



ABB Pension Fund Rules, Issue 2012

The original German text is legally binding.

Contents

	Paragraph	Page
A General provisions		
Name and purpose	1	5
Definitions	2	5
Membership	3	6
Start and end of membership	4	7
Insured salary	5	7
Savings capital and savings credits	6	8
B Benefits provided by the Pension Fund		
<i>Retirement benefits</i>		
Retirement pension/savings capital	7	9
Pensioner's child benefit	8	10
<i>Disability benefits</i>		
Disability pension	9	11
Disabled person's child benefit	10	12
<i>Survivors' benefits</i>		
Spouse's pension, lump-sum payment	11	12
Partner's pension, lump-sum payment	12	13
Orphan's pension	13	13
Death benefit	14	14
<i>Other benefits</i>		
Pension on early retirement for operational reasons	15	14
Termination benefit	16	15
C General provisions concerning benefits		
Payment of pensions	17	16
Promotion of home ownership	18	16
Cost-of-living adjustment of benefits	19	16
Overinsurance and reduction of benefits	20	17
D Funding		
Obligation to contribute	21	18
Amount of contributions	22	18
Assets, financial equilibrium and special funds	23	19
Limitation of company contributions	24	20

Contents

	Paragraph	Page
E Organisation and administration		
Board of Trustees	25	21
Administration of the Pension Fund	26	22
Duty to inform and report	27	22
F Final provisions		
Jurisdiction	28	23
Unforeseen situations	29	23
Changes/previous rules	30	23
Entry into force	31	24
Appendix I: Contributions tables		25
Appendix II: Conversion rate		28
Appendix III: Buy-in table		29

A General provisions

1 Name and purpose

- 1.1** Recorded in the register of occupational benefit plans under the name ABB Pension Fund there exists a trust within the meaning of art. 80 ff of the Swiss Civil Code and art. 48 of the Federal Law on Occupational Retirement, Survivors' and Disability Benefit Plans (BVG).
- 1.2** The purpose of the trust ("the Pension Fund") is to provide occupational pension cover within the terms of the BVG and its implementing provisions. It has been set up for the employees (and their dependents and survivors) of ABB Switzerland Ltd. Economically or financially associated companies can contract to affiliate themselves to the Pension Fund. The Pension Fund offers protection against the economic consequences of old age, death or disability.
- 1.3** The Pension Fund is committed to provide in all cases the benefits prescribed by law.

2 Definitions

- 2.1** The pronouns "he", "she" and their inflections as appear in these rules refer equally to persons of the other sex.
- 2.2** Terms used in these rules:
- a) Pension Fund: The ABB Pension Fund in Baden
 - b) Company: ABB Switzerland Ltd and all companies and institutions affiliated to the Fund
 - c) Active members: All employees of the company who are insured in accordance with the present rules
 - d) Age of retirement: Age at the time of retirement after 62nd birthday
 - e) Statutory retirement age: First day of the month after 65th birthday
 - f) BVG: Switzerland's Federal Law on Occupational Retirement, Survivors' and Disability Benefit Plans
 - g) BVG age: The difference between the current calendar year and the year of birth
 - h) Children eligible to receive a pension ("eligible children"): Children up to their 18th birthday; or if they are still in formal schooling or have been declared to be at least 70% disabled, up to their 25th birthday. Foster children who are supported by the member are treated as the member's own children.
 - i) Registered partnership: Members living in a registered partnership in accordance with art. 2 of the Swiss Federal Law on the Registration of Partnerships of 18 June 2004 (Partnership Law) have the same rights and obligations under these rules as married members. For the sake of conciseness, the terms "married member" and "spouse" are used in these rules.

A General provisions

3 Membership

- 3.1** Membership of the Pension Fund is mandatory for all employees of the company whose employment contract has been concluded for a period exceeding 3 months. When a contract of employment has been concluded for a period of up to 3 months, the employee joins the Pension Fund if the contract is extended beyond 3 months.
- 3.2** If there are several successive periods of employment at the same company, which together last more than 3 months, and if there is no gap of more than 3 months between these periods, the employee is insured from the start of the 4th month of working.
- 3.3** Not admitted to the Pension Fund are employees:
- whose annual salary does not exceed the minimum salary defined by the BVG
 - who do not (or will foreseeably not continuously) work in Switzerland and are sufficiently insured abroad, provided they apply for exemption from joining the Pension Fund (subject to the provisions of the EU/EFTA Agreement on the Free Movement of Persons)
 - who when commencing have passed the statutory retirement age or are at least 70% disabled
 - who can demonstrate that they are insured with another insurance institution within the meaning of the BVG
- 3.4** If recipients of retirement pensions are reemployed, they must join the Pension Fund as an active member; save as provided in paragraph 3.3. The trustees may also admit into the Pension Fund employees who are not subject to mandatory insurance under the law.
- 3.5** Employees who on admittance to the Pension Fund are in part disabled are insured only for that part corresponding to their ability to work.
- 3.6** If employees leave the company, they may remain in the Pension Fund provided they are resident in Switzerland and their contributions can be made via bank direct debit (LSV). Their new employer must also consent to this arrangement. If contribution payments fall behind by 2 months, the policy shall lapse and the termination benefit shall be transferred to the Suppletory Institution. In all cases, special conditions are to be agreed regarding future insurance cover. With the express permission of the trustees, members resident outside Switzerland may on request also remain in the Pension Fund if, and as long as, they have an established employment relationship with a foreign subsidiary of ABB.
- 3.7** If, due to a salary decrease, the member's relevant annual salary falls below the threshold level specified in paragraph 3.3, the member shall remain insured.

