

Insuree Update No. 28

18 May 2012

Dear insuree,

The PVS Board of Trustees approved the Scheme's 2011 annual report when it met on Thursday 10 May 2012.

2011 accounts and financial statements

The Board of Trustees voted unanimously to approve the PVS's 2011 annual report when it met on Thursday 10 May. The financial statements had been previously examined by independent auditors KPMG AG, Zurich. German, French and English versions thereof will be available on the **PVS website** (www.pv-swissport.ch) from mid-May onwards. A number of printed copies will also be available from HR units from the end of May. For cost reasons, however, we will not be sending a printed copy to every insuree and beneficiary.

The PVS started its eighth business year on 1 January 2011 with 3,346 working insurees, actuarial capital for working insurees of CHF 458 million and a funding ratio of 105.1%. It closed the year on 31 December 2011 with **3,448 working insurees, actuarial capital for working insurees of CHF 453 million, a funding ratio of 102.6%**, annual **interest** paid on all old-age savings of **2.0%** and an investment **performance** for the year of **0.9%**.

As a result of a change to the Scheme's actuarial foundations (and in particular the reduction in the actuarial interest rate to 3%), the **provisions** for pension recipients required by our accredited pension actuary were around CHF 18 million higher than they had been in previous years. In making the appropriate provisions, the PVS has now aligned the capital required to continue to pay its pensions for the rest of its beneficiaries' lives to the lower investment returns now expected in the years ahead.

The 2011 PVS financial statements also show for the first time, in chapter 7.2.6 (Pages 42-43), the Scheme's asset administration costs that are integrated into the various investment vehicles and for which it is not separately invoiced. The PVS's total **asset administration costs** amount to around 0.26% of the Scheme's total assets – less than half the 0.56% average for Swiss occupational pension schemes which was recently calculated in a study of a federal government agency.

Information events in Zurich, Geneva and Basel

The PVS Board of Trustees and management warmly invite you to this year's PVS information sessions, which will be held as detailed below. We will be using each event to present the Scheme's 2011 accounts and financial statements and answer any questions you may have about these or other PVS or occupational pension matters.

Zurich	Friday 1 June 2012, starting at 14:00	Hercules A2-456 Meeting Room, Terminal 1, 2 nd floor
Geneva	Tuesday 5 June 2012, starting at 15:00	Salle de presse AIG
Basel	Wednesday 6 June 2012, starting at 13:30	"Geschäftsleitung BS" Meeting Room, Airport Building (Swiss Sector), 4th floor

Extension/renewal of the current service agreement with PFS Pension Fund Services AG

Ever since its foundation, the PVS has been working with PFS Pension Fund Services AG of Glattbrugg (near Zurich Airport). PFS provides management, administration, securities accounting, reporting and insurees' mortgage services for our Scheme and its members.

The present three-year service agreement with PFS will expire at the end of 2012. In view of this, the PVS invited PFS and four further candidates to submit their tenders to provide such services for our Scheme for the 2013-2015 period.

After an extensive assessment process, the overall package offered by PFS again proved the most attractive and convincing. As a result, the PVS Board of Trustees resolved unanimously at its 53rd board meeting in Winterthur on 10 May 2012 to continue its present collaboration with PFS Pension Fund Services AG, via a new 3½-year service agreement which will run from 1 July 2012 to the end of 2015.

Insurees' and beneficiaries' contact persons

PFS has redefined its two customer advisors' areas of responsibility:

Claudia Sommer is responsible for all **German- and English-speaking insurees and beneficiaries**. She can be reached on 043 210 1885 or at claudia.sommer@pfs.ch.

Markus Bleisch is responsible for all **French-speaking insurees and beneficiaries**. He can be reached on 043 210 1847 or at markus.bleisch@pfs.ch.

Partial liquidation as a result of the disaffiliation of Unitpool AG

A total of 18 insurees left the PVS on 31 December 2011 to join the new collective company pension scheme of Unitpool AG. The transfer coincided with the termination of the previous affiliation agreement between the PVS and Unitpool AG.

In view of this, our Board of Trustees formally approved a partial liquidation of the PVS when it met on 10 May 2012. This means that in addition to the vested benefits of the 18 insurees concerned, the PVS will also transfer to the new Unitpool scheme these insurees' entitlement to part of the PVS's current fluctuation reserves. The additional amount to be transferred has been calculated at CHF 73,191.

This formally concludes the partial liquidation.

Investment Regulations approved

The Board of Trustees unanimously approved the PVS's revised Investment Regulations when it met on 31 January 2012. The revised regulations are available on the PVS website.








The supervisory authorities also approved the new PVS Investment Regulations on 8 March.

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.

Pension fund “health check”

A major Zurich-based daily newspaper recently presented a different kind of survey of occupational pension schemes. In this assessment, the funding ratio was just one criterion: equal weight was given to the proportion of bonds in the scheme’s asset investments, its actuarial interest rate, provisions made to reduce conversion rates, actuarial capital for pension recipients as a percentage of the balance sheet total, BVG retirement savings as a percentage of the balance sheet total and membership turnover.

We conducted the same assessment of the PVS using our 2011 accounts and financial statements. And we are pleased to share with you the following favourable results:

Criterion	At the PVS	Remarks
Does the scheme have a funding ratio of less than 105%?	Yes: it's 102.6%. 	Our funding ratio at 31.12. 2011 was slightly below the study benchmark. It had increased to 106% by 31.3.2012.
Do bonds account for over 50% of the scheme’s investments?	No: 29.5%. 	The PVS has a widely-diversified range of investments.
Is the scheme’s actuarial interest rate above 3%?	No: it's 3%. 	The Board of Trustees lowered the PVS's actuarial interest rate to 3% on 10 May 2011.
Does the scheme have any provisions for lowering its conversion rates?	Yes, as provisions for pension losses. 	These provisions amount to CHF 6.7 million.
Does the actuarial capital for pension recipients exceed 50% of the balance sheet total?	No: it's 23.2%. 	Our actuarial capital for pension recipients amounts to CHF 147.8 million; the balance sheet total amounts to CHF 636.5 million.
Do BVG retirement savings exceed 50% of the balance sheet total?	No: they're 25.8%. 	BVG retirement savings amount to CHF 164.4 million.
Does the scheme have an annual membership turnover of more than 20%?	Yes: 29.7%. 	*) That annual membership turnover is above the study benchmark of 20% is due to the nature of the industry in which our insurees are involved.

*) The administration entailed in processing the 563 new insurees, 395 departures and 58 retirements in 2011 was as much automated as possible, and the corresponding workflows are all well established.

We wish you a wonderful summer.

Sincerely,



Peter Graf
President of the Board of Trustees



Markus Staudenmaier
Managing Director

Annex I

➔ **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

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.