

# 2021

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**Annual report**

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**LOB Guarantee Fund**

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## Executive summary

Like the pension funds, the Guarantee Fund benefited from the very positive development of the financial markets in the reporting period. Moreover, thanks to special factors, a positive result was recorded on the insolvency account for the first time in a long while. Overall, the Guarantee Fund registered a very pleasing surplus of CHF 131.2 million.

While insolvency benefits for insurance collectives amounted to CHF 36.3 million, which was only slightly below the previous year's level, there was no major payment to report. A new procedure was agreed with the Substitute Occupational Benefit Institution for the financing of benefit claims, which occurred in cases before the employer joined a pension scheme (art. 12 LOB). In the financial statements for 2021, a provision of CHF 17.5 million was made to cover the insolvency account. On the other hand, exceptionally high reimbursements from insolvencies of CHF 19.1 million were recorded. Moreover, a gain of CHF 19.9 million was recorded due to the change in the actuarial basis to LOB 2020. Overall, the operating statement, including the profit from the updated actuarial basis, shows a positive result of CHF 32.8 million.

The LOB Guarantee Fund's financial result for the reporting year was CHF 98.8 million. The performance of capital assets was 7.72% (previous year 3.86%). As in the prior year, asset management costs (including TER cost indicators) amounted to a low 0.13%. The income statement of the Guarantee Fund closed with a surplus of CHF 131.2 million (previous year CHF 30.1 million). As of 31 December 2021, the reserve fund had increased from CHF 704.9 million to CHF 836.1 million.

In May 2021, and at the request of the Foundation Board, the Occupational Pension Supervisory Commission (OPSC) approved the Guarantee Fund's contribution rates for assessment year 2022: 0.12% for subsidy benefits owing to an unfavourable age structure, and 0.005% for the funding of insolvency benefits and all other tasks.

Enquiries addressed to the 2nd Pillar Central Office have again increased significantly in 2021. For the first time, the Business Office processed more than 100 000 enquiries about forgotten credit balances during the year. In around 70% of cases, at least one credit balance was found. Overall, it was possible to match well over 142 000 credit balances. This sharp rise is attributable to the work of new service providers, some of which contact people exclusively via electronic media in the search for accounts. As the Central and Liaison Office, the Guarantee Fund is an important contact point for people with questions about occupational pensions. Furthermore, the Guarantee Fund's website was revised in the reporting period and the applicable forms were redesigned.

Under the general pension asset reporting requirement introduced at the beginning of 2017 through the bill on pension sharing in the event of divorce, this review period represented the fourth time that the Central Office was being notified of all pension asset holders. An electronic portal exists for data reporting. During the year under review, 1 553 institutions notified the existence of 7.6 million credit balance holders.

Credit balances still unclaimed after ten years following the normal age of retirement must be turned over to the Guarantee Fund (forgotten credit balances). At year-end 2021, the Guarantee Fund was managing around 25 400 forgotten credit balances totalling CHF 172.8 million for persons over 75/74 years of age. The active search for persons entitled to forgotten accounts resulted in 114 disbursements worth CHF 2.0 million during the year under review.

There was a further slight increase in the number of enquiries received by the Liaison Office for the European Union and EFTA member states to clarify the insurance situation in cases of cash payments upon departure from Switzerland to 9 109 in 2021. Over a third of the enquiries concern departures to Portugal.

Key figures	2021	2020
	CHF (in millions)	CHF (in millions)
<b>Contributions for insolvencies/Other</b>	<b>44.1</b>	<b>43.1</b>
<b>Insolvencies</b>		
Insolvency benefits	53.8	58.0
Adjust. of act. principles for pension commitments (incl. FR)	-19.9	0
Repayments after insolvencies	-19.1	-3.5
<b>Insolvencies in net terms</b>	<b>14.9</b>	<b>54.5</b>
<b>Contributions for subsidies</b>	<b>191.6</b>	<b>188.2</b>
<b>Subsidies for unfavourable age structure</b>	<b>170.7</b>	<b>170.5</b>
<b>Administration</b>		
Administrative costs, internal	9.2	9.4
External costs (legal proceedings, IT, etc.)	0.9	0.8
<b>Assets</b>		
Asset investments	1 397	1 297
Yield on assets	98.8	48.7
Investment performance securities	7.72 %	3.86 %
Asset management costs (incl. TERs of inv. funds)	0.13 %	0.13 %
<b>Reserve fund</b>	<b>836.1</b>	<b>704.9</b>
<b>Contribution rate</b> (account statement always in subsequent year)		
Contribution rate for subsidies	0.12 %	0.12 %
Contribution rate for insolvencies	0.005 %	0.005 %
<b>Insolvency (number of cases)</b>	2 849	2 732
of which foundation insolvencies	1	5
<b>Pensions</b>		
Pensions paid (number of cases)	754	1 893
Provision for pension benefits	312.9	355.5
Actuarial principles (LOB 2015, GT)	1.5 %	1.5 %
<b>Enquiries 2nd Pillar Central Office</b>		
Enquiries processed	101 707	79 736
Credit balances matched for these	142 436	107 352
<b>Forgotten credit balances</b>		
Contacted potential beneficiaries (number of cases)	1 373	365
Balances governed by the Guarantee Fund (number)	25 421	23 881
Amount of governed balances	172.8	159.1
<b>Enquiries Liaison Office</b>	9 109	8 928
<b>Affiliated pension schemes</b>		
LOB registered	1 413	1 459
Others, subject to vested benefits law	329	346
<b>Total affiliated pension schemes</b>	<b>1 742</b>	<b>1 805</b>
<b>Vested benefits institutions subject to the obligation to notify</b>	67	67

# 1 Subsidies

## 1.1 Statistical evaluation of contribution and subsidy accounts

The statistics cover all settlements made until the end of March 2022, divided among assessment years 1987 to 2020. The operating statement (p. 24) includes all contributions and subsidies effectively settled in the calendar year. These settlements may involve several

settlement periods. Settlements for the year 2021 are not due until mid-2022.

At present, there are still ten statements outstanding for assessment year 2020. Advance payments are made in the case of settlements for big pension schemes. In this way, the Guarantee Fund incurs no losses.

Assessment year	Salaries coordinated under LOB pro rata	LOB pension credit balances	Contribution subventions	Subventions for unfavourable age structure
1987	55 512 515 168	6 434 706 577	111 023 750	17 000 752
1990	68 574 088 153	7 917 468 059	27 429 660	22 041 180
1995	82 545 873 122	9 656 399 223	33 018 319	34 123 565
1996	83 529 328 534	9 773 192 443	33 411 727	36 095 246
1997	83 373 049 644	9 816 411 893	50 023 839	39 310 244
1998	84 080 585 679	9 942 095 261	84 080 587	41 993 133
1999	86 184 502 282	10 231 838 347	86 184 503	46 665 018
2000	88 895 449 288	10 561 698 228	44 447 725	51 019 448
2001	93 476 808 271	11 163 402 991	46 738 404	58 327 917
2002	96 150 597 900	11 511 388 048	48 075 299	63 605 724
2003	97 403 806 496	11 726 848 784	58 442 283	68 294 481
2004	98 396 033 321	11 911 629 248	59 037 622	72 792 052
2005	109 094 660 755	12 985 767 616	76 366 262	70 032 708
2006	112 692 610 984	13 435 794 747	78 884 828	75 749 628
2007	117 885 031 364	14 084 447 925	82 519 522	82 981 765
2008	123 014 503 750	14 705 309 202	86 110 153	86 448 102
2009	127 175 151 728	15 270 677 389	89 022 606	92 860 103
2010	129 013 135 170	15 564 862 139	90 309 195	98 043 929
2011	134 261 718 580	16 239 035 146	93 983 203	104 780 089
2012	137 700 299 469	16 711 393 630	96 390 210	113 061 587
2013	140 705 329 200	17 120 732 995	112 564 264	120 304 540
2014	143 528 588 950	17 531 289 379	114 822 870	125 829 955
2015	146 342 141 252	17 913 611 811	117 073 713	133 220 288
2016	148 360 354 924	18 226 716 569	118 688 284	144 865 913
2017	150 771 906 066	18 565 409 536	150 771 907	153 267 897
2018	153 993 963 620	18 989 981 297	153 993 965	159 365 392
2019	157 922 740 227	19 520 567 162	189 507 288	169 339 756
2020	159 347 783 446	19 728 176 308	191 217 340	174 346 695

## 1.2 Statement of contributions and benefits for subsidies and reimbursements (art. 15 SFV)

The subsidy benefits paid by the Guarantee Fund for an unfavourable age structure have risen continuously, except in the year 2005. Benefits for assessment year 2020 were about CHF 174 million. The general increase in the benefit bases (occupational benefit indices), population ageing as well as the more consistent number of subsidy claims by the pension institutions per employer can be mentioned as reasons for the rise.

Subsidies based on an unfavourable age structure can only be claimed directly by benefit schemes if an employer's entire workforce is affiliated to the benefit scheme. The Business Office verifies the subsidy benefits claimed. If necessary, corrections are made and overpayments of subsidies from previous years are claimed back. For fiscal year 2020, corrections were made in favour of the Guarantee Fund worth CHF 263 000 net.

Pursuant to art. 58 para. 5 LOB, subsidies may only be requested for self-employed persons if they voluntarily insure themselves as soon as they become self-employed within the meaning of the LOB. Besides, when claiming subsidies under art. 58 para. 3 LOB, an employer's entire LOB-insured staff must be taken into account. Should a self-employed person have employees, the subsidy calculation must take account of these employees. Owing to major corrections to subsidy benefits paid to self-employed persons at two professional pension funds, a review was launched into the practice governing subsidy settlements for self-employed persons at all collective and professional pension funds. This review is still ongoing. Corrections worth over CHF 5.5 million have been made at 33 institutions to date.

Assessment year 2020 saw the second application of the contribution rate of 0.12% of the LOB-coordinated wages pro rata. Contributions worth CHF 191.2 million have been settled to date. Compared to these contributions, subsidy benefits were CHF 174.3 million. It must also be taken into account that the costs incurred by the AHV Compensation Offices and the Substitute Occupational Benefit Institution for LOB affiliation checks, being reimbursed by the Guarantee Fund since 2005, must also be financed by contributions from registered benefit schemes. The expenditure to be covered by the subsidy benefit contribution has therefore risen to around CHF 8 million. The contribution rate remains at 0.12% for assessment year 2021.

## 2 Insolvency benefits

### 2.1 Statement of contributions for insolvency and other benefits (art. 16 SFV)

The contributions for insolvency and other benefits are assessed on the regulatory leaving benefits of all insured persons and the amount of all pensions as per the operating account multiplied by ten. It is not only benefit schemes registered under art. 48 LOB that are required to render account; so are all schemes with regulatory benefit commitments as well. Taking account of the contribution rate adjustments, revenue from contributions has risen steadily in this case.

Since the year 2000, the following contributions for insolvency and other benefits have been settled (contributions per assessment year in relation to insolvency benefits that year):

Some 1 867 benefit schemes have settled contributions for insolvencies and all other benefits for assessment year 2020. This figure includes the Liechtenstein benefit schemes. The low contribution rate of 0.005 % of leaving benefits and pensions was applied for the seventh time in assessment year 2020. Contributions in the amount of CHF 44.1 million were settled. Of these contributions, CHF 1.2 million corresponded to the 329 schemes subject to the vested benefits law but not registered under art. 48 LOB.