A General provisions

4 Start and end of membership

- 4.1** Membership of the Pension Fund starts with the contractual commencement of employment, but not earlier than:
- 1 January of the year in which the 18th birthday falls, for the risks of death and disability
 - 1 January of the year in which the 25th birthday falls, for retirement insurance
- 4.2** Membership ends with the cessation of employment unless entitlement to insurance benefits exists or membership continues within the meaning of paragraph 3.6. The risks of death and disability remain insured for 1 month after the cessation of employment, provided no new pension scheme has been entered into.

5 Insured salary

- 5.1** The monthly salary multiplied by 13 shall be taken as the annual salary for the purpose of these rules. The company may with the consent of the trustees include other parts of income in determining the reference salary.
- 5.2** The coordination deduction takes into account benefits payable by the AHV/IV. It is equal to one-third of the reference salary, but not more than the maximum AHV retirement pension.
- 5.3** The insured salary equals the reference salary less the coordination deduction, limited to the maximum insured salary defined by the trustees.
- 5.4** Should the reference salary decline temporarily due to sickness, accident, unemployment, maternity or similar reasons, the insured salary may remain unchanged if the company agrees. The member is responsible for the total contributions (company's and member's share, savings and risk contributions) pertaining to the continuously insured portion of the salary.
- 5.5** Active members whose relevant annual salary declines between the age of 58 and the statutory retirement age may request continued insurance of the previous insured salary if the following conditions apply:
- a) The period of notification applying to continued insurance is 6 months.
 - b) The decline may not exceed 50%.
 - c) The member is responsible for the total contributions (company's and member's share, savings and risk contributions) pertaining to the continuously insured portion of the salary.
 - d) Continued insurance ends upon the member's written application and no later than at the statutory retirement age.

A General provisions

6 Savings capital and savings credits

- 6.1** A personal retirement account is opened for each member, showing the status of the savings capital. The savings capital consists of the contributions minus withdrawals taking account of interest, as well as the savings credits taking account of interest (though the current year's savings credits do not attract interest).
- 6.2** The annual savings credits are calculated on the basis of the insured salary and the member's age according to one of the contributions tables in Appendix I.
- 6.3** The rate of interest is determined by the Board of Trustees.
- 6.4** The trustees decide annually as of the end of the year the rate of any interest bonus due by reason of the surplus according to the year's result. This interest bonus is credited to the retirement accounts as of 31 December of the current year. Entitled to it are the members of the Pension Fund at this time. The calculation of the interest bonus is based on:
- a) the declared sum of savings capital in the Pension Fund as of 1 January of the current year
 - b) the time and amount of contributions credited in the current year
 - c) the time and amount of withdrawals made in the current year

B Benefits provided by the Pension Fund

Retirement benefits

7 Retirement pension/savings capital

7.1 Retirement at statutory retirement age

Except as provided in paragraph 7.3, a member is entitled to retirement benefits when employment ceases at the time of retirement; members drawing a disability pension are entitled to retirement benefits on reaching the statutory retirement age. Notice of retirement must be given at least 6 months in advance.

Retirement benefits may be drawn in the form of a capital payment or a pension. On retiring, members also have the option of drawing only part of their savings capital in the form of capital payment. Married members requesting a capital payment must have the request signed by their spouse and notarised. If part of the savings capital is drawn in the form of a capital payment, the retirement pension and other insured benefits are reduced in the ratio of the capital payment drawn to the savings capital. On drawing the full sum of the savings capital in the form of capital, all claims to the Pension Fund expire.

The retirement pension on retiring at statutory retirement age will be calculated on the basis of the member's existing savings capital and the conversion rate set forth in Appendix II.

7.2 Flexible retirement

In the event of retirement after completing the 63rd year of age, the retirement pension will be calculated on the basis of the member's existing savings capital at the time of retirement and the conversion rate set forth in Appendix II. Paragraph 7.1 then applies accordingly.

