

2023

Annual report

LOB Guarantee Fund

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Brief overview

After the negative results in 2022, pension funds again recorded positive investment results in 2023. Their financial situation is stable. The Guarantee Fund achieved a performance on its invested assets of +5.4% in the year under review (previous year: -12.78%). Asset management costs (including TER cost indicators) amounted to 0.15%. The financial result was CHF 68.9 million.

In contrast to the two previous years, the Guarantee Fund had to pay higher insolvency benefits of CHF 68.5 million once again in the year under review. Thanks to the positive financial result, however, the year ended with a profit of CHF 30.8 million. The reserve fund rose from CHF 659.4 million to CHF 690.2 million as of 31 December 2023.

The rise in insolvency benefits resulted from the take-over of the Injecta pension collective from the Phoenix pension fund at the beginning of 2024. The resulting obligations totalling CHF 24.6 million were booked as at the end of 2023. A further advance payment of CHF 1 million had to be made in the Reuge foundation insolvency case. At CHF 45.6 million, insolvency benefits payable to insurance collectives were only slightly higher than in the previous year (CHF 44.0 million). The provisions for financing benefits incurred before the affiliation of the employer to a Substitute Occupational Benefit Institution (Art. 12 LOB) had to be increased by CHF 2.4 million.

In May 2023, the Occupational Pension Supervisory Commission (OPSC) approved the Guarantee Fund's contribution rates of 0.13% for subsidy benefits owing to an unfavourable age structure and 0.002% for the funding of insolvency benefits and all other tasks for the assessment year 2024 at the request of the Board of Trustees.

Enquiries to the 2nd Pillar Central Office slightly exceeded the already very high level of the previous year. In the reporting period, the Office processed 145 000 enquiries. In almost 80% of cases, at least one credit balance was found. Overall, it was possible to match over 200 000 credit balances. As the Central and Liaison Office, the Guarantee Fund is an important contact point for people with questions about occupational pensions.

In the reporting period, occupational pension funds were required, for the sixth time, to notify the Central Office of all persons with credit balances. Data can be reported via an electronic portal. In the year under review, 1 478 institutions reported a total of 8.1 million persons with credit balances for December 2022.

Credit balances still unclaimed after ten years following regular retirement age (forgotten credit balances) must be transferred to the Guarantee Fund. At year-end 2023, the Guarantee Fund was managing 34 869 forgotten credit balances totalling more than CHF 252.3 million for persons over 75/74 years of age. 357 disbursements worth over CHF 4.7 million were made in the reporting period.

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 payment upon departure from Switzerland increased slightly to 10 212 in 2023.

On 1 June 2023, Cinzia Corchia took over the management of the Implementing Office from Daniel Dürr. Beat Christen is her deputy and Sven Fischer took over as Head of Legal Services on 1 June.

Key figures

	2023	2022
	CHF (in millions)	CHF (in millions)
Contributions for insolvencies / Other	48.0	46.1
Insolvencies		
Insolvency benefits	73.6	48.7
Adjust. of act. principles for pension commitments (incl. FR)	0	0
Repayments after insolvencies	-5.1	-18.7
Insolvencies in net terms	68.5	30.0
Contributions for subsidies	204.1	197.4
Subsidies for unfavourable age structure	193.0	186.7
Administration		
Administrative costs, internal	11.3	10.3
External costs (legal proceedings, IT, etc.)	0.8	1.1
Assets		
Asset investments	1 348	1 268
Yield on assets	68.9	-180.7
Investment performance securities	5.42 %	-12.78 %
Asset management costs (incl. TERs of inv. funds)	0.15 %	0.20 %
Reserve fund	690.2	659.4
Contribution rate (account statement always in subsequent year)		
Contribution rate for subsidies	0.12 %	0.12 %
Contribution rate for insolvencies	0.005 %	0.005 %
Insolvency (number of cases)	3 008	2 972
of which foundation insolvencies	3	2
Pensions		
Pensions paid (number of cases)	1 611	1 679
Provision for pension benefits	289.2	289.2
Actuarial principles (LOB 2020, GT)	1.5 %	1.5 %
Enquiries 2nd Pillar Central Office		
Enquiries processed	144 951	140 418
Credit balances matched for these	204 324	203 432
Forgotten credit balances		
Contacted potential beneficiaries (number of cases)	5 649	952
Balances governed by the Guarantee Fund (number)	34 869	30 455
Amount of governed balances	252.3	213.3
Enquiries Liaison Office	10 212	10 122
Affiliated pension schemes		
LOB registered	1 322	1 354
Others, subject to vested benefits law	302	313
Total affiliated pension schemes	1 624	1 667
Vested benefits institutions subject to the obligation to notify	68	67

1 Subsidies

1.1 Statistical evaluation of contribution and subsidy accounts

The statistics cover all settlements made until the end of March 2024, divided among assessment years 1987 to 2022. 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 2023 are not due until mid-2024.

At present, there are still seven statements pending for assessment year 2022. Advance payments are made in the case of settlements for big pension schemes. This way, the Guarantee Fund incurs no losses.

Assessment year	Salaries coordinated under LOB pro rata CHF	LOB pension credit balances CHF	Contribution subventions CHF	Subventions for unfavourable age structure CHF
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	125 586 012
2015	146 342 141 252	17 913 611 811	117 073 713	132 968 629
2016	148 360 373 911	18 226 716 570	118 688 300	144 602 421
2017	150 771 875 567	18 565 404 930	150 771 877	153 038 769
2018	153 993 958 701	18 990 982 422	153 993 960	159 274 379
2019	157 923 513 065	19 520 641 737	189 508 215	169 230 067
2020	160 407 503 293	19 861 332 387	192 489 004	177 461 887
2021	164 125 258 510	20 346 773 199	196 950 311	186 556 807
2022	169 571 256 974	21 010 872 171	203 485 509	191 508 424

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 2022 were about CHF 192 million. The reasons for the increase are the rising coordinated salaries as a result of the adjustment of the LOB limits, the ageing of society, as well as the more consistent number of subsidy claims by the pension institutions per employer.

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 2022, corrections were made in favour of the Guarantee Fund worth CHF 433 000 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. Due 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 was completed in 2023. As a result, corrections amounting to over CHF 7.1 million were made at 44 pension funds.

Assessment year 2022 saw the fourth application of the contribution rate of 0.12% of salaries pro rata coordinated under LOB for subsidy benefits. Contributions worth CHF 203.5 million have been settled to date. Compared to these contributions, subsidy benefits were CHF 191.5 million. It also must be considered 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, must also be financed by contributions from registered benefit schemes. The contribution for subsidy benefits will therefore cover additional expenditure of CHF 8.1 million. The contribution rate remains at 0.12% for assessment year 2023.

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.

The contribution rate of 0.005 % of leaving benefits and pensions was applied for the ninth time in assessment year 2022. Contributions in the amount of CHF 48.0 million were settled. Of these contributions, CHF 1.3 million corresponded to the 302 schemes sub-

ject to the vested benefits law that are not registered under art. 48 LOB. For assessment year 2023, which is being settled in 2024, the even lower contribution rate of 0.002 % will be applied.

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):

Assessment year	Sum of regulatory leaving benefits CHF	Sum of current pensions CHF	Contribution rate CHF	Insolvency contribution CHF	Insolvency benefits, net CHF
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	407 436 171 636	24 888 840 338	0.01	65 632 457	59 735 631
2012	421 181 704 624	25 582 604 422	0.01	67 700 775	44 093 370
2013	437 977 069 715	26 264 036 856	0.01	70 061 743	66 826 712
2014	458 226 481 946	27 022 779 389	0.005	36 422 715	103 856 742
2015	478 824 251 392	27 665 796 851	0.005	37 774 111	127 572 863
2016	497 220 264 082	28 309 475 367	0.005	39 015 752	79 996 523
2017	514 574 744 325	29 016 312 764	0.005	40 236 894	53 858 518
2018	531 487 928 125	29 766 479 376	0.005	41 457 637	66 357 605
2019	556 820 955 915	30 325 594 175	0.005	43 003 845	56 943 585
2020	578 689 088 967	30 922 123 799	0.005	44 395 967	54 505 668
2021	608 233 486 787	31 649 839 863	0.005	46 236 595	14 865 127
2022	628 143 057 946	32 280 314 867	0.005	47 547 302	30 001 730

2.2 Statistics for settled insolvency cases

In 2023, an advance payment of CHF 1 million was made to the insolvent Reuge pension fund, as well as one small back payment in the ProTIP case. The pension commitments in connection with the Injecta pension fund were taken over from the Phoenix pension scheme at the beginning of 2024. The resulting obligations totalling CHF 24.6 million were posted at year-end 2023 and debited to the insolvency account. The provisions for benefits covered by the Substitute Occupational Benefit Institution relating to cases, that had occurred before compulsory affiliation of the employer (art. 12 LOB), had to be increased by CHF 2.4 million (for further details, see section 2.3). The assumption of pensions in the Phoenix case resulted in significantly higher gross benefits of CHF 73.6 million. As reimbursements were also substantially below the extraordinarily high level of the previous year, this resulted in net benefits that were CHF 38.5 million higher at CHF 68.5 million.