Assessment year	Sum of regulatory leaving benefits	Sum of current pensions	Contribution rate	Insolvency contribution	Insolvency benefits, net
2000	263 313 763 536	15 748 267 438	0.03	126 242 518	76 905 304
2001	274 875 623 951	16 871 056 145	0.03	133 076 457	77 894 556
2002	289 468 529 042	17 748 747 519	0.03	140 087 356	101 435 915
2003	298 584 296 153	18 485 341 391	0.04	193 375 877	93 109 857
2004	307 659 841 689	19 443 508 945	0.04	200 837 972	116 241 113
2005	320 535 637 194	20 249 820 365	0.03	156 910 153	59 575 867
2006	334 229 803 544	21 027 795 248	0.03	163 352 328	75 913 437
2007	351 800 790 695	22 077 932 495	0.02	114 516 022	36 090 718
2008	366 749 427 849	22 864 268 508	0.02	119 078 423	51 686 345
2009	377 687 602 593	23 563 915 052	0.02	122 665 350	17 906 248
2010	391 243 199 957	24 248 884 108	0.02	126 746 408	55 704 573
2011	407 430 013 762	24 888 840 338	0.01	65 631 841	59 735 631
2012	421 180 742 124	25 582 604 422	0.01	67 700 679	44 093 370
2013	437 975 960 215	26 264 036 856	0.01	70 061 632	66 826 712
2014	458 225 423 196	27 022 779 389	0.005	36 422 662	103 856 742
2015	478 823 075 392	27 665 796 851	0.005	37 774 052	127 572 863
2016	497 218 878 082	28 309 475 367	0.005	39 015 682	79 996 523
2017	514 573 148 326	29 016 016 415	0.005	40 236 666	53 858 518
2018	531 486 476 125	29 766 190 036	0.005	41 457 419	66 357 605
2019	556 820 038 914	30 326 790 240	0.005	43 004 397	56 943 585
2020	575 469 936 088	30 889 485 680	0.005	44 115 401	54 505 668

## 2.2 Statistics for settled insolvency cases

No new pension obligations had to be assumed from an insolvent pension fund in 2021 and, with the exception of one small back payment, no advance payments had to be made to a pension fund. On the other hand, a provision of CHF 17.5 million was made for benefits covered by the Substitute Occupational Benefit Institution relating to cases that had occurred before compulsory affiliation (art. 12 LOB) of the employer (for further details, see section 2.3). The resulting gross benefits amounted to CHF 53.8 million, which was a good CHF 4 million lower than in the prior year. As a result of the change in the actuarial basis from LOB 2015 to LOB 2020, it was possible to reverse provisions of CHF 19.9 million for benefit obligations assumed (for further details, see section 2.5) and thanks to the high level of reimbursements (section 2.3), net insolvency benefits were very low at CHF 14.9 million.

Settled submissions from pension funds in cases of employer bankruptcy continue to account for the majority of insolvency payments. The number of submissions settled increased slightly from 2 732 to 2 849 in 2021. By contrast, the benefits disbursed were slightly lower at CHF 36.3 million than in the previous year. While submissions from collective and communal pension funds declined, there was a further increase in submissions from the Substitute Occupational Benefit Institution (see Fig. 1).

Non-mandatory benefits increased from CHF 2.9 million to CHF 3.2 million despite fewer cases and accounted for 15.0% of total benefits payable to collective and communal pension funds. The main beneficiaries of Guarantee Fund benefits are insured persons in lower-wage industries subject to LOB minimum coverage. The benefits provided through the Substitute Occupational Benefit Institution also fall into these sectors. At any rate, over a quarter of the dossiers processed from collective and communal pension funds entailed guaranteeing not just LOB benefits alone. The non-mandatory benefits payable by the Guarantee Fund are limited to the insured salary up to one and a half times the LOB ceiling (art. 56 para. 2 LOB; CHF 129 060 for the year 2021). This cap on benefits was applied in some specific cases.

Sector statistics (Fig. 4) show that over half of the submissions are filed by the construction and catering industries. The benefits secured per case are the lowest in the automotive (garages) and catering sectors (Fig. 5). The number of cases of bankruptcy proceedings against the employer being discontinued for lack of assets remained high. In some 54% of the cases involving Guarantee Fund benefits, no bankruptcy proceeding took place (Fig. 6).

Type of cases	Number of cases	Prior year	Guaranteed sum	Prior year
Pension plans	1 444	1 580	21 342 464	24 133 280
of which non-compulsory	414	430	3 211 110	2 934 191
Foundations	1	4	40 000	465 281
Substitute Occupational Benefit Institution	1 337	1 086	14 916 710	14 089 887
<b>Total benefits, gross</b>	<b>2 782</b>	<b>2 670</b>	<b>36 299 174</b>	<b>38 688 448</b>
Returned insolvency enquiries	67	61	0	0
Takeover of new pension commitments	0	1	0	15 944 208
Formation of value fluctuation reserve			0	3 379 824
Establishment of provisions pursuant to art. 12 – Substitute Occupational Benefit Institution cases			17 540 845	0
<b>Total benefits</b>	<b>2 849</b>	<b>2 732</b>	<b>53 840 019</b>	<b>58 012 480</b>
Adjustment of actuarial basis (incl. formation of fluctuation reserve)			-19 869 490	0
./. Repayments from liquidations			-19 105 402	-3 506 812
<b>Net benefits</b>			<b>14 865 127</b>	<b>54 505 668</b>

Fig. 1  
Insolvency cases (number of dossiers)  
per year

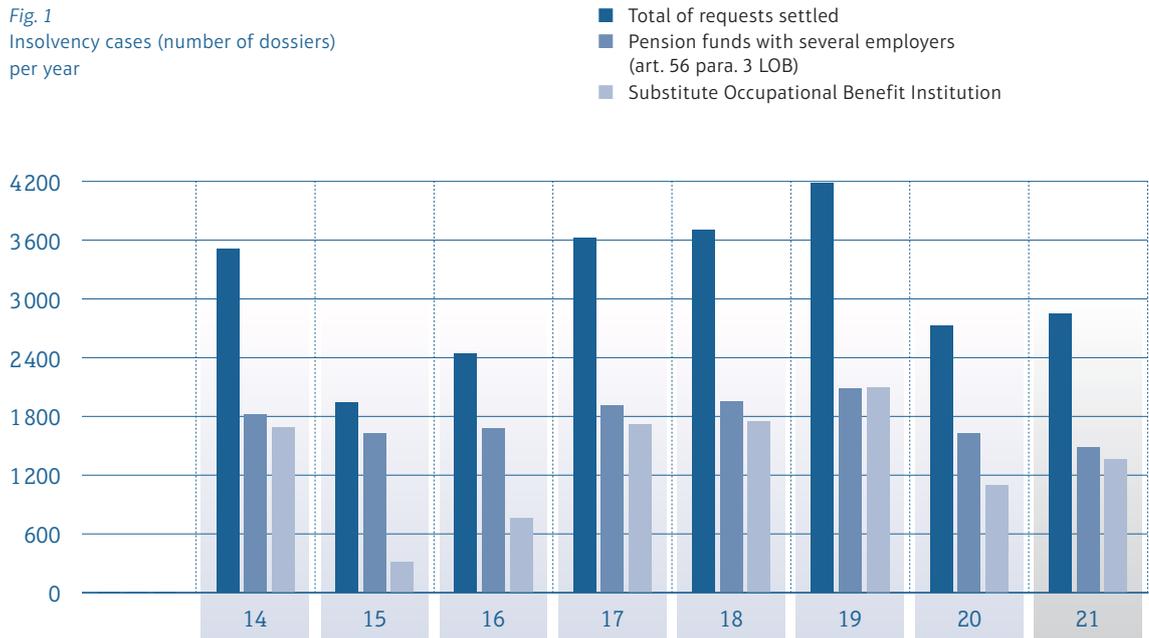
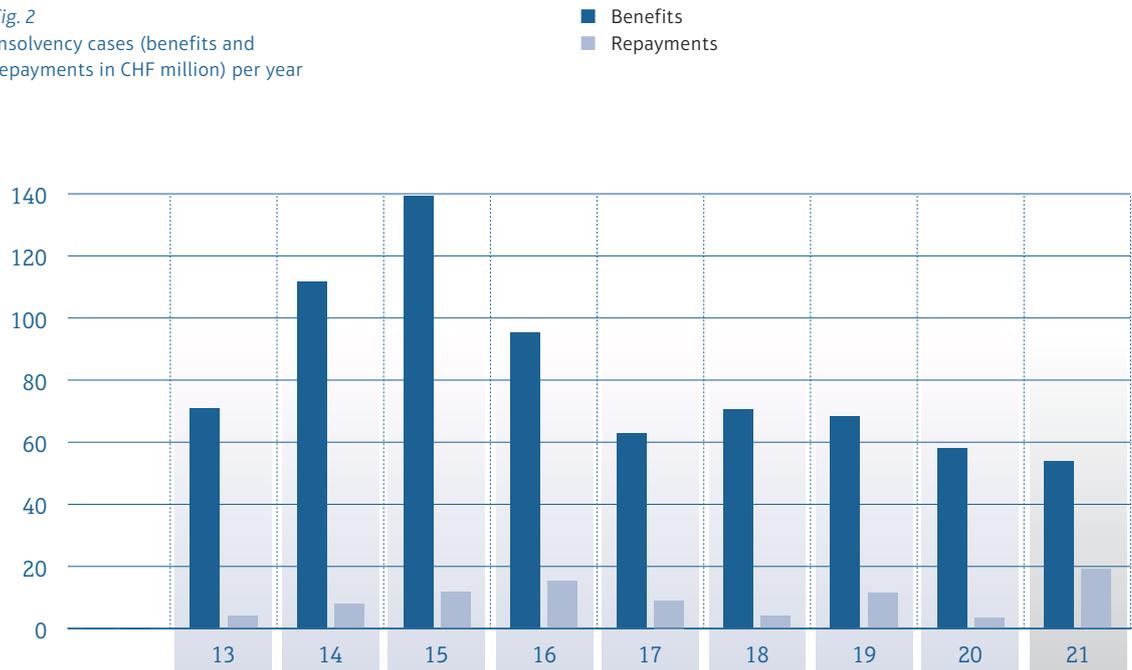


Fig. 2  
Insolvency cases (benefits and  
repayments in CHF million) per year



### The biggest cases

2013 SwissTex CHF 5.8 m

2014 IGP-BVG Foundation CHF 41.7 m

2015 ACSMS CHF 59.1 m, Fortius CHF 20 m

2016 Giovanola CHF 21.3 m  
IGP-BVG Foundation CHF 12.3 m  
Charles Veillon CHF 8.7 m

2017 Ziegler Papier CHF 9.4 m

2018 Schmid Telecom CHF 4 m

2019 Schmid Telecom CHF 6.6 m, Ascoop CHF 3 m

2020 IGP-BVG Foundation 19.2 m

Fig. 3  
 Insolvency cases (benefits by type of pension scheme in CHF million) per year

- Scheme with several employers (art. 56 para. 3 LOB)
- LOB Substitute Occupational Benefit Institution
- Foundation insolvencies