From the date of retirement until the statutory retirement age is reached, members obligated to pay contributions shall be entitled to a monthly bridging pension, provided that the contributions have been paid in over a period of at least 5 years. If recipients of retirement pensions return to gainful employment following their retirement, they must immediately report this to the Pension Fund. The bridging pension shall be reduced by the amount of earned income, whereby an annual exemption is granted in the amount of twice the monthly maximum AHV retirement pension. The bridging pension corresponds to the maximum AHV retirement pension applicable at the time of retirement. For part-time employees, the bridging pension will be commensurately reduced to reflect the given individual's percentage level of employment during the most recent 5-year period. If the individual subsequently applies for unemployment benefits, the right to receive a bridging pension ceases.

Where members are entitled to an AHV/IV pension or foreign social security benefits, they shall also receive a monthly payment equivalent to the difference between the maximum AHV retirement pension and the AHV/IV pension or, as the case may be, foreign social security benefits drawn at the time their pension entitlement begins.

B Benefits provided by the Pension Fund

7.3 Early and late retirement

Members may at their request take early retirement, but not earlier than age 58.

Paragraph 7.1 then applies accordingly.

Members may with the company's consent postpone retirement until not later than age 70. Paragraph 7.1 then applies accordingly.

The pension on early or late retirement is calculated on the basis of the savings capital accrued at the time of retirement and a conversion rate as set forth in Appendix II.

7.4 Phased retirement

With the consent of the company, members may stagger their retirement, withdrawing from work in phases.

The provisions of paragraphs 7.1 to 7.3 and 22.5 then apply accordingly.

8 Pensioner's child benefit

8.1 Recipients of a retirement pension are entitled to receive a pensioner's child benefit for any eligible children they have.

8.2 The annual pensioner's child benefit for each eligible child amounts to 20% of the retirement pension paid out.

8.3 Payment of the pensioner's child benefit starts at the same time as the retirement pension. Entitlement ceases in the event of the child's death or when eligibility for a pension ceases.

B Benefits provided by the Pension Fund

Disability benefits

9 Disability pension

9.1 Members who are at least 40% disabled as defined by the Federal Disability Insurance (IV), provided they were insured in the Pension Fund at the onset of the disability that led to their incapacity for work, are entitled to disability benefits.

The trustees may decide to pay a disability pension on the basis of a certificate from a doctor of its choice before a member receives a pension from the IV. This is conditional upon prior registration with the IV.

9.2 The trustees may consent to pay disability benefit to members working abroad on the company's behalf who are not covered by the Federal Disability Insurance (IV) on the basis of a certificate from a doctor or authority nominated by the trustees. without a decree from the IV authorities being necessary.

9.3 The disability benefits will not be paid as long as the member receives a salary or compensating health or accident insurance benefits. Entitlement to a disability pension ceases with the end of the disability or upon the member's death, at latest however at statutory retirement age.

9.4 The amount of disability pension to which the member is entitled is determined by the degree of disability in accordance with the following breakdown:

Degree of disability	Pension level
At least 70% disabled	Full pension
At least 60% disabled	75% pension
At least 50% disabled	50% pension
At least 40% disabled	25% pension

The trustees may take into account changes in the degree of disability that are not, or not immediately, recognised by the IV. The trustees may also order a medical examination by a doctor designated by them. The entitlement to a pension may be changed on the basis of such an examination. In the event that a recipient of a disability pension refuses to undergo medical examination, the trustees may declare the pension entitlements forfeit.

9.5 The annual full disability pension amounts to 60% of the insured salary. As of the start of the entitlement to the disability pension, the savings capital, based on the last insured salary, continues to accrue with savings credits according to the Standard contributions table (see Appendix I) as well as with interest and bonus interest until statutory retirement age. This savings capital serves as the basis for determining the retirement benefits.

9.6 In the case of partial disability, the member's accrued savings capital at the onset of the disability are divided up in accordance with the above breakdown. The savings capital corresponding to the able-bodied proportion continues to accrue as for fully able-bodied members.

B Benefits provided by the Pension Fund

10 Disabled person's child benefit

- 10.1** Recipients of a disability pension are entitled to child benefit for any eligible children they have.
- 10.2** The annual disabled person's child benefit for each eligible child amounts to 20% of the disability pension paid out.
- 10.3** Payment of disabled person's child benefit starts at the same time as the disability pension. Entitlement ceases in the event of the child's death or when eligibility ceases.