Settled submissions from pension funds in cases of employer bankruptcy continue to account for the majority of insolvency payments. The number of enquiries settled in 2023 remained almost unchanged at 3 005 (prior year 2 972). The benefits disbursed were likewise only very slightly higher year on year, at CHF 45.6 million. While submissions from collective and communal pension funds increased, submissions from the Substitute Occupational Benefit Institution decreased compared with the previous year (see Fig. 1).

Insured persons with low LOB minimum insurance benefits are the main beneficiaries of the Guarantee Fund. The benefits provided through the Substitute Occupational Benefit Institution also fall into these sectors. Non-mandatory benefits increased from CHF 3.9 million to CHF 4.3 million. That is a good 15.0% of the total benefits payable to collective and communal pension funds (prior year 16.0%). At any rate, a third 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 132 300 for the year 2023). 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 lower in the catering industries than in the construction sector (Fig. 5). The benefits to be secured for the construction sector amounted to CHF 20.5 million. The number of cases of bankruptcy proceedings against the employer being discontinued for lack of assets remained high. In some 61% of the cases involving Guarantee Fund benefits, no bankruptcy proceeding took place (Fig. 6).

Type of cases	Number of cases	Prior year	Guaranteed sum CHF	Prior year CHF
Pension plans	1 769	1 507	28 489 338	23 509 804
of which non-compulsory	573	503	4 303 355	3 919 083
Foundations	2	0	1 006 500	0
Substitute Occupational Benefit Institution	1 140	1 389	17 087 628	20 531 198
Total benefits, gross	2 911	2 896	46 583 466	44 041 002
Returned insolvency enquiries	96	74	0	0
Takeover of new pension commitments	1	2	20 533 470	1 498 573
Formation of value fluctuation reserve			4 106 694	421 313
Establishment of provisions pursuant to art. 12 – Substitute Occupational Benefit Institution cases			2 375 739	2 701 679
Total benefits	3 008	2 972	73 599 369	48 662 567
Adjustment of actuarial basis (incl. adjustment of fluctuation reserve)			0	0
./. Repayments from liquidations			-5 105 771	-18 660 837
Net benefits			68 493 598	30 001 730

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

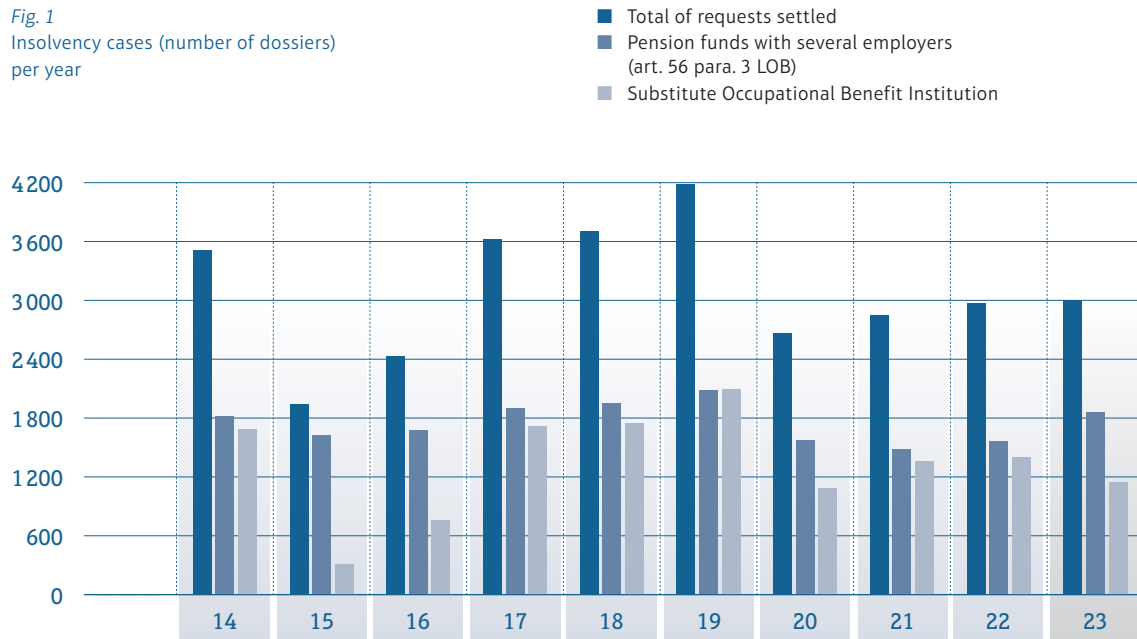
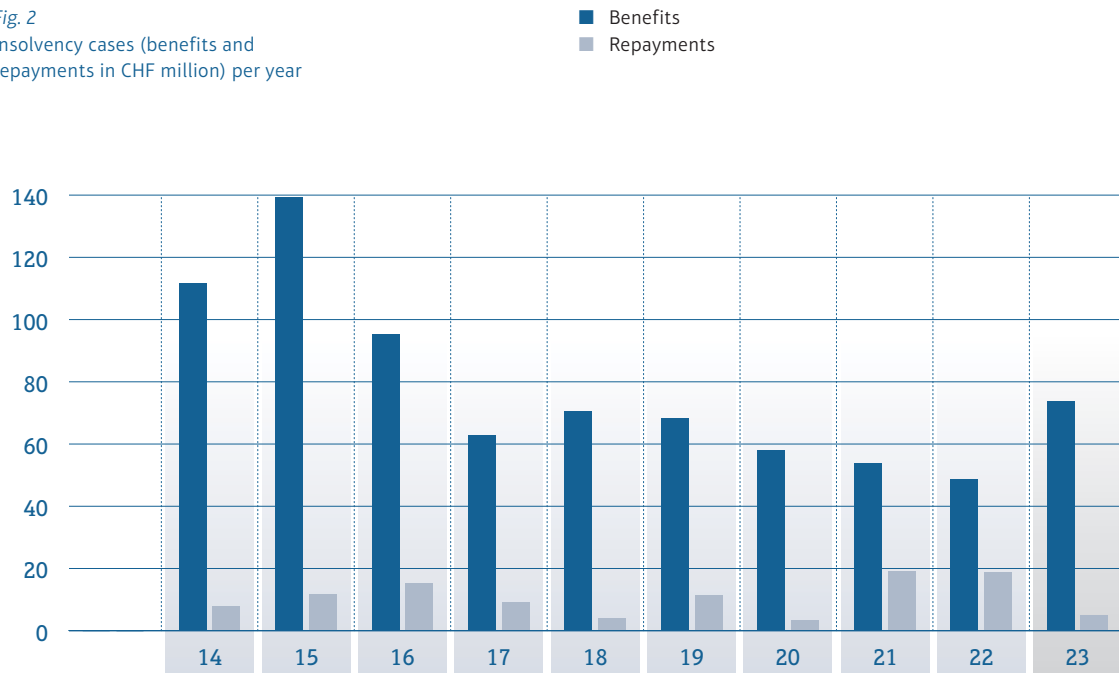


Fig. 2
Insolvency cases (benefits and
repayments in CHF million) per year



The biggest cases

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

2022 IGP-BVG Foundation 1.4 m

2023 Phoenix Foundation CHF 24.6 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

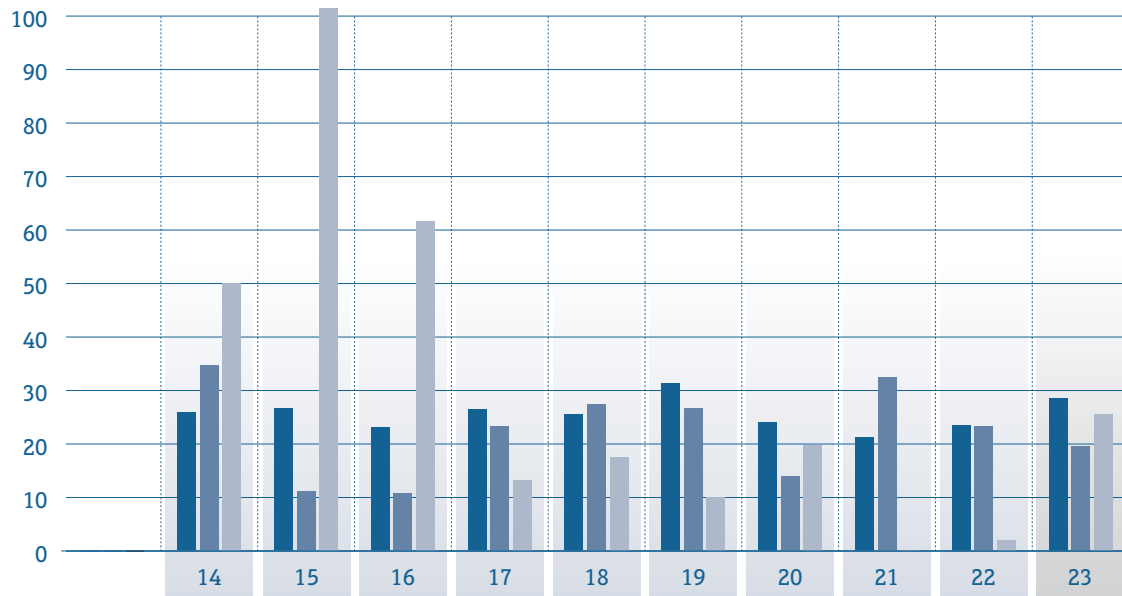


Fig. 4

Insolvency cases of collective and communal pension funds incl. LOB Substitute Occupational Benefit Institution 2023 (sector statistics)