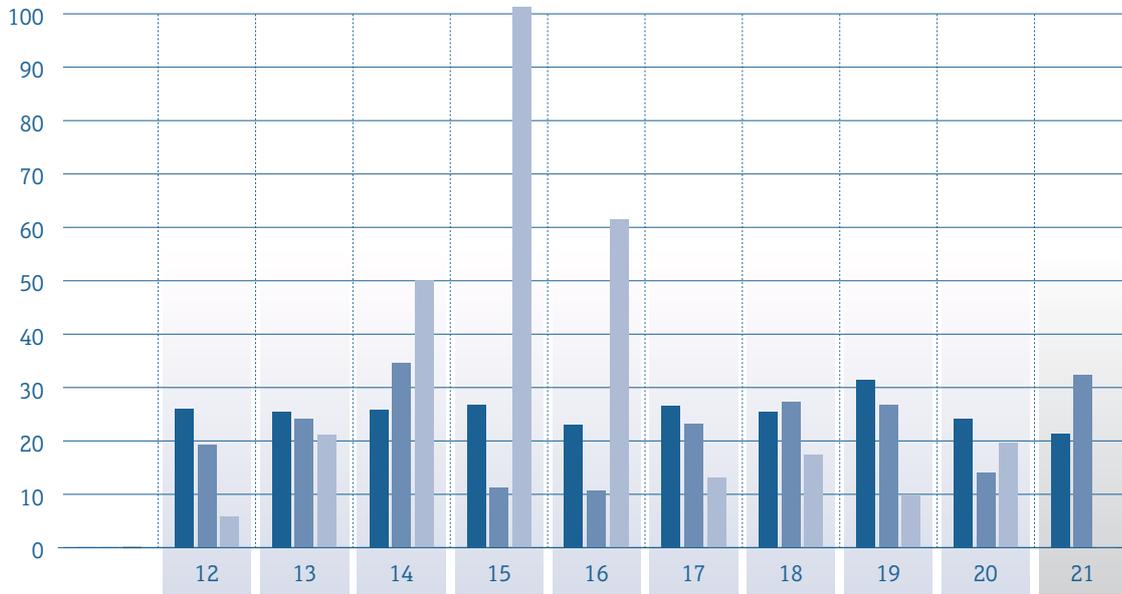


Fig. 4  
 Insolvency cases of collective and communal pension funds incl. LOB Substitute Occupational Benefit Institution 2021 (sector statistics)

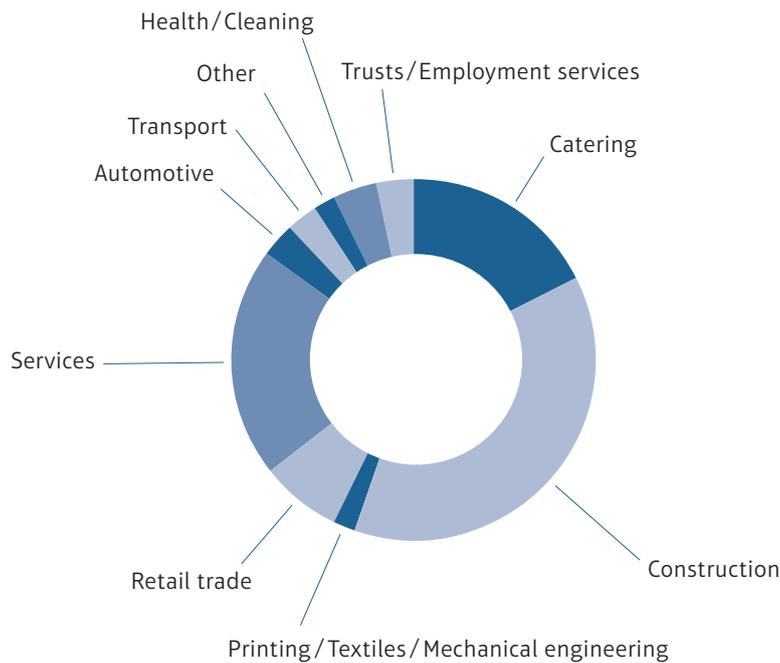


Fig. 5  
 Insolvency cases of collective and communal pension funds  
 incl. Substitute Occupational Benefit Institution 2021 (average  
 sum paid out in CHF by branch)

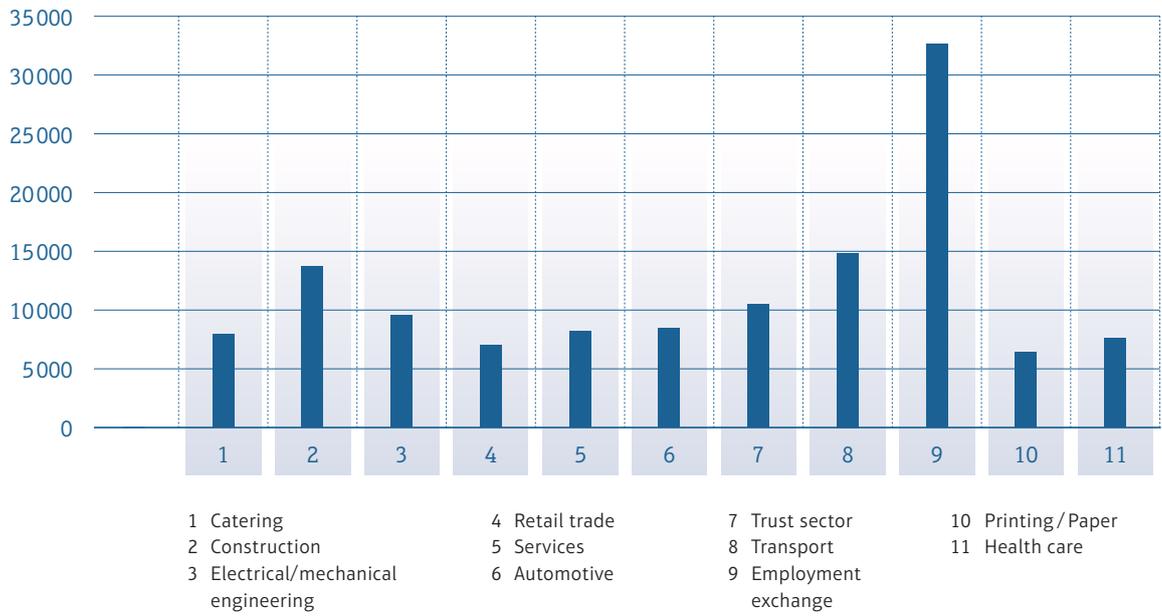
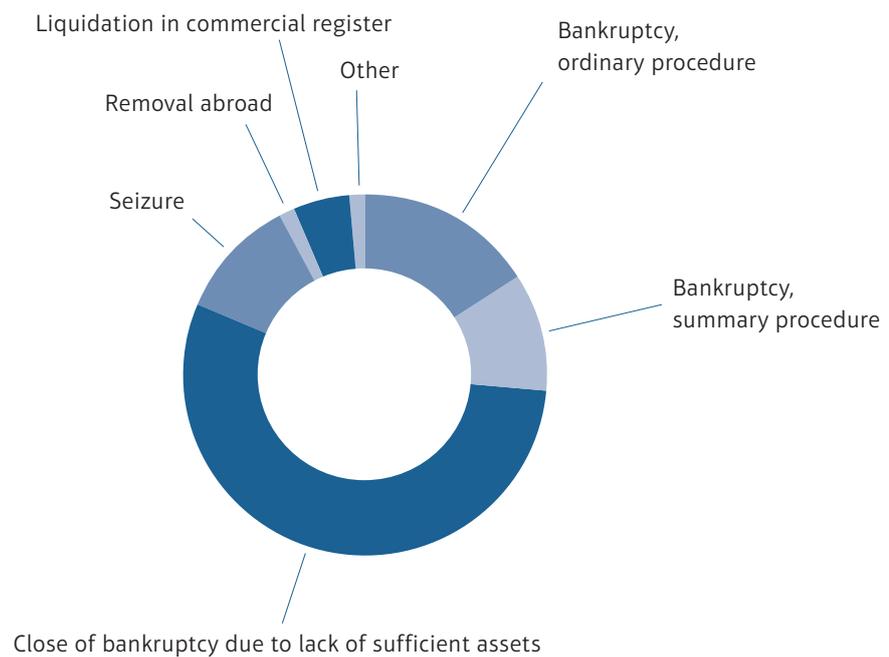


Fig. 6  
 Insolvency cases 2021  
 (type of enforcement proceedings)



### 2.3 Individual cases

In the year under review, there were no sizeable advance payments to insolvent pension funds, nor did any new pension commitments have to be taken over. This pleasing development is attributable to the very good financial situation of the pension funds as a result of the positive development of the investment markets in recent years. At the same time, the Guarantee Fund received reimbursements from several liquidation processes that have been ongoing for a long time. These reimbursements are based on the proceeds from the sale of assets and retrospective dividends received from employer's insolvency proceedings. In the year under review, higher reimbursements were received in connection with the insolvencies of the Stylos, Provitas, Fortius and Friderici foundations and from the Substitute Occupational Benefit Institution.

The Substitute Occupational Benefit Institution is required to pay benefits where eligibility occurred before affiliation of the employer to a pension fund (art. 12 LOB). These benefits are guaranteed separately by the Guarantee Fund. In the year under review, the Guarantee Fund and the Substitute Occupational Benefit Institution agreed on a new procedure to guarantee these benefits. Accordingly, disability benefits are not to be settled until retirement or earlier cessation of pensions. Until then, the Substitute Occupational Benefit Institution will report the number of unsettled benefit cases to the Guarantee Fund on an annual basis. Based on the report submitted by the Substitute Occupational Benefit Institution, in 2021 the Guarantee Fund made a provision of CHF 17.5 million to cover the insolvency account.

### 2.4 Liability and ongoing proceedings

In the past year, the Guarantee Fund reached a settlement with a foundation board on liability claims.

In the Fortius case, a lawsuit filed by the foundation against the Canton of Ticino as the supervisory authority has been pending for some time. The canton asserts that the claim has expired. In its judgement of 19 February 2021 (SC\_371/2018), the Federal Supreme Court referred the case back to the Cantonal Court in Ticino to obtain further facts.

In a decision on 8 September 2021, the Administrative Court of Thurgau partially accepted the Guarantee Fund's complaint in the ProTIP case against members of the foundation board, the investment committee, the managing director and the asset manager. The complaint concerned investments in alternative products that were financed by taking out a Lombard loan. The complaint against the auditor was rejected. The persons convicted have appealed to the Federal Supreme Court, so the decision is not yet legally binding.

Benefits worth CHF 1.9 million were withheld in 215 cases of submissions for pension plans because of unjustified claims. Benefits are denied mainly in cases of submissions by the Substitute Occupational Benefit Institution if, for example, it had to retrospectively insure the owner of a limited liability company for several years while that owner failed to pay his pension insurance contributions. Besides, insolvency claims of around CHF 1.3 million were rejected (no basis for paying the benefits and overlapping insurance periods between different benefit schemes). Owing to inadequate collection, deductions totalling CHF 51 000 were made from the benefits to be assured in three cases. Criminal charges were brought in nine cases in which benefits were secured over longer periods.

### 2.5 Pension commitments of the Guarantee Fund

At the end of 2021, the Foundation Board switched the actuarial basis used to determine pension commitments to the new LOB 2020 generation tables. The technical interest rate was left at 1.5%. As a result of this change, pension assets decreased by CHF 16.6 million (5%). This reduction also reduced the value fluctuation reserves by CHF 3.3 million.