Survivors' benefits

11 Spouse's pension, lump-sum payment

- 11.1** The surviving spouse of an active member or of a pensioner is entitled to a spouse's pension if he or she has raised children or reached the age of 45. If a spouse not yet aged 45 receives a disability pension from the IV, the trustees may also grant him or her a spouse's pension.
- 11.2** A surviving spouse who fulfils none of the conditions given in paragraph 11.1 is entitled to a single lump-sum payment equal to 5 annual spouse's pensions.
- 11.3** Entitlement to a spouse's pension starts on expiry of retirement or disability pension payments, or on expiry of salary payments. Entitlement ceases at the end of the month of death or on remarriage, provided the spouse at that time has not yet reached age 60. If the spouse's pension ceases owing to marriage, the spouse is entitled to a lump-sum settlement equal to 3 annual spouse's pensions.
- 11.4** If a member dies before reaching statutory retirement age, the spouse's pension is equal to 60% of the disability pension, payable until the time the deceased would have reached statutory retirement age. Thereafter, the spouse's pension amounts to 60% of the notional retirement pension.
To determine the notional retirement pension, the net savings capital (savings capital minus buy-ins personally paid into the Pension Fund) of the deceased, based on the last insured salary, continues to accrue with savings credits according to the Standard contributions table shown in Appendix I, as well as with interest and bonus interest until statutory retirement age. The spouse's pension on the death of a pensioner is equal to 60% of the retirement pension at the time.
- 11.5** The rules governing spouses' pensions also apply to divorced spouses provided the marriage lasted at least 10 years. However, benefits paid by the Pension Fund are limited to that portion of the maintenance/alimony allowance (according to the divorce verdict) which exceeds the benefits payable by the AHV and any foreign social security insurance.

B Benefits provided by the Pension Fund

- 11.6** At the time of retirement or of drawing the retirement pension, members are entitled to increase the prospective spouse's pension. The retirement pension shall then be reduced for the pensioner's lifetime by application of the actuarial principles of the foundation. The increased spouse's pension must not be higher than the reduced retirement pension.
- This reduction concerns the retirement pension only and is maintained even if the spouse dies before the pensioner.

12 Partner's pension, lump-sum payment

- 12.1** If an unmarried member has lived continuously in the same household with an unmarried, unrelated domestic partner for a period of at least 5 years prior to the member's death, or if he was responsible for the maintenance of children that the couple had together, then the deceased member's partner has the right to receive the same benefits as a spouse.
- The Board of Trustees may levy a charge to defray the costs of clarifying the specific matter.
- 12.2** Partners of unmarried recipients of retirement pensions are entitled to a partner's pension pursuant to paragraph 12.1 only if the partnership was entered into prior to the insured member's 60th birthday.
- 12.3** The provisions set forth in paragraphs 11.1, 11.3 and 11.4 apply accordingly. If the partner does not fulfil the conditions for a partner's pension pursuant to paragraph 11.1 but if the partnership lasted for at least 5 years, a lump-sum payment pursuant to paragraph 11.2 shall be made. There is no entitlement to a partner's pension if the beneficiary already draws a spouse's or partner's pension from a different pension scheme.
- 12.4** Application must be made within 3 months of the member's death.

13 Orphan's pension

- 13.1** The children of a deceased member or pensioner are entitled to an orphan's pension.
- 13.2** The annual orphan's pension for each eligible child amounts to 20% of the insured full disability pension or 20% of the current retirement pension. The pension is doubled for orphans bereaved of both parents.
- 13.3** Entitlement to an orphan's pension starts on expiry of retirement or disability pension payments, or on expiry of salary payments. Entitlement ceases in the event of the orphan's death or when eligibility ends.

B Benefits provided by the Pension Fund

14 Death benefit

- 14.1** A capital sum is payable on the death of a member. Entitled to payment are the survivors, irrespective of right of inheritance, in the following order of precedence and amount:
- a) the spouse and children entitled to a pension, in the full amount; failing them
 - b) partners (as defined under paragraph 12.1) or persons who were supported to a substantial degree by the deceased member before his or her death, in the full amount; failing them
 - c) other children or parents, in the full amount; failing them
 - d) other legal heirs of the deceased member, excluding the state, in half the amount
- 14.2** By written instruction addressed to the Pension Fund, members may determine which persons among the eligible group are entitled to death benefit, and in what proportions. If no such instructions are given, the death benefit is divided among the eligible group at the discretion of the trustees.
- 14.3** If the death of an active or disabled member occurs before retirement, the death benefit is equal to the accrued net savings capital (savings capital minus buy-ins personally paid into the Pension Fund), diminished by the costs of funding the survivors' benefits, but at least 100% of the insured salary.
After retirement, the death benefit is equal to twice the annual retirement pension, diminished by the retirement pension payments received.

Other benefits

15 Pension on early retirement for operational reasons

- 15.1** At the request of the company, the Pension Fund makes monthly payments to members who leave the company for reasons of the company's business operations. The amount of these payments is in accordance with a plan which is binding on the company.
- 15.2** The company pays to the Pension Fund compensation, determined by means of actuarial calculations, for the latter's additional disbursements.
- 15.3** On reaching statutory retirement age, or in the event of prior death, the payments within the meaning of paragraph 15.1 cease and are replaced by benefits as provided by the present rules.