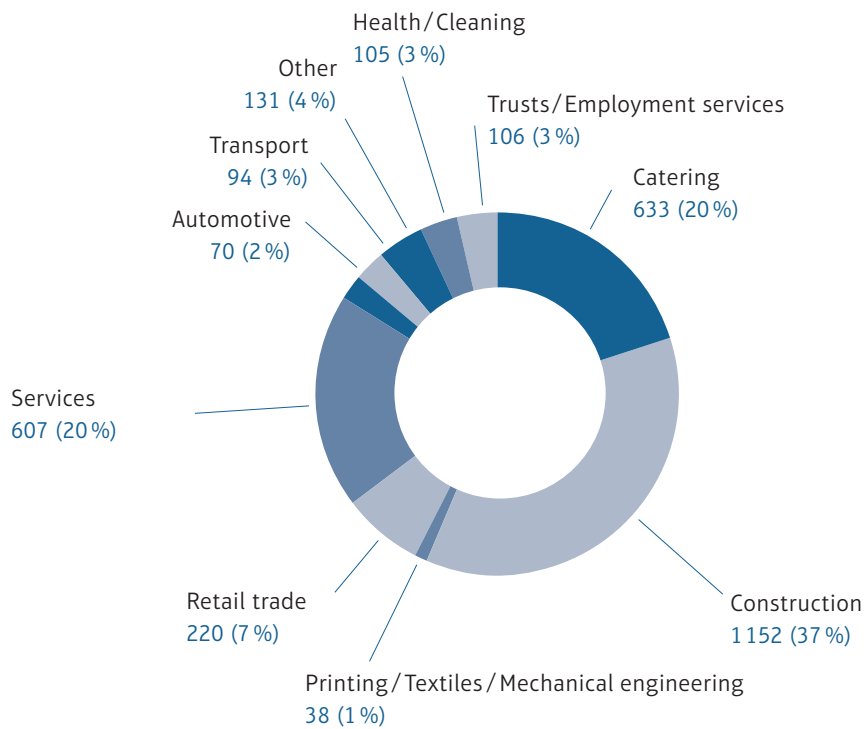


Fig. 5
Insolvency cases of collective and communal pension funds
incl. Substitute Occupational Benefit Institution 2023 (average
sum paid out in CHF by branch)

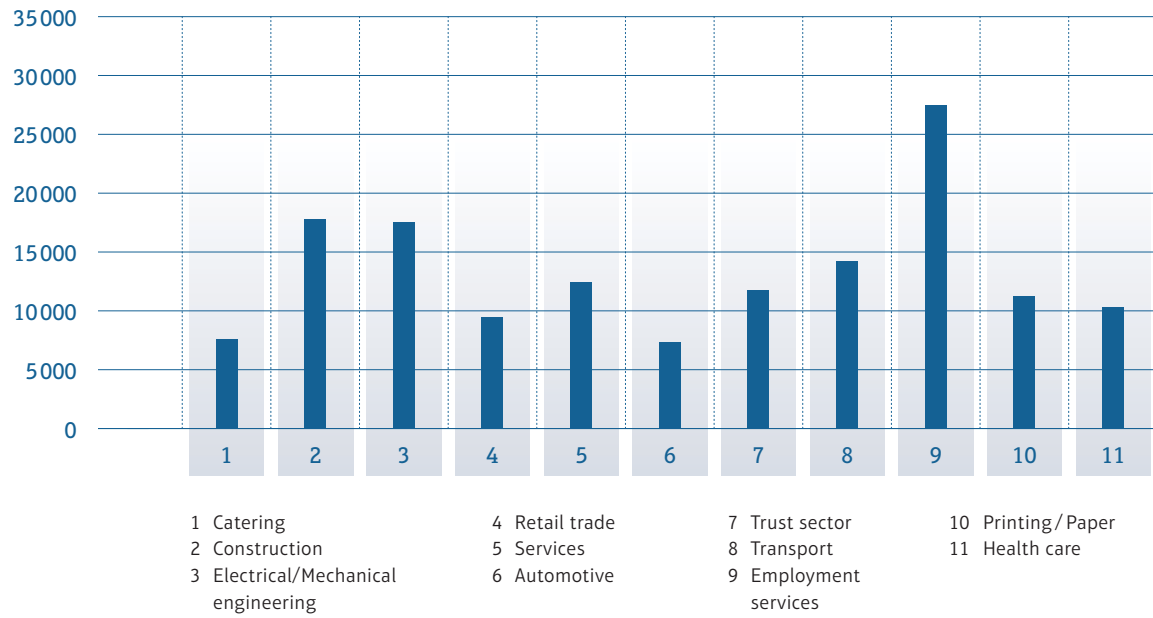
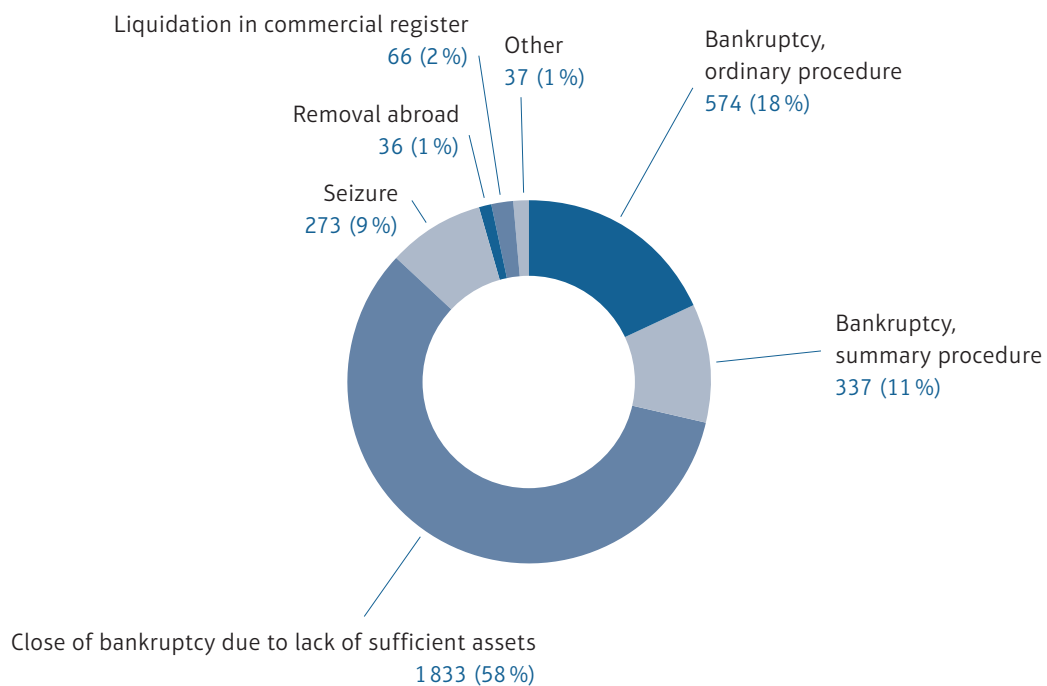


Fig. 6
Insolvency cases 2023
(type of enforcement proceedings)



2.3 Individual cases

In the year under review, an advance payment of CHF 1 million was made to Fonds de Prévoyance de la Fabrique Reuge S.A. This pension scheme, which encompassed a substantial proportion of retirees, had been significantly underfunded for over a decade and the founder company was experiencing financial problems. The restructuring in connection with the sale of the company's activities resulted in all active insured persons leaving the pension scheme and the scheme being put into liquidation. As part of the tender for the new insurance cover for the active insured persons, a solution including the pension commitments was found, meaning that in this instance the Guarantee Fund did not take over the pension commitments, but rather injected the funds to finance the change of affiliation.

