

Pension Scheme Regulations

Liberty Foundation for Vested Pension Benefits

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Pension Scheme Regulations

Relying on Article 9 of its Charter, Liberty Foundation for Vested Pension Benefits (the "Foundation") has adopted the following Pension Scheme Regulations:

Art. 1 Purpose

- 1 The purpose of the Foundation with regard to occupational benefits is to safeguard and increase the value of compulsory and supplemental pension assets. To that effect, the Foundation accepts termination payments and vested benefit transfers in accordance with legal prescriptions.
- 2 The Foundation itself does not offer death and disability risk coverage. However, at the client's request, the Foundation will act as an intermediary introducing the client to specialised insurers and obtaining the corresponding offers.

Art. 2 Scope and content of regulations

These Regulations govern the rights and obligations of the account holder and his authorised representatives, proxies and beneficiaries, hereafter referred to as the "client", vis à vis the Foundation.

Art. 3 Account-holding banks

The retirement savings accounts shall be held with banks, selected by the Foundation based on security, quality and cost criteria, which are under federal oversight pursuant to the Federal Law on Banks and Savings Institutions. The list of banks is published on www.liberty-pension.ch or may be obtained from the Foundation.

Art. 4 Client accounts

- 1 The client shall fill in an application to open a vested benefit account.
- 2 The Foundation shall open and hold a vested benefit account in the client's name.
- 3 No more than two accounts can be opened in the name of one and the same client.
- 4 Only termination payments and vested benefits from tax-exempt pension funds or vested benefit institutions may be credited to the vested benefits account. Only termination payments or vested benefits from a pension institution or another vested benefit foundation, or repurchases pursuant to Article 22c FZG/LFLP or Article 30d BVG/LPP may subsequently be deposited on the account.

- 5 If a client holds two vested benefit accounts, he shall decide how the termination payments are to be divided between the two accounts.
- 6 The client shall inform the Foundation about the termination payment or vested benefits from his former pension scheme.
- 7 The following amounts in particular will be credited to the vested benefit account:
 - a. termination payments and vested benefits transferred from other pension plans;
 - b. amounts reserved for retirement purposes transferred from other tax-exempt pension institutions;
 - c. repurchases in accordance with Article 22c FZG/LFLP or repayments under Article 30d BVG/LPP;
 - d. interest and income from securities.
- 8 The following amounts inter alia will be charged to the vested benefit account:
 - a. vested benefits transferred to other pension plans or vested benefit institutions;
 - b. withdrawals by the client in accordance with legal provisions;
 - c. fees and commissions charged by the Foundation and authorised agents and representatives, brokerage fees, stamp duties and custodian fees;
 - d. intermediation and consulting fees subject to the client's explicit written consent.
- 9 If the cash balance on the client's account is insufficient to cover the fees and charges, the Foundation may sell securities for the corresponding amount and debit the vested benefit account accordingly.

Art. 5 Interest

- 1 The interest rate on vested benefit accounts is set by the Foundation Board. The interest rate applicable at any time is published on or can be obtained from the Foundation.
- 2 Interest is credited at the end of every calendar year.
- 3 If a client leaves the Foundation in the course of a year, interest for the current year will be credited pro rata temporis up to the exit date.

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Art. 6 Vested benefit securities deposit

- 1 At the client's request, one or two vested benefit securities accounts will be opened. The Foundation shall open and hold a vested benefit securities deposit in the client's name for each vested benefit account.
- 2 The custodian banks will be chosen by the Foundation in agreement with the client. Custodian banks shall always be selected based on security, quality and cost criteria.

Art. 7 Asset management for securities solutions

There is no entitlement to a minimum interest rate or to any guaranteed asset value in respect of the pension assets under management. The client alone bears the investment risk.

Art. 8 Investment guideline compliance and monitoring

- 1 The appointed asset managers shall ensure compliance at all times with the investment guidelines under Article 71(1) BVG/LPP, Articles 49 to 58 BVV2/OPP2 and Article 19 to 19a FZV/OLP. In case of non compliance with the investment guidelines, the Foundation shall be entitled to make the necessary adjustments in the portfolio concerned.
- 2 The Foundation shall monitor compliance by periodical sampling, at least twice a year on 31 May and 30 November of each year.
- 3 If the guidelines are not complied with for any reason, the persons entrusted with asset management shall, of their own accord, promptly restore due legal and contractual compliance.
- 4 Moreover, the asset managers undertake to make any necessary adjustments at the Foundation's first request and to confirm the due implementation of such adjustments to the Foundation in writing. In the case of alternative investments and other funds, adjustments shall be made on the next issue or redemption date.