B Benefits provided by the Pension Fund

16 Termination benefit

- 16.1** Insurance coverage ceases upon termination of the employment relationship, provided no claim exists for Pension Fund benefits under these rules. If savings capital has accrued, the member is entitled to a termination benefit.
- 16.2** The amount of termination benefit is calculated on the defined contribution principle. It is equal to the accrued savings capital. The member is not entitled to any further payments from the Pension Fund unless a partial liquidation is carried out.
- 16.3** The benefits in case of death or disability insured at the time employment ceases remain insured without change until such time as a new pension scheme is entered into, but for not longer than 1 month. If the Pension Fund becomes liable to pay benefits after the termination benefit has already been paid out, the savings capital is reduced in lieu of repayment.
- 16.4** The termination benefit is transferred to the pension fund of the new employer or, failing such a fund, used to set up a termination benefit account or to purchase a termination benefit policy. Unless notified otherwise, it will be remitted 6 months after the leaving date to the Suppletory Institution.
- 16.5** Members withdrawing from the Pension Fund can request the termination benefit to be paid in cash if:
- a) they are leaving Switzerland or the Principality of Liechtenstein permanently; excepted in this regard is the obligatory portion of the departure benefit, provided the departing member takes up residency in an EU or EFTA member state and is subject there to legally stipulated old age, death and disability insurance, in which case the obligatory portion must be used to fund a termination benefit account or termination benefit policy in Switzerland or the Principality of Liechtenstein
 - b) they become self-employed and are no longer subject to mandatory occupational insurance or
 - c) the termination benefit is less than the member's annual contribution

For married members, payment in cash is permitted only with the spouse's written, notarised consent.

- 16.6** Otherwise the Law on Vesting in Pension Plans applies.

C General provisions concerning benefits

17 Payment of pensions

- 17.1** Pensions are paid in advance in monthly instalments. The full pension is paid out for the month in which entitlement ceases. On the death of a pensioner (retirement or disability), the pension entitlement ceases 2 months after the end of the month of death.
- 17.2** If at the time of drawing a pension the annual pension or the sum of annual pensions is less than 10% of the minimum AHV pension, a capital settlement calculated according to actuarial rules will be paid instead of the pension.

18 Promotion of home ownership

- 18.1** Members of the Pension Fund may in accordance with the relevant legal provisions use their savings capital to buy residential property for their own use.
- 18.2** The Pension Fund shall issue the necessary implementation rules.

19 Cost-of-living adjustment of benefits

- 19.1** Survivor's and disability pensions conforming to the BVG are adjusted to the cost of living in accordance with the law and directives issued by the Federal Council.
- 19.2** The Board of Trustees decides annually whether and to what extent pensions can be increased within the financial possibilities of the Pension Fund. The assets of the Pension Fund in favour of pensioners (paragraph 23.4 b) are deployed for this purpose.

20 Overinsurance and reduction of benefits

20.1 If the survivors' or disability benefits of the foundation, aggregated with the benefits of a different occupational benefits scheme, the AHV/IV, accident or military insurance or foreign social insurance schemes give a pension income in excess of 90% of the presumed income, the pensions to be paid out by the foundation may be reduced until that limit is no longer exceeded. The same provision shall likewise apply to the insurance schemes for which the company has paid at least one half of the premium.

The additional earned income, or income that could reasonably be earned, by recipients of disability benefits may be taken into account in this regard.

Retirement benefits shall be reduced only if they coincide with benefits paid under accident or military insurance. In the case of a reduction, the retirement benefit shall correspond to at least the savings capital at the moment the member became disabled.

Lump-sum settlements or capital payments are converted into actuarially equivalent pensions. Where admissible under art. 25 BVV 2, benefit reductions under accident or military insurance shall not be offset.

20.2 Persons entitled to benefits in the event of death or disability are required to surrender to the Pension Fund their claims on any liable third party up to the amount of the Pension Fund's benefit obligations.

20.3 The Pension Fund may reduce its benefits by a corresponding degree if the AHV/IV, the accident or military insurance institutions reduce, withdraw or refuse the payment of benefits because the beneficiary has caused death or disability by gross negligence or refuses to undergo rehabilitation measures.

20.4 If the Pension Fund is required to pay benefits in advance, such payments shall reflect the legally stipulated minimum amount.

D Funding

21 Obligation to contribute

- 21.1** The obligation to make contributions begins on joining the Pension Fund and continues until the member's retirement, departure from the Pension Fund or death.
- 21.2** For disabled members, the obligation to contribute is reduced in accordance with the relevant breakdown (as per paragraph 9.4).
- 21.3** Members' contributions are deducted by the company from their salary, sick pay or compensatory salary, and transferred to the Pension Fund in monthly instalments together with the company's contributions.
- 21.4** On joining the Pension Fund, termination benefits deriving from previous pension schemes must be transferred to the Pension Fund as required by law.