The Injecta pension collective had to be taken over from the Phoenix pension scheme at the beginning of 2024. The collective covers part of the pensions of the company Alu Menziken, which the Phoenix pension fund had taken over from the Profaro pension fund at the beginning of 2014. According to the Phoenix pension fund's provisional financial statements for 2022, the collective had a funding ratio of 34.5%. The commitments associated with this takeover – CHF 20.5 million plus value fluctuation reserves of CHF 4.1 million in application of the Guarantee Fund's technical bases – were recognised in the year under review. The liquidation and transfer of the collective's assets will reduce the Guarantee Fund's shortfall by at least CHF 5 million. Given the amount of the insolvency benefits involved, the responsibilities in this case are being examined.

The Guarantee Fund received reimbursements from various liquidation proceedings. These reimbursements are mainly based on the proceeds from the sale of assets and retrospective dividends received from employers' insolvency proceedings. The reimbursements also include the results from the assertion of liability claims. In the year under review, higher reimbursements were received in connection with the ACSMS foundation insolvency as well as from the LOB Substitute Occupational Benefit Institution.

The LOB 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 2021, 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 2023 the Guarantee Fund increased the provisions out of the insolvency account by CHF 2.4 million.

2.4 Liability and ongoing proceedings

In its decision of 26 June 2023, the Zurich Social Insurance Court accepted the Guarantee Fund's complaint in the Fina PK-FIV case against the members of the board of trustees and the auditor. All those found responsible have appealed to the Federal Supreme Court, meaning that the judgement is not yet legally enforceable.

Benefits worth CHF 2.5 million were withheld in 243 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. In addition, insolvency claims of around CHF 2.2 million were rejected (no basis for paying the benefits, overlapping insurance periods between different benefit schemes and crediting of hypothetical dividends in cases in which the pension scheme had failed to make the correct claim submission in bankruptcy proceedings). Criminal charges were filed in two cases, in which benefits were repeatedly secured over longer periods.

2.5 Pension commitments of the Guarantee Fund

The technical bases for calculating the pension fund capital at the Guarantee Fund remained unchanged in the reporting year.

It has been agreed with the Federal Occupational Pension Supervisory Commission (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, based on LOB 2020 generation tables and a technical interest rate of 1.5%, amounted to some CHF 268.7 million at the end of 2023. The pension commitments of the In-jecta pension fund were taken over from the Phoenix pension scheme at the beginning of 2024. Based on the principles of the Guarantee Fund, the commitments amount to CHF 20.5 million, which were recognised in the 2023 financial statements. Accordingly, the stated pension commitments total CHF 289.2 million.

As in the previous year, the risk development of pensions led to a risk gain of CHF 1.7 million (previous year: CHF 2.6 million). Over the last ten years, this resulted in a total risk gain of CHF 17.3 million.

As of December 2023, the Guarantee Fund was paying pensions to 1 611 persons. These consisted of 942 retirement pensions, 103 disability pensions, 542 spouse's pensions and 24 children's pensions.

Retirement benefits payable following the expiry of a temporary disability pension are based on the un-weighted average of regulatory conversion rates set annually by the OPSC. For retirements in 2024, the conversion rate remains at 5.4% based on the average calculated in 2023.

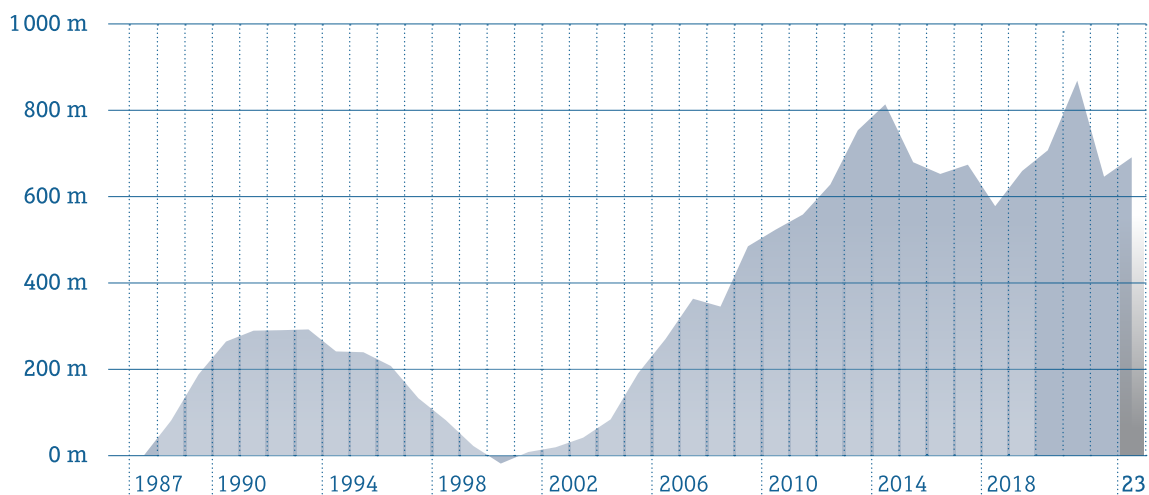
3 Reserve fund

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. If the reserve is insufficient, the Confederation may grant loans to the Guarantee Fund, based on art. 59 para. 4 LOB, 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 0.005 % of vested benefits and pension benefits multiplied by ten. Due to the fund reserve and fewer insolvency benefits, the Board of Trustees lowered the contribution rate for the years 2023 and 2024 again significantly to 0.002 %. The lower contribution rate is designed to help reduce the reserve.

The contribution rate of 0.005 % for assessment year 2022 was applied for the ninth time in the reporting year. The CHF 48.0 million in revenue resulting from this contribution rate was considerably below the gross insolvency benefits of CHF 73.6 million. Thanks to reimbursements of CHF 5.1 million from liquidations, the net benefit position was CHF 68.5 million in the reporting period. Unlike in the two previous years, the insolvency account therefore closed with a loss of CHF 20.5 million. At the same time, there was a profit of CHF 68.9 million on investments. The fund reserve therefore increased by CHF 30.8 million. It totalled CHF 690.2 million at the end of 2023.

Fig. 7
Development 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 7.1 million in remuneration for affiliation checks during the review period. Remuneration still amounted to CHF 7.3 million in the previous year. Costs amounting to CHF 1 million were announced for the LOB Substitute Occupational Benefit Institution for re-affiliation checks based on art. 56 para. 1 lit. h LOB (CHF 0.8 million 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.

In the year under review, 13 Liechtenstein occupational benefit institutions were affiliated to the Guarantee Fund. They have settled contributions with the Guarantee Fund for the sixteenth time. In 2023, benefits worth CHF 181 000 were guaranteed to 4 Liechtenstein group foundations for 7 insurance collectives after the insolvency of the employer. The Liechtenstein financial market supervisory authority (FMA) 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, 1 478 institutions notified the existence of 8.1 million credit balance holders as of December 2022. The over 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

In the 2023 reporting year, 144 951 enquiries were processed – another slight increase compared with the previous year (140 481), when the level of enquiries processed was already very high. There was a particular increase in direct enquiries from private individuals regarding both their assets as well as in connection with divorce proceedings. By contrast, the decrease in enquiries from alimony collection agencies did not come as a surprise. In 2022, following the introduction of the new reporting options, such agencies had submitted enquiries regarding pension credit balances to the Central Office even for cases that were already ongoing. Overall, enquiries have more than doubled in the past five years. The Guarantee Fund is a general contact point for people with questions about occupational pensions. The proportion of en-

quiries where at least one credit balance was found was 78 %. The number of credit balances matched saw another slight increase, rising from 203 432 to 204 324 (excluding forgotten credit balances).

Since mid-1999, around 1.1 million people have submitted enquiries about credit balances from occupational pension schemes to the Central Office. Up to mid-January 2024, the Central Office had been able to locate a total of 1.2 million potential matches with credit balances in occupational benefit schemes for 670 000 applicants.

In addition to enquiries directly from insured persons, enquiries are also frequently made by divorce courts and the other bodies entitled to receive information under art. 86a LOB.