It has been agreed with the OPSC that FRP Guideline 5 of the Swiss Chamber of Pension Actuaries, declared as generally binding, would not be directly

applicable to the Guarantee Fund. The basis of the expert's work is art. 7 para. 2 SFV. The audit is limited to pensions, without need of a risk assessment including the insolvency account and the reserve fund.

Guarantee Fund commitments calculated on the basis of LOB 2020 generation tables and a technical interest rate of 1.5% amounted to some CHF 312.9 million at the end of 2021. Unlike the situation in the previous year, the evolution of pension risk, excluding exceptional cases (new pension cases) resulted in a profit of CHF 3.2 million. A total risk profit of CHF 12.8 million was registered in the past nine years.

As of December 2021, the Guarantee Fund was paying pensions to 1 754 persons. These consisted of 1 034 retirement pensions, 131 disability pensions, 562 spouse's pensions and 27 children's pensions.

Retirement benefits payable following the expiry of a temporary disability pension are determined on the basis of the unweighted average of regulatory conversion rates set annually by the Federal Occupational Pension Supervisory Commission (OPSC). Based on the average arrived at for 2021, the conversion rate for retirements in 2022 is 5.5%.

### 3 Reserve fund

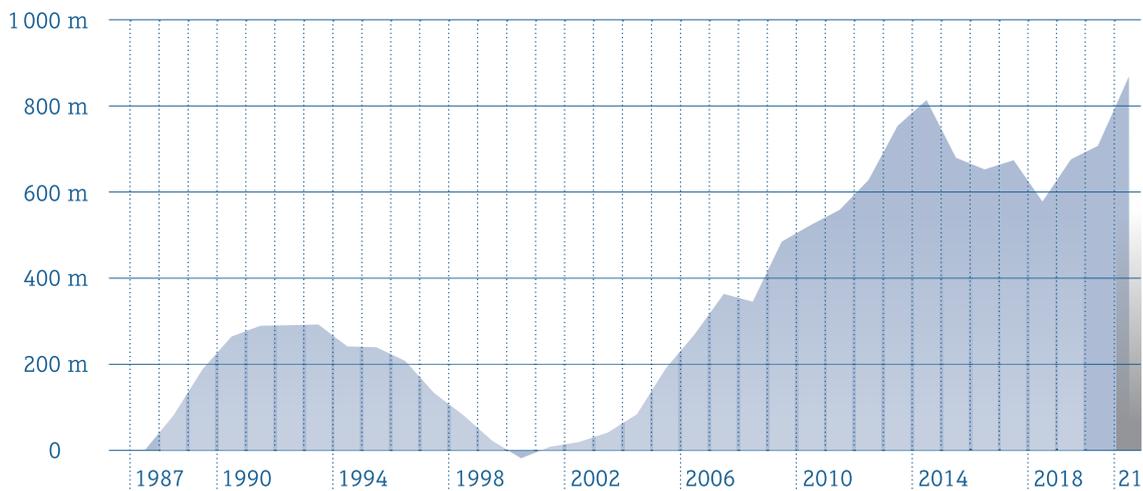
The work of the Guarantee Fund is generally financed on a pay-as-you-go basis. While spending for subsidies can be predicted reasonably well, it is harder to assess when it comes to foundation insolvency cases. Insolvency benefits can fluctuate markedly from year to year (see Fig. 2, p. 10). The Guarantee Fund maintains a reserve fund designed to prevent these fluctuations from directly impacting contribution rates. Furthermore, it should be noted that it takes approximately two years until contribution adjustments translate into higher revenue for the Guarantee Fund. This time element in the adjustment of the financial situation is also further justification for a reserve. Should it not be sufficient, the Confederation may, on the basis of art. 59 para. 4 LOB, extend loans to the Guarantee Fund to bridge liquidity shortfalls.

The reserve fund grew strongly between 2001 and 2014. Thanks to the positive performance of the reserve, it has been possible since assessment year 2004 to steadily reduce the contribution rate for insolvency benefits from 0.04 % to the current 0.005 % of vested benefits and pension benefits multiplied by ten. The latest reduction of the contribution rate to 0.005 % ef-

fect in assessment year 2014 was done even though it meant that according to expectations, income from contributions would no longer cover insolvency benefits. The low contribution rate is expected to lead to a reduction in the reserve fund.

The contribution rate of 0.005 % impacted revenues for the seventh time in the year under review. The CHF 44.1 million in revenue resulting from this contribution rate was again below the gross insolvency benefits of CHF 53.8 million. Thanks to the extraordinary income of CHF 19.9 million in connection in the change in the actuarial basis used to determine pension commitments to LOB 2020 and the reimbursements of CHF 19.1 million from liquidations, the net benefit position was CHF 14.9 million in the reporting period. As a result, the insolvency account was positive for once. At the same time, investment of assets generated a positive result of CHF 98.8 million. The fund reserve rose by CHF 131.2 million to CHF 836.1 million at year-end 2021. It therefore remained above the target defined by the Foundation Board.

Fig. 7  
Developing of reserve fund



## 4 Reimbursements to the AHV Compensation Offices and the Substitute Occupational Benefit Institution for employer affiliation checks

The AHV Compensation Offices check whether the employers appearing on their books are affiliated to a registered provident institution. When affiliation agreements with collective and communal pension funds are terminated, the LOB Substitute Occupational Benefit Institution verifies the re-affiliation of these provident funds. Since the year 2005, the Guarantee Fund has been reimbursing the agencies responsible for these tasks. The procedures and basis for reimbursement upon settlement between the Compensation Offices and the Guarantee Fund are laid down by the Federal Social Insurance Office.

The Guarantee Fund paid the AHV Compensation Offices CHF 7.5 million in remuneration for affiliation checks during the review period. Remuneration still amounted to CHF 8.4 million in the previous year. The prior-year figures also contain remuneration of CHF 970 000 for checks in 2015 and 2016 in connection with a case where further clarifications were undertaken before disbursement. Taking these back payments into account, remuneration was slightly higher than in the previous year. Costs amounting to CHF 880 000 were announced for the LOB Substitute Occupational Benefit Institution for re-affiliation checks based on art. 56 para. 1 lit. h LOB (CHF 923 000 the previous year).

## 5 Acting as Guarantee Fund for the Liechtenstein occupational benefit institutions

Based on the agreement between the Swiss Federal Cabinet and the Principality of Liechtenstein, in 2007 the Swiss Guarantee Fund began taking over the statutory and regulatory benefits for provident institutions in the Principality that have become insolvent; it has also been discharging the functions of the 2nd Pillar Central Office. The benefit guarantees cover only persons who are required to contribute to the AHV scheme in Liechtenstein. The Liechtenstein occupational benefit institutions are affiliated to the Guarantee Fund on the same terms as their Swiss counterparts. The Guarantee Fund continues to be governed solely by Swiss law, under the supervision of the Swiss authorities.

The number of provident institutions in Liechtenstein affiliated to the Guarantee Fund remained unchanged at 14 during the review period. They have settled contributions with the Guarantee Fund for the fourteenth time. In 2021, benefits worth CHF 199 500 were guaranteed to 4 Liechtenstein group foundations for 17 insurance collectives after the employer became insolvent. The Liechtenstein financial market supervisory authority periodically informs the Guarantee Fund about the current situation of pension plans.

## 6 Central Office for the 2nd Pillar

### 6.1 General reporting obligation of institutions

Since 2017, pension funds and vested benefits institutions have been required to notify the Central Office each January of all pension asset holders on record in December. An electronic portal is available for the filing of reports, and offers protected access for submitting data in accordance with a prescribed structure. Last year, 1 553 institutions notified the existence of 7.6 million credit balance holders as of December 2020. The nearly 200 additional pension funds affiliated to the Guarantee Fund are providing

pension benefits only or are in liquidation and are not required to report to the Central Office.

### 6.2 Enquiries received and responses to them

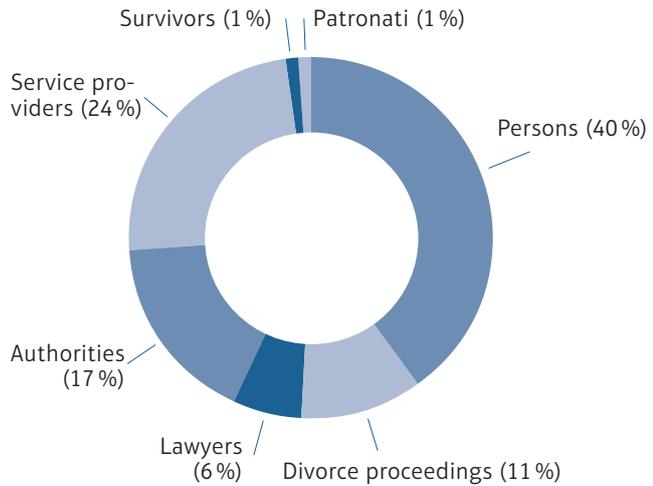
101 707 enquiries were processed in 2021, another substantial increase compared to the previous year (79 736). This sharp increase is attributable to new service providers, who partly contact people in the search for credit balances on a purely electronic basis. Enquiries from service providers as a percentage of total en-

quiries increased from 12% to 24% last year. Despite strengthening the team, the rise in the number of enquiries resulted in an increase in pending cases and longer processing times.

The proportion of enquiries with which at least one account could be associated was 70%. The number of matched pension asset balances rose from 107 352 to 140 860 (excluding forgotten credit balances). Besides direct enquiries from insured persons, enquiries often come also via divorce courts and other entities entitled to information under art. 86a LOB.

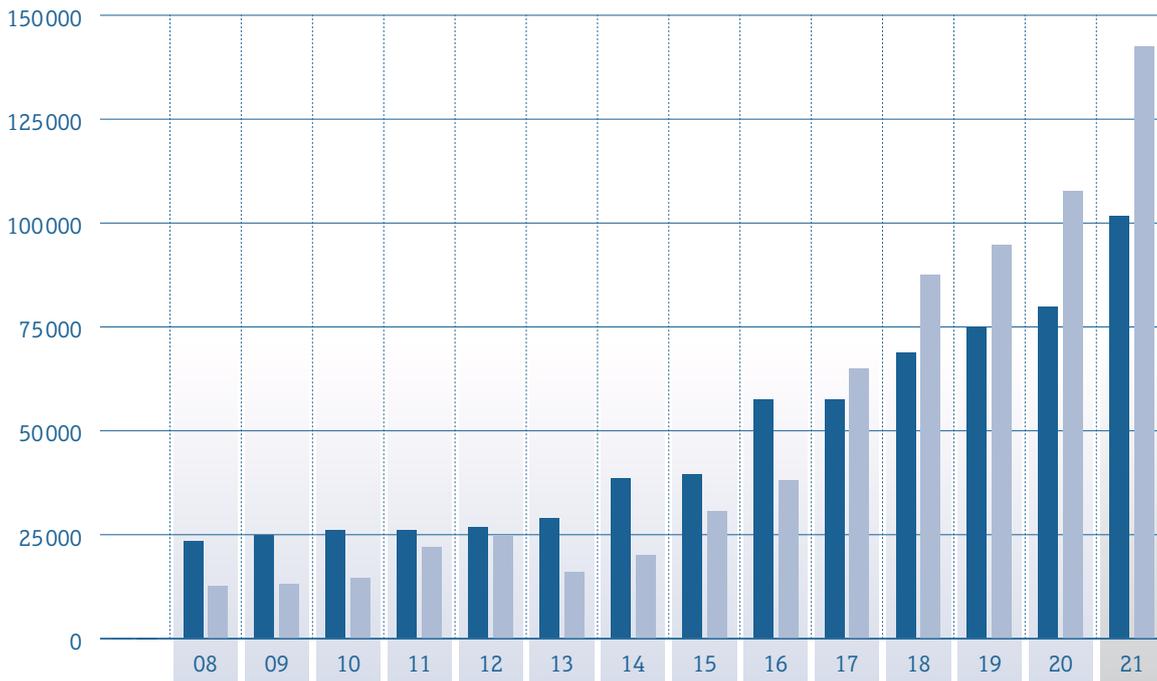
Since mid-1999, around 819 000 people have submitted enquiries about credit balances from occupational pension schemes to the Central Office. Up to mid-January 2022, the Central Office had been able to locate a total of 773 000 potential matches with credit balances in occupational benefit schemes for 447 000 applicants.