22 Amount of contributions

- 22.1** Until the end of the year in which their 24th birthday falls, members pay a risk premium of 1% of their insured salary. This risk premium is not refunded on withdrawing from the Pension Fund.
- 22.2** Until the end of the year in which a member's 24th birthday falls, the company pays a risk premium of 1.5% of the insured salary. This risk premium is not refunded on withdrawing from the Pension Fund.
- 22.3** From 1 January of the year in which their 25th birthday falls, members pay a savings contribution in accordance with one of the contributions tables in Appendix I. There are 3 tables to choose from: Standard, Standard plus and Standard minus. Members may choose each year as of 1 January the table according to which they wish to contribute in the following year. The table Standard applies if no choice is made. Once a decision has been taken, it shall apply until it is changed by the member.
- 22.4** From 1 January of the year in which a member's 25th birthday falls, the company pays a contribution according to the contributions tables in Appendix I. This contribution is composed of half the age-related savings credits as in the table Standard and of a contribution of 4.2% of the insured salary for the risks of death and disability, for flexible retirement and also for other expenses.
- 22.5** Within the limits of the legal provisions, members may at any time make payments into the Pension Fund in order to increase their retirement benefits. The foundation shall define the buying-in limit in line with recognised principles (see buy-in table in Appendix III).
In the event of death, the total amount of buy-ins personally paid into the Pension Fund including interest shall be paid out to the beneficiaries in accordance with paragraphs 14.1 and 14.2 in addition to the death benefit as defined in paragraph 14.3.

D Funding

If buy-ins are made, the resulting benefits may not be withdrawn from the Pension Fund in the form of a capital payment for a period of 3 years. If early withdrawals have been made in connection with the promotion of home ownership, voluntary buy-ins may be made only once such withdrawals have been repaid. Exempted from this limitation are buy-ins made in the case of divorce. If early withdrawals made in connection with the promotion of home ownership have not been repaid 3 years before statutory retirement age, voluntary buy-ins are allowed provided that combined with the early withdrawals they do not exceed the maximum pension benefits allowed under the rules.

When retirement is taken before statutory retirement age, voluntary contributions, vested benefits and refunds paid under the Law on Promotion of Home Ownership which were remitted after BVG age 52, together with the interest accruing thereon and interest bonus, will be converted into additional retirement pension in accordance with the Pension Fund's actuarial principles. Termination benefits the transfer of which was agreed at the time of joining the company after BVG age 52 will be converted into retirement pension as provided in paragraph 7.2.

- 22.6** Upon retirement prior to the statutory retirement age (see paragraph 7.3), the insured member may draw the resulting reduced benefits in accordance with the technical provisions of the Pension Fund. Such a drawdown must be in the form of a pension; a lump-sum payment of capital as per paragraph 7.1 is not possible for this portion of the savings capital. In each such instance, the provisions governing limitations on buy-ins as per art. 79b BVG are applicable. The insured member will receive no more than the pension he would have received had he retired at the statutory retirement age without having paid additional contributions to finance early retirement, whereas a 5% tolerance limit is acceptable in this regard.

23 Assets, financial equilibrium and special funds

- 23.1** The assets of the Pension Fund are to be prudently invested. The Board of Trustees determines the investment strategy. The composition of the invested assets must comply with relevant legal provisions. Sufficient liquid assets must be maintained to cover ongoing outlays.
- 23.2** The trustees appoint annually an accredited pension actuary to conduct an actuarial audit of the Pension Fund on the principles of the capital cover method in a closed fund.
- 23.3** If the actuarial audit reveals insufficient capital cover that threatens the Fund's ability to meet its statutory obligations to pay benefits, then the Board of Trustees shall initiate the measures required to cure such insufficiency. In particular, member contributions may be temporarily increased in accordance with applicable legal provisions, and future or under circumstances also accrued benefits may be reduced by a reasonable amount. If the financial foundation of the insurance scheme is endangered as a result of extraordinary circumstances such as war, epidemics, loss of Pension Fund assets, etc., then the Board of Trustees may as a precaution reduce the level of accrued and current benefits as well as that of future benefits.

D Funding

- 23.4** a) The Pension Fund maintains a special fund in favour of members; credited to this fund are revenue surpluses that are earmarked for increasing the benefits of insured members; debited to this fund are increased benefits for insured members.
- b) The Pension Fund maintains a special fund in favour of pensioners; credited to this fund are revenue surpluses that are earmarked for increasing the benefits of pensioners; debited to this fund are increased benefits for pensioners.
- c) The Pension Fund also maintains actuarial reserves which are explained conclusively in a separate set of rules.

24 Limitation of company contributions

- 24.1** According to art. 65 and 66 of the BVG, the company is obliged by law to pay the contributions necessary to finance in equal parts the minimum benefits defined by law. Agreement to pay contributions beyond this may be revoked, after consultation with the members' representatives on the Board of Trustees and, subject to 12 months' prior notice, at the beginning of a calendar year, if the company finds itself required to do this in view of future legislation, jurisdiction or its own financial possibilities. If necessary, members' contributions will also be reduced to the extent required to maintain equal levels of contributions as prescribed by law.

