

Individual order of beneficiaries

In General



In general for **married insured or insured living in a registered partnership**:

The following general rule applies: If there is no person from group C –that is, no person(s) who are primarily supported by you or who are responsible for supporting your joint children –you can distribute the lump-sum death benefit as you wish among the remaining groups.



In general for **not married insured or insured not living in a registered partnership**:

If there is no person from group C – that is, no life partner and person(s) who are primarily supported by you or who are responsible for supporting your joint children – you can distribute the lump-sum death benefit as you wish among the remaining groups.

Please note: Since family situations change during the course of a lifetime, a lump-sum death benefit is only paid out based on the actual situation at the time of death.

Send us or AXA the form “[Individual order of beneficiaries](#)” telling us how you wish your lump-sum death benefit to be distributed. List the name of each of your beneficiaries and the percentage they should receive. The total should amount to 100 percent.

Options for your retirement and partner pension

- The pension plan generally provides for a **partner pension of 60 percent** when a retired person dies. It is possible to deviate from this, however, and adjust the retirement/partner pension in line with your single,.
- You can increase your **retirement pension**—in which case the insured partner pension is lower in the event of your death. Conversely, you can increase the **partner pension in the event of your death**—which will result in a lower retirement pension.
- This is a decision that you take **just before you retire**.
- You can increase the **partner pension** that will be received by your partner **to the maximum amount** to make sure they benefit from a better level of protection. The result of this is that your retirement pension will be somewhat lower, as the conversion rate is reduced.
- You can also **increase your own retirement pension to the maximum level** by reducing the partner pension to the statutory minimum amount if – for example – you are single, or your partner already enjoys a good level of financial protection, whether through their own pension fund or other financial means. You thus benefit from a higher conversion rate and receive a higher retirement pension.

AXA will contact you before you retire, and you can indicate your preferred option (incl. choice of pension/lump sum) on a form.



Important:

It's important to know that adjusting the retirement and partner pension is an option that is exclusively open to people who, **at the point of retirement, have extra-mandatory retirement assets of over 30 percent.**

Where such assets are below the 30-percent threshold, the standard option of a partner pension of generally 60 percent of the retirement pension is applied.

Transitional age category:

The transitional age category includes everyone born in 1964 or earlier who was already insured with the Foundation on December 31, 2024

Insured in the «transitional who will receive compensatory measures following the adjustment of the conversion rate with effect from January 1, 2025, can have their option applied exclusively to the retirement assets saved as of January 1, 2025. A prerequisite for this is that the extra-mandatory portion of the retirement assets saved as of 2025 amounts to more than 30% at the time of retirement.