**Fig. 8**  
Besides direct enquiries from insured persons, enquiries often come also via divorce courts and other entities entitled to information under art. 86a LOB.



**Fig. 9**  
Enquiries and assigned credit balances per annum (including dormant assets)

■ Enquiries  
■ Connected credit balances



### 6.3 Forgotten credit balances

Credit balances for persons of pensionable age that have not yet been claimed are described as forgotten pension credit balances. The Central Office conducts active searches for the persons entitled to such balances. Addresses of persons in receipt of a retirement pension under the state-run social insurance in Switzerland (1st Pillar) can be ascertained via the relevant

Compensation Offices. To this end, the AHV Compensation Offices are periodically contacted regarding address details of persons with a pension credit balance who are assigned to them.

Pursuant to art. 41 para. 3 LOB, vested benefit schemes are required to transfer all credit balances to the Guarantee Fund once ten years have elapsed as of the ordinary retirement age. The Guarantee Fund continues to honour claims to credit balances transferred to it

until the insured person turns or would have turned 100 years of age. The claims become time-barred thereafter (art. 41 paras 4 and 5 LOB). When credit balances are not claimed, the Guarantee Fund draws on them to finance the 2nd Pillar Central Office (art. 12a SFV).

In the year under review, the Guarantee Fund issued a regulation on the administration of vested benefits transferred to the Guarantee Fund. At the same time, a new decision was taken to pay interest on all credit balances from the date of transfer to the Guarantee Fund, even if no interest was owed under the provisions of the transferring institution. Retrospective interest on credit balances led to a corresponding increase in expense in 2021.

Up to the end of 2021, a total of 27 510 credit balances had been transferred to the Guarantee Fund from

70 schemes. Most of the credit balances originate from the Substitute Occupational Benefit Institution. At the end of 2021, the Guarantee Fund was managing 25 421 credit balances altogether worth CHF 172.8 million. Interest is credited on these balances at the rate used by the Substitute Occupational Benefit Institution for vested benefit accounts.

The Guarantee Fund continues to pay out credit balances to entitled persons. In 2021, 114 credit balances totalling CHF 2 million were disbursed (2020: 429 credit balances worth CHF 3 million). In the event of the death of the insured person, payment is made to the beneficiaries. However, if the person died more than five years after the normal age of retirement, they should have drawn the credit while alive. In such cases, the credit balances are paid to the deceased persons' estate rather than to the beneficiaries.

## 7 Liaison Office

Since mid-2002 the Guarantee Fund has been the Liaison Office to EU and EFTA member states for occupational benefit matters. Under the agreement on the freedom of movement of persons between the member states of the European Union and Switzerland, restrictive provisions on cash payments upon definitive departure from Switzerland for an EU or EFTA country came into force on 1 June 2007. The United Kingdom left the EU on 31 January 2020.

Persons leaving Switzerland for the EU or EFTA may submit a request form to the Liaison Office seeking clarification of the social insurance requirements in the country concerned. The Liaison Office forwards the enquiries to the appropriate foreign agencies, which ascertain whether the applicants are subject to compulsory social insurance. In the case of France, applicants must personally obtain confirmation of the applicable social insurance requirements from the competent authorities. As soon as the Liaison Office has received the outcome of the enquiry, it informs both the requesting person and the occupational benefit schemes.

Since 1 June 2007, 84 857 persons have submitted requests to the LOB Guarantee Fund for clarification regarding compulsory social insurance in an EU or EFTA country. The number of requests submitted in 2021 was 9 109 (8 928 the previous year). For 320 enquiries there was no need to determine the social insurance requirement as the persons concerned had either moved to a third country or were above 59 or 60

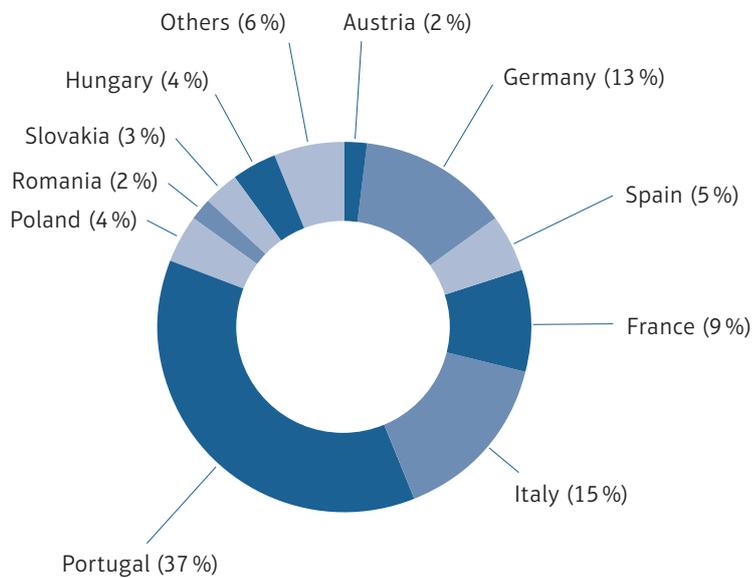
years of age and could therefore draw their credit balance as retirement capital. The Liaison Office received the outcome of verifications from foreign authorities for 8 599 cases (previous year 8 331). In 6 096 cases the persons were not subject to compulsory insurance and thus could also withdraw the compulsory part of their vested benefits in cash. For 2 503 applicants subject to compulsory social insurance in the country of destination, the LOB share of their vested benefit consequently remained blocked in Switzerland. There were 462 requests still pending at the close of 2021 because not all the requisite documentation had been submitted. In 2021, enquiries from persons who have migrated to Portugal made up well over one-third of the total.

A special determination procedure exists in the EU for persons who have spent insurance periods in more than one country, designed to coordinate insurance cover in the countries concerned when a benefit claim is made. Based on the bilateral agreements, Switzerland also participates in this procedure, primarily through the AHV. Occasionally, however, the Guarantee Fund too is included in the process. In such cases, the particulars of the persons concerned are compared with the account reports to the 2nd Pillar Central Office. If a match is found, the forms are forwarded to the relevant schemes. During the review period the Liaison Office replied to 94 'E-Forms' (E 210: Notification of approval or rejection of a pension) submitted from the EU (87 the prior year).

Fig. 10  
Enquiries received at the Liaison Office per year



Fig. 11  
Breakdown of enquiries received by country of destination



## 8 Activities of the official bodies

### 8.1 Foundation Board

In December 2021, the Federal Council elected Mr. Lukas Müller-Brunner (Swiss Employers' Association) to the Foundation Board as successor to Mr. Frédéric Pittet, who resigned at the end of 2020. Concurrently with this election, the Federal Council approved a new profile of requirements issued by the Federal Department of Home Affairs (FDHA) for the Foundation Board of the LOB Guarantee Fund. Mr. Thomas Bauer resigned from the Foundation Board at the end of 2021.

At its regular annual meeting on 30 March 2021, the Foundation Board approved the annual accounts and the annual report for 2020. The Foundation Board further decided on the 2022 contribution rates for settlement with the Guarantee Fund, for the attention of the Supervisory Commission. It moved for retaining the rates of 0.12% for subsidy benefits and 0.005% for insolvency benefits and other tasks. In May 2021, the Supervisory Commission approved the contribution rates as suggested.

For the annual financial statements for 2021, the Foundation Board decided to switch to the LOB 2020 generation tables as the new actuarial basis for determining pension assets. The technical interest rate was unchanged at 1.5%.

In the reporting period, the Foundation Board approved the procedure for the settlement with the Substitute Occupational Benefit Institution of benefit claims pursuant to art. 12 LOB incurred before the affiliation of the employer. One major topic was the review and adoption of a new investment strategy. In future, investments will be implemented based on ESG criteria via responsible index funds wherever possible. A new regulation was issued on the administration of vested benefits accounts managed by the Guarantee Fund. Other topics addressed by the Foundation Board were the profile of requirements for its members, the signature regulation for the Implementing Office, guaranteeing benefits for periods following the opening of insolvency proceedings against the employer and the requirements for enquiries with an electronic signature.

The Business Office informed the Foundation Board at its four sessions and in three interim reports about the current state of work in the respective areas of activity. In October 2021, the Foundation Board and the Managing Committee jointly organised a training event on the work of the Guarantee Fund.

### 8.2 Managing Committee

The Managing Committee (MC) is the managing body of the Union of Interbranch Associations for Implementation of the Guarantee Fund. It provides the Implementing Office with technical advice and determines its practices. Its core functions include overseeing and supporting the activity of the Implementing Office. This is done on the basis of regular reports from the Implementing Office on contributions, ongoing insolvency cases, as well as the activities of the 2nd Pillar Central Office and the Liaison Office. In addition, each year the MC accepts the annual financial statements, the annual report and the auditors' report for the Foundation Board. It approves the Implementing Office's budget and proposes contribution rates to the Foundation Board for the different areas of activity.

The MC held four ordinary meetings in 2021 to prepare matters to be addressed by the Foundation Board. It examined the procedure to determine the technical interest rate for the Guarantee Fund. In various cases, the MC decided on the procedure for liability and enquiries about pension funds in liquidation. Finally, the procedure used by the Central Officer to inform account-keeping schemes if there is a match with an enquiry was amended.

### 8.3 Implementing Office

The Implementing Office prepares the business of the Foundation Board and the Managing Committee and implements decisions. For the purposes of executing the tasks assigned to the Guarantee Fund it maintains regular contact with its affiliate institutions and the various regulatory authorities. In the realm of insolvency, pension plan liquidation proceedings with Guarantee Fund benefits are closely monitored and it is ascertained whether there is potential liability for any losses that may occur. The processing of insolvency cases calls for regular discussions with the benefit schemes, and where necessary, the insured salaries are verified against data from the AHV Compensation Offices.

Verifications of insurance requirements for people migrating to an EU or EFTA country as a prerequisite for receiving a cash payment are an ongoing process with the countries concerned. As the 2nd Pillar Central Office and Liaison Office, the Guarantee Fund is the point of contact for many persons with general questions about occupational benefits. About 75 000 enquiries are answered every year by e-mail via the

Guarantee Fund's website alone. The Implementing Office also answers more than 1 000 enquiries by telephone every week.

The Guarantee Fund's website was completely revised in the reporting period and focused even more strongly on the two most important connection points: "Enquiry about benefit credit balances" and "Cash payment on departure abroad". At the same time, the forms for these two areas were redesigned.