Fig. 8
Enquiries 2023

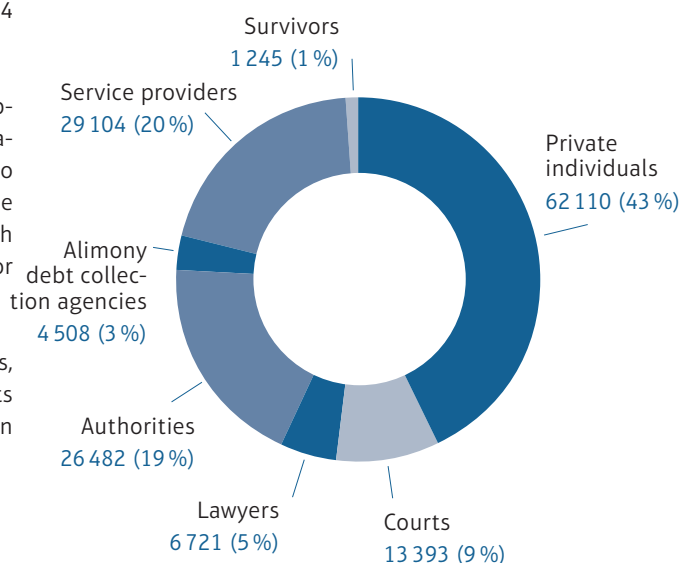
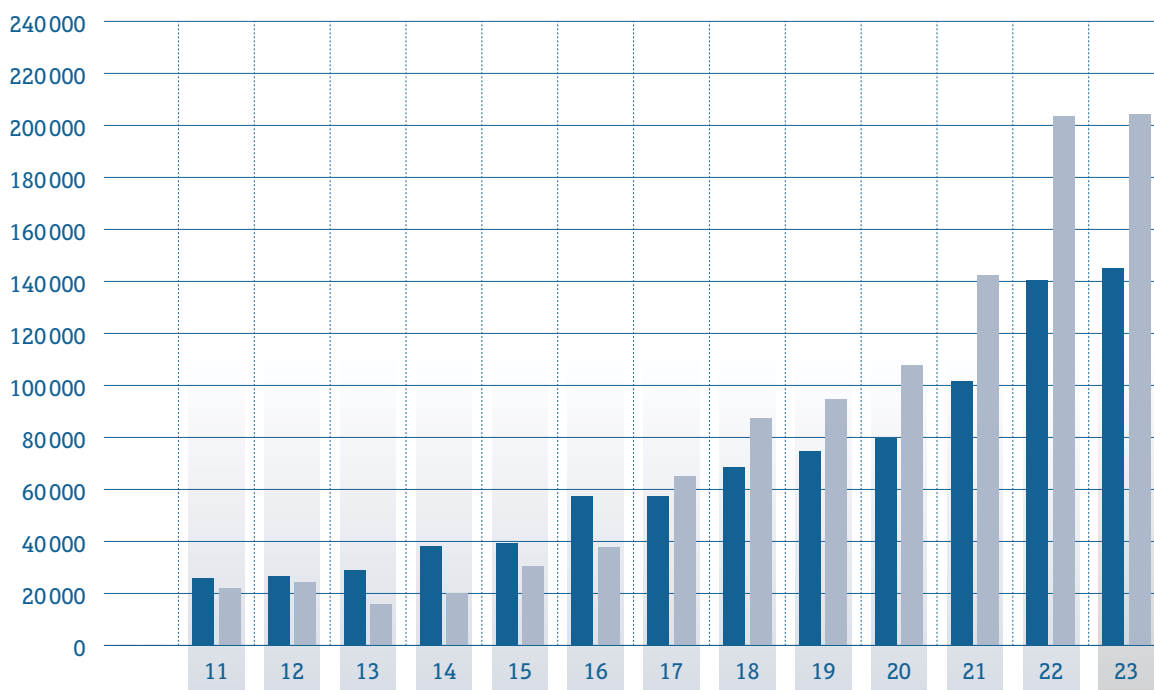


Fig. 9
Enquiries and assigned credit balances per annum
(including dormant assets)



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 ad-

dress details of persons with a pension credit balance who are assigned to them. In the year under review, communications were sent out to 5 649 individuals in connection with a forgotten credit balance.

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).

Up to the end of 2023, a total of 38 045 credit balances had been transferred to the Guarantee Fund from 87 schemes. Most of the credit balances originate from the Substitute Occupational Benefit Institution. At the end of 2023, the Guarantee Fund was managing 34 869 credit balances altogether worth CHF 252.3 million. Interest was 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 2023, 357 credit balances totalling CHF 4.7 million were disbursed (2022: 126 credit balances worth CHF 1.9 million). In the event of the death of the insured person, payment is made to the beneficiaries. If the person died more than five years after the normal retirement age, the credits would have had to be withdrawn by the person during their lifetime. 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.

Persons leaving Switzerland for the EU or EFTA area 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, 105 275 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 2023 was 10 212 (10 122 the previous year). For 411 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 9 876 cases (previous year 9 705). In 6 826 cases, the persons were not subject to compulsory insurance and thus could also withdraw the compulsory part of their vested ben-

efits in cash. For 3 050 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 502 requests still pending at the close of 2023, because not all the requisite documentation had been submitted.

In the case of settled enquiries, only those for which clarification of the social insurance requirements was carried out and the outcome of the clarification is available are taken into account. Enquiries that are returned because clarification is not necessary are disregarded, as are enquiries which are withdrawn by the requesting person. Consequently, the number of enquiries submitted is higher than the number of enquiries settled. In addition, the outcome of the clarification process is not always received in the same year as the enquiry is submitted and, in the case of incomplete enquiries, the missing documentation is sometimes only submitted after a lengthy delay or not submitted at all.

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 108 E-Forms (E 210: Notification of approval or rejection of a pension) submitted from the EU (139 the prior year).

Fig. 10

Enquiries received at the Liaison Office per year

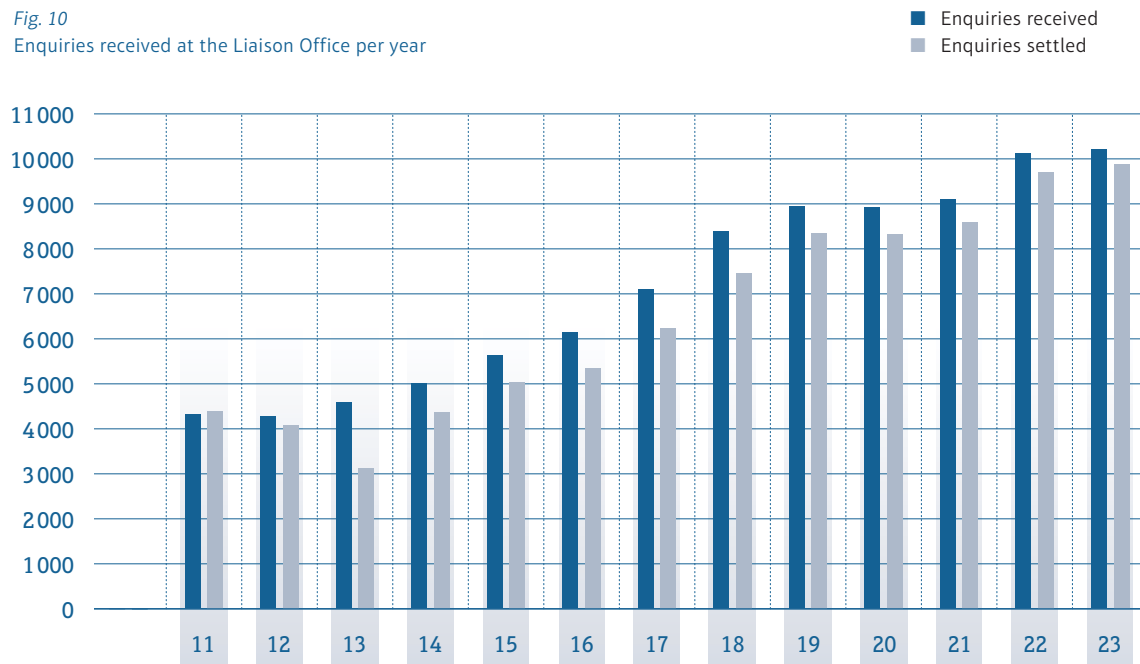
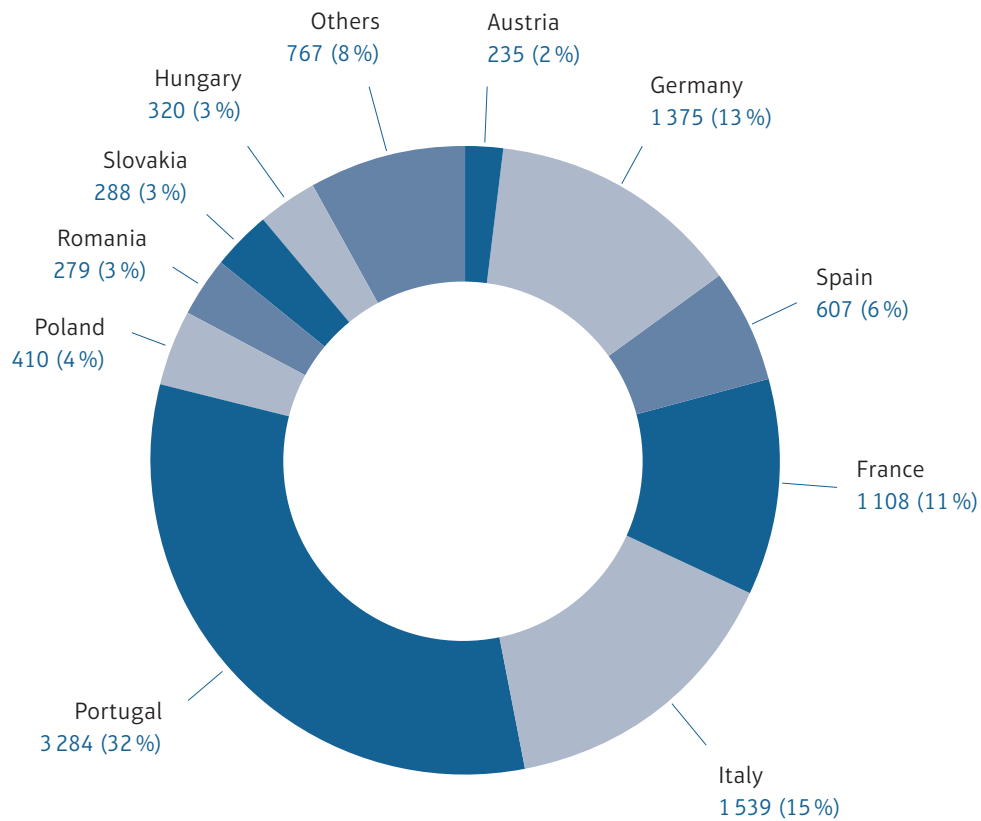