25 Board of Trustees

- 25.1** The Board of Trustees (“the trustees”) is the sole body of the Pension Fund. It is composed of 12 trustees, of whom 6 are appointed by ABB Switzerland Ltd and 6 are elected by the members of the Pension Fund from their midst.
- 25.2** The trustees issue regulations concerning election of Pension Fund members’ representatives to the board.
- 25.3** The term of office of trustees is 4 years. They can be re-elected. The term of office ends prematurely if a trustee leaves the company. In this case a by-election is to be held. The new trustee is elected for the remainder of his or her predecessor’s term of office.
- 25.4** The chairman of the trustees is designated by ABB Switzerland Ltd; he or she presides over the Board of Trustees.
The Board of Trustees otherwise constitutes itself.
- 25.5** The trustees are entrusted with the administration of the Pension Fund in accordance with the present rules. The trustees are entitled to delegate particular tasks to commissions, organisational units and committees, and establish the necessary rules and regulations to do so. The trustees decide finally in all matters pertaining to the Pension Fund, abiding by the requirements of the law and the provisions of these rules. They appoint the auditors and the accredited pension actuary.
- 25.6** A quorum of the Board of Trustees is constituted when at least 7 trustees are present. They take decisions by a simple majority of votes. The chairman has a single vote. Decisions are adopted only if at least 1 representative of the Pension Fund members and 1 representative of the employer vote in favour of the motion. If no decision is reached, the motion is to be considered again within 60 days. The trustees issue rules on voting by circular.
- 25.7** The trustees and persons acting on their behalf are committed to secrecy on all matters concerning the personal circumstances of Pension Fund members and the business activities of the Pension Fund and the company which come to their knowledge in the exercise of their duties.
- 25.8** The Pension Fund may compensate the company’s respective business units for the deployment of employer and employee representatives to the Board of Trustees. The amount of said compensation shall correspond to market-consistent guidelines and is to be determined in detail by the Board of Trustees. Said compensation shall be disclosed in the annual financial statements of the Pension Fund.

E Organisation and administration

26 Administration of the Pension Fund

- 26.1** The trustees appoint a General Manager of the Pension Fund.
- 26.2** The Pension Fund assumes the costs of administration. These costs are shown in the annual accounts.

27 Duty to inform and report

- 27.1** The annual accounts of the Pension Fund are made public to all members and pensioners. Members receive each year a benefit statement showing the insured benefits and the balance of the savings capital. On request, an individual's data will be made available to members by the administration of the Pension Fund.
- 27.2** Members or their survivors are required to provide at any time truthful information on matters relevant to their insurance and to submit the documents necessary to substantiate claims to benefit.
- 27.3** The trustees reserve the right to cease payment of benefits, or to demand repayment of benefits paid out wrongly, if a member or a pensioner fails to comply with the duty to inform.

F Final provisions

28 Jurisdiction

- 28.1** Disputes concerning the application or interpretation of the present rules or concerning questions not explicitly covered by the rules shall be presented to the Board of Trustees for amicable settlement.
- 28.2** If no amicable settlement can be achieved, legal recourse may be taken as set out in the BVG.

29 Unforeseen situations

- 29.1** In situations not explicitly foreseen by the provisions of the present rules, the trustees are authorised to define regulations conforming to the spirit and purpose of the Pension Fund.

30 Changes/previous rules

- 30.1** The present rules may be amended by the trustees at any time within the constraints of the law and the purpose of the Pension Fund. Claims already acquired by beneficiaries are not affected by amendments to the rules. Account must however be taken of the following divergent special provisions.
- 30.2** Future death benefits (death benefit and spouses' pensions) of recipients of retirement pensions are governed by the rules in force at the time of death.
- 30.3** In case of death before the AHV retirement age, the death benefit for a recipient of disability pension entitled to a lifelong disability pension (entitlement according to pre-1994 rules) amounts to twice the annual disability pension. In case of death after the AHV retirement age, the death benefit amounts to twice the annual pension minus the pension already drawn.
- 30.4** The death benefit for a recipient of a disability pension who is entitled to a temporary disability pension (entitlement according to rules from 1994 onwards) is governed by the rules in force at the time of death.
- 30.5** When deciding on entitlement to a capital payment at death, the determination of beneficiaries in the rules applicable at death always applies.
- 30.6** Paragraph 31.1 applies accordingly to benefits to partners.
- 30.7** The rules in force at the time of the recalculation apply to the overinsurance calculation pertaining to retirement benefits payable to recipients of temporary disability benefits (entitlement according to rules from 1994 onwards).
- 30.8** At the time a disability or spouse's pension converts into a retirement pension or full spouse's pension, determination of the new benefits is made in accordance with the version of these rules valid at that time.

F Final provisions

30.9 In the case of disability pensions for which a claim arose prior to 1 January 2007, special transitional provisions shall apply.

