

Insuree Update No. 27

2 December 2011

Dear insuree,

The PVS will complete its eighth business year at the end of 2011. Here are a few key statistics of your company pension scheme as it stood at the end of November:

- 3,458 working insurees
- 309 pension recipients (31 of whom receive disability pensions)
- 22 "WEF" advance withdrawals to finance home purchases
- 7 cessations following divorce.

Contribution rates for 2012

The PVS's savings contribution and risk insurance premium rates will remain unchanged for 2012.

Interest

The PVS began 2011 with a funding ratio of 105.1%. After a poor year in income-from-investment terms, our funding ratio had fallen to 101.3% by the end of October.

In view of these developments, the Board of Trustees took the following decisions with regard to the interest to be paid for 2011 when it met on 22 November:

Type of interest	Rate	Remarks
Interest on old-age savings for 2011	2%	As in 2010, the PVS will pay interest of 2% on all your old-age savings for 2011. In cases in which amounts were taken out of the scheme by insurees leaving or retiring in the course of the year, this interest will be awarded in the form of a follow-up payment.
Interest on old-age savings for 2012	tbd	The Board of Trustees will determine this interest rate towards the end of 2012, when it is clearer what returns the scheme has earned on its investments in the course of the year.
Interest rate for intrayear events in 2012	0%	This is the interest rate that will be applied at the time to any amounts taken out of the scheme by insurees leaving or retiring in the course of 2012. If interest is subsequently awarded on old-age savings for 2012 as a whole, these amounts will be subject to a follow-up interest payment.
Projected interest rate for 2013 onwards	2%	This rate is used to project the value of the future benefits which are shown on your statement of benefits under "Projected benefits" (i.e. for old age, disability or death). The PVS has decided to keep to its current projected interest rate of 2%, even though the Swiss Federal Council is reducing the minimum interest rate here to 1.5% with effect from 1 January 2012. We are doing so to make such benefit projections more comparable with those of previous years.

The Swiss Federal Council resolved on 2 November 2011 to reduce the **BVG minimum interest rate to 1.5% for 2012**. This minimum interest rate does not have to be observed for supplementary old-age savings amounts.

Pension adjustments

The Board of Trustees also resolved at its meeting of 22 November that current pensions should not be increased with effect from 1 January 2012. This decision was taken in the light of the present negative returns on the scheme's investments and the fact that our fluctuation reserves are still below the levels required. The PVS needs to build up such fluctuation reserves to minimize the risk that the scheme may become underfunded as a result of the sizeable fluctuations that are currently being experienced on the financial markets.

Additional personal deposits

If you plan to make an additional personal deposit into the PVS for 2011, we will be pleased to send you **the documentation you will need in order to do so**. Please note that to enable us to process your deposit by the end of 2011, you will need to instruct your bank to make the corresponding transfer **with a value date of 22 December at the latest**.

We would like to remind you that any amounts paid-in in this way (and the interest they subsequently earn) may not be taken out of the scheme in capital-payment form within the following three years. If you have any questions or uncertainties here, please consult your tax authorities.

Choice of employee savings rate

Once again, you may choose whether to be under the "Standard" or the "Standard Plus" employee savings rate for the coming year. With the "Standard" rate, your personal savings contribution will be 6% of your insured salary; with the "Standard Plus" rate it will be 9%. If you wish to change from your current employee savings rate, please complete the enclosed form in full and **send it directly to your Human Resources unit by 28 December at the latest**.

2012 provident plan

The Provident Plan which has been valid since 1 January 2011 will remain in effect for 2012.

Investment strategy effective 1 December 2011

The Board of Trustees spent a great deal of time discussing the current situation on the investment markets when it met on 19-20 September and again on 22 November. As a result of these deliberations, the Board has modified the PVS's investment strategy slightly to pay due regard to the currently higher investment risks. Our modified investment strategy is attached as Appendix I.