Fig. 11

Breakdown of enquiries received by country of destination



8 Activities of the official bodies

8.1 Foundation Board

At the beginning of February 2023, the Federal Council elected Dr. Edith Siegenthaler from Travail.Suisse to succeed Thomas Bauer, and Hans-Ulrich Bigler from the Swiss Commercial Federation to succeed Henrique Schneider on the Foundation Board. In March 2023, the Foundation Board elected Lukas Müller-Brunner (Swiss Employers' Association) to succeed Henrique Schneider as new vice chairperson of the Foundation Board. As part of the general renewal elections for the term of office from 2024 to 2027, in November 2023 the Federal Council newly elected Christelle Schultz (Fédération des Entreprises Romandes) as successor to Luc Abbé-Decarroux, and Barbara Zimmermann-Gerster (Swiss Employers' Association) as successor to Lukas Müller-Brunner on the Foundation Board. All other members of the Foundation Board were confirmed in office.

At its regular annual meeting on 17 March 2023, the Foundation Board approved the annual accounts and the annual report for 2022. The Foundation Board further decided on the 2024 contribution rates for settlement with the Guarantee Fund, for the attention of the Supervisory Commission. It proposed that the contribution rate for subsidy benefits should be increased from 0.12% to 0.13% and that the rate for insolvency benefits and the other tasks should be kept unchanged at 0.002%. In May 2023, the Supervisory Commission approved the contribution rates as suggested.

In 2023, the Foundation Board addressed the data protection requirements for the Guarantee Fund and appointed Libera with Nicole Gisler as data protection consultant. It approved a position on the implementing provisions submitted by the Federal Council for consultation in connection with the "modernisation of supervision" bill. In respect of the regulations governing management of the vested benefits transferred to the Guarantee Fund, several provisions were revised, and the Foundation Board decided that from 2024 onwards these credit balances will no longer earn interest at the rate applied by the Substitute Occupational Benefit Institution, but at a median interest rate to be set annually. Further topics dealt with by the Foundation Board were fundamental issues relating to the guaranteeing of benefits, amendments to the Guarantee Fund's competence regulations and the implementation of the investments in foreign properties.

The Board of Trustees left the technical bases for determining the pension capital of pension recipients unchanged for the 2023 financial statements (LOB 2020 generation tables). The technical interest rate was also left at 1.5%. The rate applicable to vested benefits managed by the Guarantee Fund was set at 0.4% for 2024.

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 November 2023, the Foundation Board together with the Managing Committee held a training event focussing on data protection at 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 based on 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 2023 to prepare matters to be addressed by the Foundation Board. It evaluated the procedure for guaranteeing benefits in the Reuge and Phoenix cases and, in one case, laid down requirements for a potential settlement of liability claims.

8.3 Implementing Office

On 1 June 2023, Daniel Dürr handed over management of the Implementing Office to Cinzia Corchia. Beat Christen will continue to act as Deputy Head. Sven Fischer took over as Head of the Legal Service on 1 June.

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 main-

tains 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 600 enquiries by telephone every week.

9 Investments

The Guarantee Fund's investment strategy was revised in December 2021. Based on 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 government bonds in foreign currencies, the implementation is carried out using sustainable products in accordance with ESG criteria. c-alm AG advises the Guarantee Fund on investment matters. PPCmetrics AG acts as investment controller.

A task force was set up in the year under review to look at the implementation of investments in the area of foreign properties. Based on the recommendations of this task force, at the end of November the Foundation Board decided to no longer specify a quota for global real estate in the strategy and to give notice to dispose of the units in the AFIAA and CS REFI vehicles.

Guarantee Fund investments are managed by the ZKB. The yield was 5.4 % (benchmark 5.3 %) and asset management costs were 0.15 % 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 the Federal Administrative Court. Due 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. With its ruling of 29 December 2023, the Federal Administrative Court partially upheld the appeal submitted by Allianz and returned the proceedings to the Guarantee Fund for further clarification of the facts. The Guarantee Fund appealed this decision to the Federal Supreme 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 reason 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. The case is pending before the Federal Administrative Court.

In its ruling of 27 April 2023, the Federal Administrative Court did not accept an insured person's appeal against the Guarantee Fund's decision to refuse to guarantee their benefits to the pension scheme based on art. 56 para. 5 LOB.

11 Legislation

In its opinion of 24 March 2023, the Guarantee Fund supported the amendment of Article 89a para. 8 of the Swiss Civil Code as set out by the National Council's Commission for Social Security whereby welfare funds can contribute, among other things, to the financing of other employee welfare institutions (Schneeberger parliamentary initiative).

On 10 July 2023, the Guarantee Fund submitted a consultation on the implementing provisions proposed by the Federal Council for the implementation of the "modernisation of supervision in the 1st Pillar

and optimisation in the 2nd Pillar" bill. The opinion was limited to areas that directly affect the Guarantee Fund. With regard to the collection of the levy for systemic and overall supervision, the Guarantee Fund supported the proposals of the Federal Council. For the exchange of information between the pension funds and the Central Compensation Office of the AHV, a waiver of a new separate financing, the reformulation of Art. 12c SFV and a longer transitional period for introduction were proposed. Regarding the takeover of pension portfolios, the amendment of Art. 25 para. 1 SFV was requested.

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 2022 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 an overspend of CHF –26.0 million (previous year: surplus receipts of CHF 15.4 million). The deterioration compared with the previous year results from the significantly higher insolvency benefits in the year under review.

At CHF 3.0 million, a small income surplus is reported for subsidies (including remuneration for affiliation checks) for the fourth consecutive year (previous year: CHF 2.6 million). In contrast to the two previous years, insolvency benefits resulted in a loss of CHF 20.5 million.

The pension benefits account was likewise unable to repeat its positive performance of the previous year (CHF 4.9 million), posting a slight loss of CHF 0.4 million.

In the reporting period, forgotten credit balances totalling CHF 43.4 million were transferred to the Guarantee Fund (prior year: CHF 42.4 million). Forgotten credit balances of CHF 4.7 million were disbursed (prior year: CHF 1.9 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 statement shows investment income of CHF 68.9 million (previous year: loss of CHF 180.7 million). The assets are invested passively for the most part. This investment result represents a performance of 5.42 % (time-weighted return [TWR]; benchmark

5.29 %). As in the preceding year, the reported asset management costs (OPSC Directive D–02/2013) amount to 15 basis points. The cost transparency ratio is 100 %.

Administrative expense increased considerably from CHF 11.4 million to CHF 12.2 million. The increase was mainly due to internal administration, which led to greater workloads in the insolvency department and at the Central Office.

Overall, the income statement shows a gain of CHF 30.8 million (prior year: loss of CHF 176.7 million).

12.2 Balance sheet

Asset investments are CHF 80.6 million above the prior-year figure. The liquidity of the Business Office decreased by CHF 2.2 million. The pension capital remained unchanged at CHF 289.2 million, as the decrease in pension obligations was balanced out by new additions. Forgotten credit balances (vested benefits pursuant to art. 41 LOB) rose by a further CHF 39.0 million in the review period.

Liabilities to pension schemes contain early payments received by way of contributions payable to the Guarantee Fund by mid-2024 for fiscal year 2023.

The value fluctuation reserve (20 % of the pension assets and forgotten credit balances) increased from CHF 100.5 million to CHF 108.3 million. The gain of CHF 30.8 million increased the fund reserve by the same amount. It came to CHF 690.2 million as at 31 December 2023.