Owing to the heavy workload at the 2nd Pillar Central Office, this team had to be further scaled up in 2021.

## 9 Investments

In the year under review, the investment strategy was revised with effect from the start of 2022 on the basis of a new ALM study by c-alm. Investments in bonds and liquid assets have been scaled back in favour of tangible assets. On the basis of two substrategies, for the reserve fund on the one hand and pension assets and forgotten credit balances on the other, investments are being implemented on a capital-weighted basis under a comprehensive strategy. The starting point is implementation that is simple, mainly passive and as cost-effective as possible. Investments are made exclusively in the main categories of liquidity,

bonds, equity and properties. With the exception of foreign currency government bonds, investments are now channelled to sustainable products based on ESG criteria via responsible index funds. c-alm AG advises the Guarantee Fund on investment matters. PPCmetrics AG acts as investment controller.

Guarantee Fund investments are managed by the ZKB. The yield was 7.72% (benchmark 7.80%) and asset management costs were 0.13% of asset investments. Further information on investments is available in the notes to the annual financial statement.

## 10 Appeals

On 23 August 2019, the Allianz LOB collective foundation filed an appeal against a decision of the Guarantee Fund with Federal Administrative Court. Owing to long outstanding contributions, benefits were withheld from two senior employees. Allianz opposes this denial of benefits. The case is pending before the Federal Administrative Court.

A former board member from an insolvent pension scheme requested the Guarantee Fund to file criminal charges against the liquidator of the pension scheme. The Guarantee Fund rejected the request as it saw no grounds for such a step. The former board member consequently filed an appeal for denial of justice with the Federal Administrative Court. In an interim ruling, the court rejected the request for free litigation. The Federal Supreme Court of Switzerland dismissed a complaint that was lodged against this interim decision. The substantive examination of the appeal

is now before the Federal Administrative Court. The Guarantee Fund also rejected the additional request by the former board member for the adoption of a contestable decision. In response, the former board member filed a further complaint with the Federal Administrative Court on 1 February 2021. In an interim decision of 6 January 2022, the Federal Administrative Court granted partial access to case documents and accepted the request for free litigation.

Finally, in the period under review, the Federal Administrative Court informed us of a complaint against a decision taken by the Guarantee Fund in 2020. In this specific case, a guarantee for the termination benefit of the managing director was rejected and the person concerned filed a complaint. In its decision of 8 June 2021, the Federal Administrative Court dismissed the complaint for lack of the right to appeal.

## 11 Legislation

The Guarantee Fund did not take part in any consultation procedures in the period under review.

In connection with the election by the Federal Council of the members of the Foundation Board of the Guarantee Fund, on 10 December 2021 the Federal

Council approved a profile of requirements issued by the Federal Department of Home Affairs (FDHA) for the members of Foundation Board of the LOB Guarantee Fund.

## 12 Comments on the annual financial statement

No significant changes were made to the presentation of the annual financial statement since the prior year.

In the year under review, contributions were settled for assessment year 2020 with the following contribution rates being applied: 0.12% (unchanged) for the contribution for an unfavourable age structure and 0.005% (unchanged) for the contribution for insolvencies and other benefits.

The accounts are presented with reference to a reporting date, so that any delimitation of the various assessment years is only statistically possible. Owing to deadline extensions, the assessment years overlap.

### 12.1 Income statement

The operating accounts stating the contributions, subsidies, insolvencies, forgotten credit balances and remuneration for the Substitute Occupational Benefit Institution and Compensation Offices show surplus receipts of CHF 42.5 million (prior year: overspend of CHF 8.4 million). This substantial improvement resulted principally from higher reimbursements from insolvencies and the extraordinary income in connection with the change in the actuarial basis to LOB 2020.

For the second consecutive year, an income surplus is reported for subsidies (including remuneration for affiliation checks), with this account standing at CHF 12.5 million (prior year: CHF 8.3 million). The positive result of CHF 9.4 million on the insolvency account (prior year: CHF –11.4 million) is exceptional.

Unlike the previous year, pension benefits showed a clearly positive result of CHF 23.4 million (prior year: CHF –1.7 million). As a result of the change to the new LOB 2020 actuarial basis alone, obligations and value fluctuation reserves of CHF 19.9 million could be reversed. In addition, the ordinary items on this account resulted in a positive result of CHF 3.6 million.

In the reporting period, forgotten credit balances totalling CHF 15.7 million were transferred to the Guarantee Fund (prior year: CHF 20.7 million). Forgotten credit balances of over CHF 2.0 million were disbursed (prior year: CHF 3 million). The remaining credit balances are written back to the balance sheet and accrue interest until they are either paid out or liquidated as permitted.

The financial account shows an investment profit of CHF 98.8 million (prior year CHF 48.7 million). The assets are invested passively for the most part. This investment result represents a performance of 7.72% (time-weighted return [TWR]; benchmark 7.80%). As in the preceding year, the reported asset management costs (OPSC Directive D–02/2013) amount to 13 basis points. The cost transparency ratio is 100%.

Administrative expenditure dropped slightly from CHF 10.2 million to CHF 10.1 million, with internal administrative expenditure actually declining by a good CHF 200 000. In 2020, the Central Office's workload had been increased by the preparation of data for address searches for beneficiaries entitled to forgotten benefits. Despite the higher number of enquires processed in the reporting period, the expense for this area was a good CHF 500 000 lower. By contrast, there was a slight increase in connection with insolvencies, where the workload was increased in particular by dealing with special cases.

Overall, the income statement shows a surplus of CHF 131.2 million (prior year: CHF 30.1 million).

### 12.2 Balance sheet

Asset investments are CHF 100.3 million above the previous year's figure. Business Office liquidity also rose by CHF 15.2 million. The pension capital was reduced by CHF 42.6 million. Forgotten credit balances (vested benefits pursuant to art. 41 LOB) rose by a further CHF 13.7 million in the review period.

Liabilities to pension schemes contain early payments received by way of contributions payable to the Guarantee Fund by mid-2022 for fiscal year 2021.

Value fluctuation reserves (20% of pension capital and forgotten credit balances) decreased slightly from CHF 102.9 million to CHF 97.1 million. The surplus of CHF 131.2 million increased the fund reserve by the same amount to a new record of CHF 836.1 million as at 31 December 2021.

## 13 Annual financial statement in figures

### 13.1 Income statement

	2021	2020
	CHF	CHF
<b>Operating account</b>		
Contributions for subventions	191 617 111.70	188 176 124.10
Subventions for unfavourable age structure	-170 685 078.50	-170 525 515.55
Reimbursement to Compensation Offices and Substitute Occupational Benefit Institution	-8 407 411.95	-9 381 393.25
Net subventions	12 524 621.25	8 269 215.30
Contributions for insolvencies / Other	44 129 045.38	43 132 976.88
Insolvency payments collective schemes	-36 259 214.61	-38 223 167.34
Insolvency payments benefit schemes	-40 000.00	-465 280.55
Establishment of liabilities pursuant to art. 12. LOB	-17 540 845.05	-
Insolvency payments pension commitments	-	-15 944 208.22
Formation of value fluctuation reserve on pension commitments	-	-3 379 823.70
Repayments insolvent IC/PS	16 874 034.10	3 502 964.93
Repayments regarding pension obligations	2 231 367.55	3 846.60
Net insolvencies	9 394 387.37	-11 372 691.40
Pension payments	-28 006 171.65	-29 741 424.15
Capital payments	-	-51 877.96
Yield of reinsurance benefits	213 987.40	221 911.40
Release of pension fund capital – pension recipients	42 688 419.60	23 222 085.10
Release of value fluctuation reserve	8 529 853.50	4 633 325.00
Net pensions	23 426 088.85	-1 715 980.61
Incoming balances	15 713 962.20	20 668 512.67
Paid out balances	-2 031 615.05	-2 950 451.66
Assignment of forgotten credit balances to balance sheet	-13 682 347.15	-17 718 061.01
Interest on forgotten credit balances	-51 920.25	-14 445.55
Formation of value fluctuation reserve on forgotten credit balances	-2 746 853.50	-3 546 501.30
Net revenue on forgotten credit balances	-2 798 773.75	-3 560 946.85
<b>Result of the operating account</b>	<b>42 546 323.72</b>	<b>-8 380 403.56</b>
<b>Finance / Other</b>		
Capital and securities income	21 196 399.60	22 804 250.21
Price gains taken	-341 755.02	5 902 442.01
Retained price gains	79 733 805.28	21 635 272.36
Cost of securities	-1 823 680.87	-1 657 060.31
Net revenue on capital and securities	98 764 768.99	48 684 904.27
Other income	11 685.92	3 598.82
<b>Financial result / Other</b>	<b>98 776 454.91</b>	<b>48 688 503.09</b>

	2021	2020
	CHF	CHF
<b>Administration</b>		
Foundation Board and Executive Committee	-61 463.15	-65 732.25
Management and Administration	-428 988.05	-393 635.50
Contributions and subventions	-538 615.85	-600 696.75
Insolvencies	-2 039 910.75	-1 809 591.65
Legal action costs (internal)	-487 662.95	-378 891.30
Central Office for the 2nd Pillar	-4 192 016.85	-4 749 344.45
Pensions management	-128 017.60	-150 613.30
Liaison Office 2nd Pillar Europe	-1 367 609.60	-1 327 397.05
Travel expenses	-457.15	-2 724.95
Total Implementation Office	-9 183 278.80	-9 412 894.95
Auditors	-35 071.75	-35 018.10
Expert	-27 808.15	-34 708.50
Supervisory authorities	-29 646.20	-19 356.90
Legal action costs (external)	-178 376.65	-105 073.65
EDP	-279 804.00	-246 344.80
Printed matter, annual report, postage, other	-337 407.78	-293 218.47
<b>Result for administration</b>	<b>-10 132 856.48</b>	<b>-10 212 347.62</b>
<b>Total income statement</b>	<b>131 189 922.15</b>	<b>30 095 751.91</b>

## 13.2 Balance sheet

	2021	2020
	CHF	CHF
<b>Assets</b>		
Cash	41 071 397.21	25 840 611.57
Cash equivalents	1 798 363.39	3 008 388.27
Expenses prepaid	38 594.80	34 560.85
Tangible assets	1 396 882 939.47	1 296 627 519.53
<b>Total assets</b>	<b>1 439 791 294.87</b>	<b>1 325 511 080.22</b>
<b>Liabilities</b>		
Payables	1 256 344.08	1 274 052.23
Liabilities to pension funds	983 363.70	712 609.40
Liabilities to the Substitute Occupational Benefit Institution pursuant to art. 12 LOB	17 540 845.05	-
Pension capital – pension recipients	312 897 074.00	355 546 736.00
Forgotten credit balances	172 785 975.78	159 051 708.38
Accrued expenses	1 114 224.05	1 119 428.15
Fluctuation reserves	97 137 000.00	102 920 000.00
Fund reserve		
Status 1.1	704 886 546.06	674 790 794.15
Income statement result	131 189 922.15	30 095 751.91
Situation at 31.12	836 076 468.21	704 886 546.06
<b>Total liabilities</b>	<b>1 439 791 294.87</b>	<b>1 325 511 080.22</b>

## 14 Notes to the annual financial statement

### 14.1 Principles and organisation

#### 14.1.1 Legal form and purpose

The LOB Guarantee Fund is a foundation within the meaning of art. 54 LOB and performs its tasks in compliance with art. 56 LOB.