The changes entail

- increases in the target quotas for "CHF bonds", "Equities Switzerland" and "Equities emerging markets"
- decreases in the target quotas for "EUR bonds (inflation linked)", "EUR bonds", "USD bonds", "Equities Europe" and "Equities Pacific"
- a new position of "World bonds inflation linked and currency-hedged"
- a transfer of "Equities emerging markets" investments from actively-managed to index-linked funds and
- adjustments to the scheme's euro and US dollar currency hedges.

As part of the above strategy adjustments, a number of assets previously invested among various asset management providers have been transferred into new Zurich Cantonal Bank and Credit Suisse investment vehicles.

The above adjustments pay due regard to the increased risks and widespread fears that are currently such a feature of the world's investment markets, as well as to the present uncertainties in the euro and US dollar zones.

➔ **A reminder: new conversion factors from 1 January 2013**

Resolution

The Board of Trustees voted unanimously at its meeting of 10 May 2011 to reduce the conversion factors used to calculate **old-age pensions** and **reversionary spouses' and partners' pensions** with effect from 1 January 2013.

Insurees retiring on or after 1 December 2012 and receiving their first PVS old-age pension on or after 1 January 2013 will be subject to the new conversion factors. These conversion factors are based on the latest **BVG 2010 actuarial tables** (including the corresponding static mortality table), an **actuarial interest rate of 3.0%** and a **spouse's/partner's pension of 70%**.

To benefit from the current higher conversion factors, a working insuree will need to retire by 30 November 2012 and receive their first PVS old-age pension payment by 1 December 2012.

Special provision for insurees with nightwork credits/shift-based leave

Any insuree with nightwork credits who begins to receive their PVS old-age pension after 1 December 2012 will still have their pension calculated using the present higher conversion factors, provided the corresponding agreement on retirement with nightwork credits is irrevocably concluded with the employer in writing by 30 November 2012 and **the nightwork credits concerned begin to be taken by 1 December 2012.**

By reducing reversionary spouses' and partners' pensions from 80% to 70% of current old-age/disability pensions, we have been able to lessen the reduction in conversion factors for married insurees. The reduction in these reversionary pensions from 1 January 2013 will also apply to our pension recipients who are married or are living with a long-time partner and are already drawing a PVS old-age or disability pension when the reduced 70% calculation comes into effect on 1 January 2013.

We reported on these modifications to the PVS Regulations at length in **Insuree Update No. 25** of 10 May 2011, where you will also find information on the reasons for these changes, along with some sample calculations.

We wish you and your loved ones an enjoyable festive season and the best of starts into the New Year.

Sincerely,



Peter Graf
President of the Board of Trustees



Markus Staudenmaier
Managing Director

Enclosure • "Employee savings rate options for 2012" form

Please note: the PVS's current funding ratio (which is updated every month) will be found in the "Performance" section of our www.pv-swissport.ch website.

Investment strategy, effective 1 December 2011

Appendix I

<i>Investment category</i>	Strategy (SAA)	<i>Bandwidth</i>	
		<i>minimum</i>	<i>maximum</i>
Liquidity and short-term investments	2%	1%	10%
CHF bonds	14%	10%	17%
EUR bonds IFL	6%	4%	8%
World bonds IFL	10%	6%	13%
Mortgage loans	5%	2%	6%
Total nominal values	37%	23%	54%
Equities Switzerland	7%	3%	9%
Equities Europe	4%	2%	6%
Equities North America	7%	4%	9%
Equities Pacific	4%	2%	6%
Equities sustainable	5%	2%	7%
Equities emerging markets	5%	2%	7%
Total equities	32%	15%	44%
Hedge funds	0%	0%	4%
Private equity	0%	0%	4%
Commodities	5%	2%	7%
Total non-traditional investments	5%	2%	15%
Real estate in Switzerland	26%	22%	30%
Real estate outside Switzerland	0%	0%	3%
Total real estate	26%	22%	33%
Total investments	100%		
EUR currency hedges	3%	0%	11%
USD currency hedges	5%	1%	16%
JPY currency hedges	0%	0%	3%
GBP currency hedges	0%	0%	2%
Total currency hedges	8%	1%	32%

Approved unanimously by the Board of Trustees at its meeting of 22 November 2011.