Art. 9 Obligation to inform

- 1 The client shall receive from the Foundation and the custodian bank a confirmation when the vested benefit account is opened, and an account statement at the beginning of each year for the previous year, indicating all the transactions on the account, the amounts credited by way of interest and the balance on the account on 31 December.
- 2 For the vested benefit securities deposit, the Foundation shall send the client a confirmation when the deposit is opened and a statement of account at the beginning of each year indicating the value of the securities deposit on 31 December.
- 3 The client shall communicate any changes in address, name or civil status to the Foundation. If the client is married, the client shall also communicate the date of his marriage to the Foundation. The Foundation declines any responsibility for

any consequences arising from a belated communication, or from the communication of incomplete or incorrect particulars. Notices to the client are deemed valid if they are sent to the last address filed with the Foundation.

- 4 The client shall address all correspondence directly to the Foundation or its regional representative offices. The Foundation's address and that of its regional representative offices are published on www.liberty-pensions.ch.

Art. 10 Ordinary liquidation of the account and deposit relationship

- 1 The retirement benefit is payable to the client at the earliest five years before the normal retirement age (Article 13 BVG/LPP) and at the latest five years after that date.
- 2 If deliverable, securities held on the client's vested benefit securities deposit may be transferred to the client's private assets.

Art. 11 Death benefits

- 1 If the client dies before reaching retirement age, the following persons qualify as beneficiaries in the following order (Article 15(1)(b) FZV/OLP):
 - a. the survivors, within the meaning of Articles 19, 19a and 20 BVG/LPP;
 - b. natural persons who were substantially dependent on the client for maintenance, or the person who shared a common life and destiny with the client for an uninterrupted period of at least five years immediately prior to the client's death, or who must support one or more of their children;
 - c. children of the deceased who do not satisfy the conditions of Article 20 BVG/LPP, the client's parents or siblings;
 - d. other legal heirs, excluding public bodies.
- 2 Pursuant to Art. 15(2) FZV/OLP, the client may specify the beneficiaries' entitlements in the Agreement and enlarge the circle of beneficiaries under point 1a by adding beneficiaries from point 1b.
- 3 Beneficiaries are required to provide proof to the Foundation that an event justifying liquidation has occurred. If there are several beneficiaries and their individual entitlements are not clearly determined, the distribution will be agreed between them or distribution will be subject to the consent of all the beneficiaries. Otherwise, each shall receive an equal share.

Art. 12 Early Liquidation of the Account and Deposit Relationship and Pay-out of Assets

- 1 An early transfer of pension assets is admissible if the client uses the pension assets to buy into a recognised pension institution.
- 2 The pension assets may be paid out at the client's request if the client is drawing a full disability pension from the Federal Disability Insurance (IV/AI) and has no disability risk insurance.

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- 3 Pension assets may be paid out early in cash if:
 - a. the client is leaving Switzerland permanently, subject to Article 25f FZG/LFLP;
 - b. the client becomes self-employed as a main occupation and is no longer subject to compulsory occupational pension insurance, subject to Article 17 of these Regulations.
 - c. the pension assets are less than the client's extrapolated contribution for a full year in the client's prior pension plan.
- 4 To qualify for a cash payment, the following formalities must be satisfied and documents sent in:
 - a. for single clients, a certificate of civil status. The Foundation may also request the authentication of the client's handwritten signature by a notary or by other means;
 - b. an officially authenticated signature of the client's spouse or registered partner (Art. 5 LFLP/FZG). If consent cannot be obtained, or if it is withheld without good reason, the client may turn to the court;
 - c. for divorced clients, a copy of the divorce decree;
 - d. for dissolved registered partnerships, the dissolution certificate issued by the court;
 - e. for widowed clients, a copy of the complete family record book;
- 5 If deliverable, securities held on the client's vested benefit securities deposit may be transferred to the client's private assets.
- 6 Partial pay outs are allowed subject to tax exceptions.
- 7 In the following cases, the vested benefit account or securities deposit will be liquidated or partially liquidated ex officio without an explicit termination of the client's Pension Scheme Agreement or investment mandate:
 - a. if a pledge within the meaning of Article 30b BVG/LPP is satisfied or enforced;
 - b. if the client's new pension institution requests a transfer of pension assets for a corresponding buy in;
 - c. by court order following a divorce.
- 8 If a client intends to cash in his retirement benefits, he must send his request, together with the documents indicated in paragraph 4, to the Foundation indicating, in writing, whether he has made any purchases of occupational benefits in the three preceding years and attaching the relevant certificates. These amounts may be paid out at the earliest three years after the date of purchase. If a purchase was made, the corresponding benefits may not be withdrawn as a lump sum in the following three years. NB: The client alone is responsible for the tax consequences of any lump-sum withdrawals.