#### 14.1.2 Management bodies (as of 31.12.2021)

The supreme body is the Foundation Board pursuant to art. 55 LOB. Management is delegated to the Association for Implementation of the Guarantee Fund, which brings together the main occupational benefit organisations. This association transacts its business through a Managing Committee, which has entrusted the Implementing Office with the performance of these tasks.

##### 14.1.2.1 Foundation Board

#### Chairmanship

- Henrique Schneider\*, President, Swiss Commercial Federation
- Gabriela Medici\*, Vice-President, Swiss Trade Union Confederation

#### Employees' representatives

- Roger Bartholdi\*, Swiss Bank Employees Association
- Thomas Bauer\*, Travail.Suisse
- Gabriela Medici\*, Swiss Trade Union Confederation

#### Employers' representatives

- Lukas Müller-Brunner\*, Swiss Employers Confederation
- Luc Abbé-Decarroux, Fédération des Entreprises Romandes
- Henrique Schneider\*, Swiss Commercial Federation

#### Representation of the public authorities

- Daniel Wittwer, EFV Federal Treasury
- Pascal Charmillot, Department of Finance of the Canton of Jura

#### Independent member

- Prof. Dr. Corinne Widmer Lüchinger, University of Basel

#### Secretariat

LOB Guarantee Fund, Business Office  
P.O. Box 1023, 3000 Bern 14  
Beat Christen, T 031 380 79 06

#### 14.1.2.2 Managing Committee of the Association for the Implementation of the LOB Guarantee Fund (controlling organisation)

#### Chairperson

- Christoph Ryter, Swiss Pension Fund Federation

#### Members

- Patrick Barblan, Swiss Insurance Association
- Dr. Urs Fischer, Swiss Association of Occupational Compensation Funds
- Hanspeter Konrad, Swiss Pension Fund Federation
- Patrick Spuhler, Swiss Pension Fund Federation
- Walter Zandona, Swiss Insurance Association

#### 14.1.2.3 Implementing Office and persons with authority to sign

ATAG Wirtschaftsorganisationen AG  
Eigerplatz 2, 3007 Bern  
P.O. Box 1023, 3000 Bern 14

T 031 380 79 71

info@sfbvg.ch – www.sfbvg.ch

(Central Office for the 2nd Pillar: T 031 380 79 75)

- Daniel Dürr, Chartered Pension Fund Manager (Account Manager)
- Beat Christen, Lawyer (Deputy)
- Peter Gasser, Chartered Accountant (Head of Finance and Accounting)
- Cinzia Corchia, Lawyer
- Silvia Corchia, Chartered Pension Fund Manager
- Daniela Foffa, Lawyer
- Christian Lopez, Chartered Pension Fund Manager
- Laetitia Franck Sovilla, doctorate in law (Dr. iur.)
- Sibylle Grosjean, Lawyer
- Selina Zompicchiatti, Lawyer
- Jennifer Aebischer, Commercial Employee (VET)
- Sandra Boppart, Historian
- Soraya Di Bucchianico, Social Insurance Clerk
- Martina Poschung, Commercial Employee (VET)
- Tamara Varela, diplôme commercial and Swiss Certified Specialist in Social Insurance SVS
- Nathalie von Büren, Commercial Employee (VET)

#### 14.1.2.4 Supervisory authority

Occupational Pension  
Supervisory Commission (OPSC)  
Herbert Nufer  
Seilerstrasse 8, P.O. Box 7461,  
3001 Bern  
T 031 322 48 25

\* Authorised signatories collective by two

#### 14.1.2.5 Auditors

T+R Ltd.  
Vincent Studer, Account Manager, and Rita Casutt  
Sägeweg 11, 3073 Guemligen  
T 031 950 09 09

#### 14.1.2.6 Expert

Contracting party: Libera AG  
Executive expert: Kate Kristovic  
Stockerstrasse 34, 8022 Zurich  
T 043 817 73 00

#### 14.1.2.7 Investment advisor

c-alm AG  
Dr. Roger Baumann  
Neumarkt 5, 9000 Saint Gall  
T 071 227 35 35

#### 14.1.2.8 Investment controller

PPCmetrics AG  
Dr. Stephan Skaanes  
Badenerstrasse 6, 8021 Zurich  
T 044 204 31 11

### 14.1.3 Supervision / Regulations

Under art. 64a para. 2 LOB, the LOB Guarantee Fund is supervised by the Federal Occupational Pension Supervisory Commission (OPSC). All regulations and agreements concerning the organisation of the Guarantee Fund must be approved by the OPSC. Currently, the following regulations are in force:

Regulations on the organisation of the foundation LOB Guarantee Fund	17.04.2012
Compensation regulations of members	02.12.2019
Competence regulations of the LOB Guarantee Fund	02.03.2016
Investment regulations of the LOB Guarantee Fund	01.12.2019
Regulations governing the takeover and payment of pension benefit	18.11.2015
Regulations on the management of credit balances transferred from the LOB Guarantee Fund pursuant to art. 41 para. 3 LOB	09.12.2021

## 14.2 Subordinated benefit schemes

Under art. 57 LOB, all benefit schemes governed by the vested benefits law (FZG) are affiliated to the LOB Guarantee Fund.

	2021	2020
Benefit schemes registered under art. 48 LOB	1 413	1 459
Other benefit schemes governed by the FZG	329	346
<b>Total</b>	<b>1 742</b>	<b>1 805</b>

## 14.3 Valuation and accounting principles, constancy

With respect to valuation, the account statements comply with directive No. 26 issued by the Professional Committee for Recommendations on Accountancy (Swiss GAAP FER).

The same form of accounts as previously has been retained; the structure of the income statement is designed primarily to provide information about the tasks of the Guarantee Fund.

## 14.4 Comments on asset investment and the net asset investment result

### 14.4.1 Asset investment organisation, guidelines and principles

The assets of the Guarantee Fund are invested pursuant to the investment regulations and in compliance with art. 49 ff. BVV 2. The accounting system and the account presentation are governed by arts 47 and 48 BVV 2. The Foundation Board revised the investment strategy in the reporting period. Investment in bonds values has been scaled back in favour of real assets. The new strategy is applicable from 1 January 2022. The investment strategy that was still in effect as at 31 December 2021 was as follows:

	Minimum	Target	Maximum
Liquidity (sight, time deposits)	0.0 %	<b>5.8 %</b>	8.8 %
Bonds CHF	16.4 %	<b>20.3 %</b>	24.4 %
Bonds FC – government bonds hedged CHF	7.5 %	<b>9.5 %</b>	11.5 %
Bonds FC – corporate bond hedged CHF	12.4 %	<b>15.4 %</b>	18.4 %
Subtotal bonds FC	19.9 %	<b>24.9 %</b>	29.9 %
Domestic equities	6.5 %	<b>9 %</b>	11.5 %
Foreign equities – developed countries	15 %	<b>18 %</b>	21 %
Foreign equities – emerging countries	3.5 %	<b>4.5 %</b>	5.5 %
Subtotal foreign equities	18.5 %	<b>22.5 %</b>	26.5 %
Domestic properties	8.3 %	<b>11.3 %</b>	14.3 %
Foreign properties	4.8 %	<b>6.2 %</b>	7.8 %

The investment strategy relates only to assets on deposit (i.e., not to short-term liquidity positions and other LOB Guarantee Fund assets).

Assets are invested in accordance with the following criteria: In the liquid investment classes the focus is on index tracking and cost and tax efficiency. In less liquid investment classes in which no indexed, rules-based implementation is possible, a “buy and hold” approach is followed (buying and holding positions until maturity). Direct property investments are not permitted, but shares may be acquired in property funds or investment foundations. With the exception of government bonds in foreign currencies, from 1 January 2022, the strategy will be implemented using sustainable products (responsible index funds).

The direct lending of the securities deposited in the safe custody account of the LOB Guarantee Fund is prohibited. Securities lending within collective investment schemes is allowed. The handling of securities lending within collective investment schemes is governed by the provisions of those schemes.

The Foundation Board has entrusted the Zurich Cantonal Bank (ZKB) with implementing the investment strategy. The ZKB acts both as asset manager and global custodian. Property investments (domestic and foreign) are excluded from the ZKB management mandate. At the end of 2021, assets were invested exclusively in collective investment schemes.

### 14.4.2 Information regarding asset investment

All assets are stated in the balance sheet at current market prices. Portfolio value changes are recorded in the profit and loss statement.

### Investment categories according BVV 2

	Balance sheet at market value CHF	Share in balance sheet total in per cent	BVV limits in per cent	Regulations bandwidths in per cent
Mortgage securities (art. 55 lit. a BVV 2)	0	0.0	50	0
Equities (art. 55 lit. b BVV 2)	525 802 458	36.5	50	25–38
Real estate (art. 55 lit. c BVV 2)	240 620 908	16.7	30	13.1–22.1
Real estate abroad (art. 55 lit. c BVV 2)	81 889 436	5.7	10	4.8–7.8
Alternative investments (art. 55 lit. d BVV 2)	0	0.0	15	0
Unhedged foreign currencies (art. 55 lit. e BVV 2)	445 995 901	31.0	30	23.3–34.3
<b>Balance sheet total</b>	<b>1 439 791 295</b>			

As at 31 December 2021, all investment categories except for Swiss and foreign shares were within the permitted bandwidths. Swiss shares exceeded the bandwidth by 0.1 percentage points, and foreign shares exceeded the bandwidth by 0.6 percentage points. This was due to the good performance of the equity markets in November and December 2021 but will no longer apply due to adjustment of the investment strategy on 1 January 2022.

As can be seen from the above table, the BVV2 limits have been complied with, except for the portion of investments in foreign currencies. The Foundation Board has included the possibility of extending the investment options in the investment regulations. The Guarantee Fund's investment strategy sets an upper limit of 34.3% for foreign currency investments after hedging. The proportion of foreign currency investments is 31.0%, which is within the bandwidth and therefore in line with the strategy. Despite making use of the possibility for extending investments pursuant

to art. 50 BVV 2, the purpose of providing pensions is fulfilled and a reasonable distribution of asset risk is ensured.

Following are the open positions in foreign exchange futures existing as at the end of 2021:

Number of positions	Positive replacement value CHF	Negative replacement value CHF	Market value on 31.12.2021 CHF
21	3 753 912.04	-307 104.49	3 446 807.55

The value fluctuation reserve target is now 20% of provisions of the pension capital and forgotten credit balances. As at 31 December 2021, the value fluctuation reserve was reduced from CHF 102.9 million to CHF 97.1 million due to the lower calculation base.