13 Annual financial statement in figures

13.1 Income statement

	2023	2022
	CHF	CHF
Operating account		
Contributions for subventions	204 086 990.60	197 382 520.35
Subventions for unfavourable age structure	-193 010 361.70	-186 689 553.85
Reimbursement to Compensation Offices and Substitute Occupational Benefit Institution	-8 061 308.90	-8 123 496.40
Net subventions	3 015 320.00	2 569 470.10
Contributions for insolvencies/ Other	48 021 161.65	46 073 476.97
Insolvency payments collective schemes	-45 576 965.45	-44 041 002.30
Insolvency payments benefit schemes	-1 006 500.00	-
Insolvency payments art. 12. LOB	-	-
Establishment of liabilities pursuant to art. 12. LOB	-2 375 739.13	-2 701 678.70
Insolvency payments pension commitments	-20 533 470.00	-1 498 573.00
Formation of value fluctuation reserve on pension commitments	-4 106 694.00	-421 313.00
Repayments insolvent IC/PS	2 823 508.74	10 755 280.60
Repayments regarding pension obligations	2 282 262.19	7 905 556.75
Net insolvencies	-20 472 436.00	16 071 747.32
Pension payments	-25 146 604.85	-26 359 454.00
Capital payments	-167 950.00	-9 761.00
Yield of reinsurance benefits	171 461.10	176 309.75
Release of pension fund capital – pension recipients	20 648 987.30	25 901 864.05
Release of value fluctuation reserve	4 113 176.13	5 153 396.65
Net pensions	-380 930.32	4 862 355.45
Incoming balances	43 379 962.90	42 413 955.86
Paid out balances	-4 723 069.82	-1 875 549.50
Assignment of forgotten credit balances to balance sheet	-38 656 893.08	-40 538 406.36
Release of forgotten credit balances in favour of the central office	-	-
Interest on forgotten credit balances	-327 517.55	-20 511.90
Formation of value fluctuation reserve on forgotten credit balances	-7 796 882.13	-8 111 783.65
Net revenue on forgotten credit balances	-8 124 399.68	-8 132 295.55
Result of the operating account	-25 962 446.00	15 371 277.32
Finance / Other		
Capital and securities income	21 634 089.88	20 547 036.81
Price gains taken	2 989 709.94	-92 032 642.93
Retained price gains	46 363 964.97	-106 674 211.49
Cost of securities	-2 070 855.49	-2 576 834.41
Net revenue on capital and securities	68 916 909.30	-180 736 652.02
Other income	1 444.45	529.97
Financial result / Other	68 918 353.75	-180 736 122.05

	2023 CHF	2022 CHF
Administration		
Foundation Board and Executive Committee	-64 884.15	-62 240.05
Management and Administration	-486 639.90	-386 701.90
Contributions and subventions	-505 263.80	-504 757.55
Insolvencies	-2 939 386.10	-2 488 467.95
Legal action costs (internal)	-505 436.10	-418 589.60
Central Office for the 2nd Pillar	-5 315 392.10	-5 019 450.55
Pensions management	-146 773.70	-144 398.85
Liaison Office 2nd Pillar Europe	-1 407 202.80	-1 344 335.65
Travel expenses	-3 292.90	-1 388.70
Total Implementation Office	-11 309 386.60	-10 308 090.75
Auditors	-35 802.00	-35 061.75
Expert	-26 305.25	-26 582.50
Supervisory authorities	-16 417.60	-16 484.45
Legal action costs (external)	-138 225.00	-287 018.00
EDP	-244 767.80	-309 651.60
Printed matter, annual report, postage, other	-319 722.46	-312 953.97
Result for administration	-12 155 510.86	-11 358 083.07
Total income statement	30 800 396.89	-176 722 927.80

13.2 Balance sheet

	31.12.2023 CHF	31.12.2022 CHF
Assets		
Cash	16 761 564.33	18 956 940.12
Cash equivalents	1 512 735.84	1 559 974.30
Expenses prepaid	56.70	45 742.90
Tangible assets	1 348 164 399.92	1 267 572 823.25
Total assets	1 366 438 756.79	1 288 135 480.57
Liabilities		
Payables	1 428 133.78	1 845 574.57
Liabilities to pension funds	1 259 241.64	2 484 324.50
Liabilities to the Substitute Occupational Benefit Institution pursuant to art. 12 LOB	22 618 262.88	20 242 523.75
Pension capital – pension recipients	289 205 863.00	289 238 433.00
Forgotten credit balances	252 329 304.67	213 344 894.04
Accrued expenses	1 136 913.52	1 109 490.30
Fluctuation reserves	108 307 100.00	100 516 700.00
Fund reserve		
Status 1 January	659 353 540.41	836 076 468.21
Income statement result	30 800 396.89	-176 722 927.80
Situation at 31 December	690 153 937.30	659 353 540.41
Total liabilities	1 366 438 756.79	1 288 135 480.57

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 31.12.2023)

The supreme body is the Foundation Board pursuant to art. 55 LOB. The 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

- Gabriela Medici*, President, Swiss Trade Union Confederation
- Lukas Müller-Brunner*, Vice-President, Swiss Employers Confederation

Employees' representatives

- Roger Bartholdi*, Swiss Bank Employees Association
- Gabriela Medici*, Swiss Trade Union Confederation
- Edith Siegenthaler*, Travail.Suisse

Employers' representatives

- Luc Abbé-Decarroux, Fédération des Entreprises Romandes
- Hans-Ulrich Bigler*, Swiss Commercial Federation
- Lukas Müller-Brunner*, Swiss Employers Confederation

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)

- Cinzia Corchia, lawyer (Account Manager)
- Beat Christen, lawyer (Deputy)
- Peter Gasser, chartered accountant (Head of Finance and Accounting)
- Sven Fischer, Dr. iur., lawyer (Head of Legal Services)
- Sandra Boppert, historian
- Silvia Corchia, chartered pension fund manager
- Soraya Di Bucchianico, social insurance clerk
- Daniel Dürri, chartered pension fund manager
- Daniela Foffa, lawyer
- Christian Lopez, chartered pension fund manager
- Laetitia Franck Sovilla, doctorate in law (Dr. iur.)
- Sibylle Grosjean, lawyer
- Christian Lopez, chartered pension fund manager
- Martina Poschung, commercial employee (VET)
- Tamara Varela, Swiss certified specialist in social insurance SVS
- Nathalie von Büren, commercial employee (VET)
- Selina Zompicchiatti, lawyer

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

* joint signing authority

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 LOB Guarantee Fund	22.06.2022
Compensation regulations of members	02.12.2019
Competence regulations of the LOB Guarantee Fund	30.11.2023
Investment regulations of the LOB Guarantee Fund	30.11.2023
Regulations governing the guarantee and payment of pension benefits	16.09.2022
Vested benefits regulations	30.11.2023

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.

	2023	2022
Benefit schemes registered under art. 48 LOB	1 322	1 354
Other benefit schemes governed by the FZG	302	313
Total	1 624	1 667

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. BVV2. The accounting system and the account presentation are governed by arts. 47 and 48 BVV2. The Foundation Board revised the investment strategy in 2021. Investment in bonds and liquid assets has been scaled back in favour of tangible assets. At the end of November 2023, the Foundation Board decided to no longer specify a separate quota for global properties in the strategy. The investment strategy applicable from 1 December 2023 is as follows:

	Minimum	Target	Maximum
Liquidity (sight, time deposits)	0 %	4 %	7 %
Bonds CHF	17.5 %	21.5 %	25.5 %
Bonds FC – government bonds hedged in CHF	3 %	4 %	5 %
Bonds FC – corporate bond hedged in CHF	10.5 %	13.5 %	16.5 %
<i>Subtotal bonds FC</i>	<i>13.5 %</i>	<i>17.5 %</i>	<i>21.5 %</i>
Domestic equities	8 %	11 %	14 %
Foreign equities – developed countries	16 %	20 %	24 %
Foreign equities – emerging countries	4 %	5 %	6 %
<i>Subtotal foreign equities</i>	<i>20 %</i>	<i>25 %</i>	<i>30 %</i>
Properties	17 %	21 %	26 %

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 lies 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. Since 1 January 2022, apart from government bonds in foreign currencies, a strategy has been 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 2023, 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.

As at 31 December 2023, all investment categories were within the defined bandwidths.

The lower bandwidth for investments in foreign properties was slightly undershot from August 2023 onwards. Due to ongoing discussions regarding the orientation of the “foreign properties” category, no rebalancing was carried out. In December 2023, the Foundation Board decided to have only one “properties” asset category. Investments in properties abroad were terminated at the earliest possible date.

**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)	478 297 334	35.0	50	28–44
Real estate (art. 55 lit. c BVV 2)	292 101 227	21.4	30	17–26*
Of which real estate abroad	66 106 760	4.8	10	
Alternative investments (art. 55 lit. d BVV 2)	0	0.0	15	0
Unhedged foreign currencies (art. 55 lit. e BVV 2)	363 171 008	26.6	30	20–30
Balance sheet total	1 366 438 757			

* The currently valid investment strategy includes only one bandwidth for the “properties” category as a whole.

As can be seen from the above table, the limits according to BVV 2 are complied with.

Following are the open positions in foreign exchange futures existing as at the end of 2023:

Number of positions	Positive replacement value CHF	Negative replacement value CHF	Market value on 31.12.2023 CHF
10	3 149.87	–36 590.48	–33 440.61

The target for the valuation fluctuation reserve is 20 % of pension assets and dormant credit balances. As at 31 December 2023, the value fluctuation reserve increased from CHF 100.5 million to CHF 108.3 million due to the higher calculation base.