Art. 13 Disbursement of Benefits

Benefits are payable as a lump sum only (cash or securities), 10 to 90 days after receipt of the complete application. The payout is equal to the balance on the vested benefit account and securities deposit.

Art. 14 Pledge and Assignment

Entitlement to benefits cannot be validly pledged or assigned before maturity. Articles 15 and 16 are reserved.

Art. 15 Encouragement of Home Ownership

- 1 The client may pledge or withdraw his pension assets to finance the purchase of an own home under the measures for the encouragement of home ownership.
- 2 Pension assets may be withdrawn up to five years before the normal AHV/AVS retirement age. Pension assets may be pledged up to the normal AHV/AVS retirement age.
- 3 Withdrawals are possible every five years. The minimum withdrawal is CHF 20 000.
- 4 As a rule, the amount which may be withdrawn or pledged is equal to the total vested benefit. For clients over 50, the pledge or withdrawal is limited to the vested benefit accrued at age 50 or half the total accrued vested benefit.
- 5 In the case of married clients, or clients living in a registered civil partnership, the consent of the spouse or partner – with an officially authenticated signature – is mandatory. If the spouse's or partner's consent cannot be obtained, or if it is withheld without good reason, the client may turn to the court.
- 6 The BVG/LPP and WEFV/OEPL (Ordinance on the Use of Pension Assets for the Encouragement of Home Ownership) apply in all other respects and shall be complied with at all times.

Art. 16 Divorce

- 1 In case of a divorce or the dissolution of a registered civil partnership, the court may decide that a portion of the vested benefits acquired by the client during the marriage or the partnership shall be paid to the spouse's or partner's pension plan and set off against the divorce claims designed to secure the spouse's or partner's retirement.
- 2 The Foundation shall transfer that portion to the spouse's or partner's pension fund or vested benefit institution in accordance with the divorce decree.
The client may repurchase the corresponding benefits at any time.

Art. 17 Self-employment

- 1 Persons who are self-employed may only apply to cash in their vested benefits when they first take up their self-employed activity or within one year of taking up such activity.
- 2 Notwithstanding, self-employed persons who are insured on a voluntary basis may apply to withdraw their retirement savings to invest in their business provided misuse is clearly excluded.

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Art. 18 Fee Schedule

The Foundation reserves the right to amend its Fee Schedule at any time. The Fee Schedule applicable from time to time is available at www.liberty-pension.ch or may be obtained from the Foundation.

Art. 19 2nd Pillar Central Office

- 1 If, at maturity, the Foundation has no clear payment instructions from the client, or if the beneficiaries are not clearly known, the pension assets will be declared to the 2nd Pillar Central Office, but the assets will remain with the Foundation until further notice.
- 2 Ten years after the normal retirement date (Article 13 BVG/LPP), any assets on the client's vested benefit accounts shall be transferred to the BVG/LPP Security Fund. If the client's date of birth cannot be established with certainty, and the Foundation has not heard from the client or his heirs for ten years, the vested benefits shall be managed by the Foundation until 2010. Thereafter, they will also be transferred to the Security Fund (Article 41(3) and (4) BVG/LPP).

Art. 20 Obligation to report (tax)

- 1 The Foundation shall declare any vested benefits payments to the tax authorities if such declarations are required by law or by official federal or cantonal ordinances.
- 2 If, when he applies for the payment, the client is a foreign resident, the Foundation shall deduct the withholding tax directly from the vested benefit payment.

Art. 21 Liability

The Foundation is not liable to the client for any consequences arising from the client's failure to comply with his legal, contractual and regulatory obligations.

Art. 22 Diligence obligation

The Foundation shall perform its administrative tasks in connection with the pension scheme in good faith, i.e. with the same diligence it uses in the conduct of its own business affairs. Apart from its diligence obligation, the Foundation is only liable for gross negligence and deliberate breaches of statutory and contractual obligations.

Art. 23 Omissions

If there are any omissions in these Regulations on any specific point, the Foundation Board shall adopt an appropriate rule.

Art. 24 Amendments

The Foundation Board may decide to amend these Regulations at any time:
these Regulations are freely available at www.liberty-pension.ch or may be obtained from the Foundation.

Art. 25 Effective date

These Regulations, as amended on 14 September 2005, 10 June 2007 and 1 June 2009, are effective from 1 January 2011.

Schwyz, 16 March 2011

Foundation Board of Liberty Foundation for Vested Pension Benefits