Further details are shown in the table below:

Total assets	31.12.2021			31.12.2020	
	CHF	Share %	Strategy %	CHF	Share %
<b>Liquidity (sight, time deposits)</b>	25 749 456	1.8	5.8 (0.0–8.8)	22 789 509	1.8
<b>Bonds CHF</b>	277 572 841	19.9	20.3 (16.4–24.4)	261 234 345	20.1
<b>Foreign currency (FC) bonds</b>	327 137 276	23.4	24.9 (19.9–29.9)	326 957 627	25.2
– Government bonds hedged in CHF	122 984 852	8.8	9.5 (7.5–11.5)	120 028 885	9.3
– Corporate bonds hedged in CHF	204 152 424	14.6	15.4 (12.4–18.4)	206 928 742	16.0
<b>Domestic equities</b>	161 695 992	11.6	9 (6.5–11.5)	138 152 882	10.7
<b>Foreign equities</b>	364 106 465	26.0	22.5 (18.5–26.5)	322 184 390	24.8
– Global equities (developed countries)	302 222 758	21.6	18 (15–21)	260 219 866	20.1
– Equities emerging countries	61 883 708	4.4	4.5 (3.5–5.5)	61 964 524	4.8
<b>Domestic properties</b>	158 731 473	11.4	11.3 (8.3–14.3)	150 672 362	11.6
<b>Foreign properties</b>	81 889 436	5.9	6.2 (4.8–7.8)	74 636 405	5.8
<b>Total safe custody account</b>	<b>1 396 882 939</b>	<b>100</b>	<b>100</b>	<b>1 296 627 520</b>	<b>100</b>
<b>Total investments as per balance sheet</b>	<b>1 396 882 939</b>			<b>1 296 627 520</b>	
Cash and cash equivalents	41 071 397			25 840 612	
Receivables and accrued income	1 836 958			3 042 949	
<b>Total assets</b>	<b>1 439 791 295</b>			<b>1 325 511 080</b>	

### 14.4.3 Details of the capital and securities account

	2021	2020
	CHF	CHF
Gross yield securities custody account	21 346 468.55	22 871 099.70
Realised capital gains	6 370 517.58	9 305 626.50
Realised capital losses	-6 712 272.60	-3 403 184.49
Total realised capital gains/losses	-341 755.02	5 902 442.01
Unrealised capital gains	108 815 598.45	54 581 772.75
Unrealised capital losses	-29 081 793.17	-32 946 500.39
Total unrealised capital gains/losses	79 733 805.28	21 635 272.36
Management and custody fees, gross	-318 488.40	-304 120.04
Deposit fees	-11 116.50	-4 801.00
Consulting fees third parties / Investment controlling	-66 122.45	-27 272.30
Transaction costs and taxes	-19 977.45	-10 800.45
Total TER cost indicators	-1 407 976.07	-1 310 066.52
Total securities costs, net	-1 823 680.87	-1 657 060.31
<b>Result securities custody account</b>	<b>98 914 837.94</b>	<b>48 751 753.76</b>
Interest gains on short-term financial investments	-150 068.95	-66 849.49
<b>Net income on capital and securities</b>	<b>98 764 768.99</b>	<b>48 684 904.27</b>

	2021	2020
<b>Performance (TWR)</b>		
Liquidity	-1.58 %	-1.78 %
Bonds CHF	-1.75 %	1.00 %
Government bonds hedged CHF	-3.93 %	5.53 %
Corporate bonds	-2.07 %	6.43 %
Domestic equities	23.38 %	3.86 %
Foreign stocks developed countries	26.08 %	6.36 %
Foreign equities emerging countries	0.45 %	8.05 %
Domestic properties	5.83 %	3.44 %
Foreign properties	10.42 %	-5.65 %
<b>Actual total</b>	<b>7.72 %</b>	<b>3.86 %</b>
Benchmark	7.80 %	3.59 %

#### 14.4.4 Retrocessions

Under the asset management agreement with the Zurich Cantonal Bank (ZKB), benefits and other payments by third parties (retrocessions, commissions, etc.) must be fully disclosed and the Guarantee Fund accordingly refunded. In the year 2021, there was no revenue from retrocessions since only retrocession-free investment products have been purchased.

#### 14.4.5 Asset management costs

Asset management costs (OAK BV Directive D-02/2013) for the year under review are as follows:

	2021 CHF	2020 CHF
Directly booked asset management costs (AMC)	415 705	346 994
Total TER cost indicators	1 407 976	1 310 067
Asset management costs booked to the operating account	1 823 681	1 657 060
Transparent investments on balance sheet date	1 396 882 939	1 296 627 520
Booked AMC as % of cost-transparent investments	0.13 %	0.13 %

The TER cost indicators are calculated on the basis of the year-end investment volume of each fund.

The cost transparency ratio is as follows:

	31.12.2021 CHF	31.12.2020 CHF
Total asset investments (market values)	1 396 882 939	1 296 627 520
of which transparent investments	1 396 882 939	1 296 627 520
of which non-transparent investments	0	0
Cost transparency ratio	100 %	100 %

#### 14.5 Additional information on management costs

Details of the administrative costs (art. 48a BVV 2) are reported in the income statement.

#### 14.6 Contributions and subsidies

The 2020 contributions were due on 30 June 2021 and therefore correspond essentially to revenue in the Guarantee Fund's 2021 annual accounts. For subsidy benefits owing to an unfavourable age structure, the contribution rate was 0.12% of the relevant basis of assessment. For the contribution year 2021 (impacting income in 2022), the contribution rate remains unchanged.

#### 14.7 Insolvency account

The insolvency account is kept as part of the operating account and comprises all the benefits secured under statutory and regulatory provisions, up to the maximum limit stated in art. 56 para. 2 LOB. The contribution rate for insolvency benefits and other tasks remained unchanged in the reporting year at 0.005% of the relevant basis of assessment. This contribution rate remains unchanged for contribution year 2021 (impacting income in 2022).

#### 14.8 Pension benefits

The LOB Guarantee Fund assures current pension payments in the event that foundations become insolvent. No new portfolios of pensions were taken over in the reporting period. The occupational benefit expert prepared an extensive report pursuant to art. 52e LOB.

In the year under review, the pension capital was calculated according to the LOB 2020 generation tables (GT) with an unchanged technical interest rate of 1.5%. With the use of generation tables, it is not necessary to establish longevity reserves. As a consequence of switching the actuarial base from the LOB 2015 generation tables to the LOB 2020 generation tables, additional pension capital of CHF 16.6 million was released.

Apart from the statutory adjustments for inflation, no further adjustments of that kind are made to pensions being financed by the Guarantee Fund in a context of insolvency.

The following tables provide further details regarding pension benefits:

	31.12.2021 CHF	Change CHF	31.12.2020 CHF
<b>Evolution of the pension benefits provision</b>	LOB 2020 GT, 1.50%		LOB 2015 GT, 1.50%
Retirement pensions	196 682 737.00	-25 044 435.00	221 727 172.00
Spouse's pensions	73 958 345.00	-6 942 574.00	80 900 919.00
Disability pensions	41 150 580.80	-10 422 465.60	51 573 046.40
Children's pensions	453 028.00	-268 929.00	721 957.00
Temporary annuity	-	-10 016.00	10 016.00
Vested benefits in the event of disability	652 383.20	38 757.60	613 625.60
<b>Total</b>	<b>312 897 074.00</b>	<b>-42 649 662.00</b>	<b>355 546 736.00</b>

	2021		2020	
	CHF	Number	CHF	Number
<b>Pensions paid out</b>				
Retirement pensions (incl. temp. annuities)	18 413 706.50	1 044	19 593 453.60	1 088
Spouse's pensions	7 508 725.00	571	7 660 511.00	593
Disability pensions	1 979 456.55	136	2 333 606.05	164
Children's pensions	104 283.60	38	153 853.50	48
<b>Total as per operating account</b>	<b>28 006 171.65</b>	<b>1 789</b>	<b>29 741 424.15</b>	<b>1 893</b>

	2021 CHF	2020 CHF
<b>Capital payments</b>		
Capital payments old age	-	55 328.10
Capital payments death	-	-
Capital payments invalidity	-	-3 450.14
<b>Total as per operating account</b>	<b>-</b>	<b>51 877.96</b>

The reinsurance benefits received in the year 2021 for pension payments as of 1 January 2022 are shown under accrued expenses.

#### 14.9 Reimbursements to Substitute Occupational Benefit Institution and Compensation Offices

Pursuant to art. 56 para. 1 lit. d LOB, the LOB Guarantee Fund is required to reimburse the Substitute Occupational Benefit Institution the following costs:

- Benefit scheme (under art. 60 para. 2 LOB)
- Vested benefit accounts (under art. 4 para. 2 FZG)

No payments of this kind are due to the Substitute Occupational Benefit Institution for the year 2021.

Under art. 11 para. 4 LOB or art. 56 para. 1 lit. d and h LOB, the LOB Guarantee Fund reimburses the Substitute Occupational Benefit Institution and the AHV Compensation Offices the costs of affiliation and re-affiliation checks. CHF 8.4 million were paid out for this purpose in the review period (CHF 9.4 million the previous year). Additionally, the AHV Compensation Offices were paid CHF 26 036.50 as reimbursements for address searches during the year under review (previous year: CHF 21 994.00).

#### 14.10 Reserve fund

The income statement recorded a profit of CHF 131.2 million for the review period. The reserve fund rose accordingly to stand at CHF 836.1 million on 31 December 2021.

On the basis of art. 59 para. 4 LOB, the federal authorities may grant loans on normal market terms to the Guarantee Fund to bridge liquidity shortages.

#### 14.11 Other matters

No significant events occurred after the balance sheet date.

The printed annual report contains various points concerning individual business activities, and they are therefore not specially mentioned in the notes to the annual statement of accounts.

## 15 Report of the statutory auditor

As statutory auditor, we have audited the financial statements of LOB Guarantee Fund, which comprise the balance sheet, operating accounts and notes (on pages 24 to 32), for the year ended 31 December 2021.

### **Foundation Board's responsibility**

The Foundation Board is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and with the foundation's deed of formation and the regulations. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Foundation Board is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### **Responsibility of the expert in occupational benefits**

In addition to the auditor, the Foundation Board appoints an expert in occupational benefits to conduct the audit. The expert regularly checks whether the occupational benefit scheme can provide assurance that it can fulfil its obligations and that all statutory insurance-related provisions regarding benefits and funding comply with the legal requirements. The reserves necessary for underwriting insurance-related risks should be based on the latest report provided by the expert in occupational benefits in accordance with article 52e paragraph 1 of the Occupational Pensions Act (OPA) and article 48 of the Occupational Pensions Ordinance 2 (OPO 2).

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and with the foundation's deed of formation and the regulations.

### **Report on additional legal and other requirements**

We confirm that we meet the legal requirements on licensing (article 52b OPA) and independence (article 34 OPO 2) and that there are no circumstances incompatible with our independence.

Furthermore, we have carried out the audits required by article 52c paragraph 1 OPA and article 35 OPO 2. The Foundation Board is responsible for ensuring that the legal requirements are met and that the statutory and regulatory provisions on organisation, management and investments are applied.

We have assessed whether

- organisation and management comply with the legal and regulatory requirements and whether internal controls exist that is appropriate to the size and complexity of the foundation;
- funds are invested in accordance with legal and regulatory requirements;
- measures have been taken to ensure loyalty in fund management and whether the Governing Body has ensured to a sufficient degree that fund managers fulfil their duties of loyalty and disclosure of interests;
- the legally required information and reports have been given to the supervisory authority;
- the pension fund's interests are safeguarded in disclosed transactions with related entities.

We confirm that the applicable legal and statutory and regulatory requirements have been met.

We recommend that the financial statements submitted to you be approved.

Guemligen, 18 March 2022

T + R Ltd.

#### **Rita Casutt**

Swiss Certified  
Accountant  
Authorised audit expert

#### **Vincent Studer**

Swiss Certified  
Accountant  
Authorised audit expert  
Auditor in charge