Further details are shown in the table below:

Total assets	31.12.2023			31.12.2022	
	CHF	Share %	Strategy %	CHF	Share %
Liquidity (sight, time deposits)	39 183 728	2.9	4 (0.0–7.0)	18 787 582	1.5
Bonds CHF	319 082 316	23.7	21.5 (17.5–25.5)	298 162 868	23.5
Foreign currency (FC) bonds	219 499 795	16.3	17.5 (13.5–21.5)	215 971 362	17
– Government bonds hedged in CHF	46 309 728	3.4	4 (3.0–5.0)	47 809 690	3.8
– Corporate bonds hedged in CHF	173 190 067	12.8	13.5 (10.5–16.5)	168 161 672	13.3
Domestic equities	140 354 407	10.4	11 (8.0–14.0)	133 916 896	10.6
Foreign equities	337 942 928	25.1	25 (20.0–30.0)	304 592 401	24
– Global equities (developed countries)	276 641 931	20.5	20 (16.0–24.0)	251 936 601	19.9
– Equities emerging countries	61 300 997	4.5	5 (4.0–6.0)	52 655 800	4.2
Properties	292 101 227	21.7	21 (17.0–26.0)	296 141 714	23.4
Total safe custody account	1 348 164 400	100	100	1 267 572 823	100
Total investments as per balance sheet	1 348 164 400			1 267 572 823	
Cash and cash equivalents	16 761 564			18 956 940	
Receivables and accrued income	1 512 793			1 605 717	
Total assets	1 366 438 757			1 288 135 481	

14.4.3 Details of the capital and securities account

	2023 CHF	2022 CHF
Gross yield securities custody account	21 633 974.68	20 752 595.76
Realised capital gains	3 979 444.91	11 913 594.91
Realised capital losses	-989 734.97	-103 946 237.84
Total realised capital gains/losses	2 989 709.94	-92 032 642.93
Unrealised capital gains	65 012 162.00	10 750 064.00
Unrealised capital losses	-18 648 197.03	-117 424 275.49
Total unrealised capital gains/losses	46 363 964.97	-106 674 211.49
Management and custody fees, gross	-348 362.84	-319 300.50
Deposit fees	-	-5 150.85
Consulting fees third parties / Investment controlling	-35 967.50	-25 201.80
Transaction costs and taxes	-	-448 633.83
Total TER cost indicators	-1 686 525.15	-1 778 547.43
Total securities costs, net	-2 070 855.49	-2 576 834.41
Result securities custody account	68 916 794.10	-180 531 093.07
Interest gains on short-term financial investments	115.20	-205 558.95
Net income on capital and securities	68 916 909.30	-180 736 652.02

	2023	2022
Performance (TWR)		
Liquidity	-0.93 %	-1.89 %
Bonds CHF	7.32 %	-12.02 %
Government bonds hedged in CHF	1.42 %	-16.49 %
Corporate bonds hedged in CHF	4.20 %	-16.69 %
Domestic equities	5.76 %	-16.45 %
Foreign stocks developed countries	14.02 %	-16.64 %
Foreign equities emerging countries	-1.73 %	-19.22 %
Domestic properties	2.57 %	1.59 %
Foreign properties	-10.63 %	-11.34 %
Actual total	5.42 %	-12.78 %
Benchmark	5.29 %	-11.60 %

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 2023, 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:

	2023 CHF	2022 CHF
Directly booked asset management costs (AMC)	384 330	798 287
Total TER cost indicators	1 686 525	1 778 547
Asset management costs booked to the operating account	2 070 855	2 576 834
Transparent investments on balance sheet date	1 348 164 400	1 267 572 823
Booked AMC as % of cost-transparent investments	0.15 %	0.20 %

Asset management costs returned to a lower level in the year under review, after rising in the previous year due to transaction costs in connection with the switch to sustainable products.

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:

	31.12.2023 CHF	31.12.2022 CHF
Total asset investments (market values)	1 348 164 400	1 267 572 823
of which transparent investments	1 348 164 400	1 267 572 823
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 2022 contributions were due on 30 June 2023 and therefore correspond essentially to revenue in the Guarantee Fund's 2023 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 2023 (impacting income in 2024), 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 will be reduced to 0.002 % for the 2023 contribution year (revenue-effective in 2024).

14.8 Pension benefits

The LOB Guarantee Fund assures current pension payments if foundations become insolvent. The pension commitments of the Injecta pension collective were taken over from the Phoenix pension scheme with effect from the beginning of 2024. The commitments amount to CHF 20.5 million and were recognised in the 2023 statements. The occupational benefit expert prepared an extensive report pursuant to art. 52e LOB.

In the reporting period, pension assets were again calculated on the basis of the LOB 2020 generation tables, using a technical interest rate of 1.50 %.

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:

	31.12.2023 CHF	Change CHF	31.12.2022 CHF
Evolution of the pension benefits provision	BVG 2020 GT, 1.50%		BVG 2020 GT, 1.50%
Retirement pensions	182 060 784.00	1 254 412.00	180 806 372.00
Spouse's pensions	75 103 400.00	4 216 173.00	70 887 227.00
Disability pensions	30 835 198.45	-5 555 349.30	36 390 547.75
Children's pensions	334 492.00	-30 753.00	365 245.00
Temporary annuity	–	–	–
Vested benefits in the event of disability	871 988.55	82 947.30	789 041.25
Total	289 205 863.00	-32 570.00	289 238 433.00

	2023 CHF	Number	2022 CHF	Number
Pensions paid out				
Retirement pensions (incl. temp. annuities)	16 418 394.75	942	17 392 729.00	977
Spouse's pensions	7 118 233.00	542	7 174 205.00	548
Disability pensions	1 533 718.10	103	1 719 259.00	119
Children's pensions	76 259.00	24	73 261.00	35
Total as per operating account	25 146 604.85	1 611	26 359 454.00	1 679

	2023 CHF	2022 CHF
Capital payments		
Capital payments old age	167 950.00	9 761.00
Capital payments death	–	–
Capital payments invalidity	–	–
Total as per operating account	167 950.00	9 761.00

The reinsurance benefits received in the year 2023 for pension payments as of 1 January 2024 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 2023.

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 8.1 million were paid out for this purpose in the review period (CHF 8.1 million the previous year). No reimbursements were paid to the Compensation Offices for address searches in the year under review (previous year: CHF 350).

14.10 Reserve fund

The income statement recorded a profit of CHF 30.8 million in the reporting period. The reserve fund rose accordingly and was CHF 690.2 million as at 31 December 2023.

Based on 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 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

Opinion

We have audited the financial statements of the LOB Guarantee Fund, which comprise the balance sheet as at 31 December 2023, the operating accounts for the year then ended, and notes to the financial statements (on pages 24 to 32), including a summary of significant accounting policies.

In our opinion, the accompanying financial statements comply with Swiss law, the foundation's deed and the regulations.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the foundation in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Foundation Board is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Foundation Board's Responsibilities for the Financial Statements

The Foundation Board is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law, the foundation deed and the scheme regulations, and for such internal control as the Foundation Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Expert in Occupational Benefits for the Audit of the Financial Statements

The Foundation Board appoints a statutory auditor as well as an expert in occupational benefits for the audit. The expert in occupational benefits is responsible for evaluating the necessary reserves for underwriting insurance-related risk, consisting of pension liabilities and actuarial reserves. Assessing the evaluation of the pension liabilities and actuarial reserves is not a task of the statutory auditor pursuant to Art. 52c para. 1 let. a of the Swiss Occupational Pensions Act (OPA). In accordance with Art. 52e para. 1 OPA, the expert in occupational benefits also evaluates whether the foundation provides assurance that it can meet its obligations and whether all insurance-related provisions regarding benefits and funding in the scheme regulations comply with the legal requirements.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control of the foundation.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, other than pension liabilities and actuarial reserves evaluated by the expert in occupational benefits.

We communicate with the Foundation Board regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The Foundation Board is responsible for ensuring that the legal requirements are met and that the statutory and regulatory provisions on organization, management and investments are applied. In accordance with Art. 52c para. 1 OPA and Art. 35 of the Occupational Pensions Ordinance 2 (OPO 2) we have performed the prescribed procedures.

We have assessed whether:


- the organization and management comply with the legal and regulatory requirements and whether an internal control exists that is appropriate to the size and complexity of the foundation;
- the investment of assets complies 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 duties of loyalty are fulfilled and interests are disclosed;
- the legally required information and reports have been issued to the supervisory authority;
- the foundation's interests are safeguarded in disclosed transactions with related parties.

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

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

Guemligen, 19 March 2024

T+R Ltd.



Rita Casutt
Swiss Certified
Accountant
Licensed audit expert



Vincent Studer
Swiss Certified
Accountant
Licensed audit expert
Auditor in charge