The aforementioned disability pensions will not be affected by the new breakdown reflected in paragraph 9.4. For these pensions, the breakdown reflected in the rules dated 1 January 2004 shall apply, provided there has been no change to the degree of disability. Otherwise, the following provisions shall apply:

Pension claim arose	Increased degree of disability	Reduced degree of disability	Breakdown as per rules
prior to 1.1.2005	prior to 1.1.2007		2004, para. 9.4
prior to 1.1.2005	after 1.1.2007		2007, para. 9.4
prior to 1.1.2005		after 1.1.2005	2004, para. 9.4
between 1.1.2005 and 31.12.2006	prior to 1.1.2007	prior to 1.1.2007	2004, para. 9.4
between 1.1.2005 and 31.12.2006	after 1.1.2007	after 1.1.2007	2007, para. 9.4

31 Entry into force

31.1 These rules come into effect on 1 January 2012 and replace those of 1 January 2009.

Board of Trustees
ABB Pension Fund

Baden, 26 August 2011

Appendix I

Contributions table Standard

BVG age	Savings credits in % of insured salary see paragraph 6.2	Contributions in % of insured salary see paragraphs 22.1 to 22.4	
		Members	Company
18-24	0	1.00	1.50
25	7.8	3.90	8.10
26	8.2	4.10	8.30
27	8.7	4.35	8.55
28	9.2	4.60	8.80
29	9.6	4.80	9.00
30	10.1	5.05	9.25
31	10.5	5.25	9.45
32	11.0	5.50	9.70
33	11.3	5.65	9.85
34	11.7	5.85	10.05
35	12.1	6.05	10.25
36	12.4	6.20	10.40
37	12.8	6.40	10.60
38	13.2	6.60	10.80
39	13.5	6.75	10.95
40	13.9	6.95	11.15
41	14.3	7.15	11.35
42	14.6	7.30	11.50
43	15.0	7.50	11.70
44	15.4	7.70	11.90
45	15.7	7.85	12.05
46	16.1	8.05	12.25
47	16.5	8.25	12.45
48	16.8	8.40	12.60
49	17.2	8.60	12.80
50	17.6	8.80	13.00
51	17.9	8.95	13.15
52	18.3	9.15	13.35
53	18.8	9.40	13.60
54	19.2	9.60	13.80
55	19.7	9.85	14.05
56	20.1	10.05	14.25
57	20.6	10.30	14.50
58	21.0	10.50	14.70
59	21.0	10.50	14.70
60	21.0	10.50	14.70
61	21.0	10.50	14.70
62	21.0	10.50	14.70
63	21.0	10.50	14.70
64	21.0	10.50	14.70
65	21.0	10.50	14.70
66	21.0	10.50	14.70
67	21.0	10.50	14.70
68	21.0	10.50	14.70
69	21.0	10.50	14.70
70	21.0	10.50	14.70

Appendix I

Contributions table Standard plus

BVG age	Savings credits in % of insured salary see paragraph 6.2	Contributions in % of insured salary see paragraphs 22.1 to 22.4	
		Members	Company
18-24	0	1.00	1.50
25	12.0	8.10	8.10
26	12.4	8.30	8.30
27	12.9	8.55	8.55
28	13.4	8.80	8.80
29	13.8	9.00	9.00
30	14.3	9.25	9.25
31	14.7	9.45	9.45
32	15.2	9.70	9.70
33	15.5	9.85	9.85
34	15.9	10.05	10.05
35	16.3	10.25	10.25
36	16.6	10.40	10.40
37	17.0	10.60	10.60
38	17.4	10.80	10.80
39	17.7	10.95	10.95
40	18.1	11.15	11.15
41	18.5	11.35	11.35
42	18.8	11.50	11.50
43	19.2	11.70	11.70
44	19.6	11.90	11.90
45	19.9	12.05	12.05
46	20.3	12.25	12.25
47	20.7	12.45	12.45
48	21.0	12.60	12.60
49	21.4	12.80	12.80
50	21.8	13.00	13.00
51	22.1	13.15	13.15
52	22.5	13.35	13.35
53	23.0	13.60	13.60
54	23.4	13.80	13.80
55	23.9	14.05	14.05
56	24.3	14.25	14.25
57	24.8	14.50	14.50
58	25.2	14.70	14.70
59	25.2	14.70	14.70
60	25.2	14.70	14.70
61	25.2	14.70	14.70
62	25.2	14.70	14.70
63	25.2	14.70	14.70
64	25.2	14.70	14.70
65	25.2	14.70	14.70
66	25.2	14.70	14.70
67	25.2	14.70	14.70
68	25.2	14.70	14.70
69	25.2	14.70	14.70
70	25.2	14.70	14.70

Contributions table Standard minus

BVG age	Savings credits in % of insured salary see paragraph 6.2	Contributions in % of insured salary see paragraphs 22.1 to 22.4	
		Members	Company
18-24	0	1.00	1.50
25	7.0	3.10	8.10
26	7.0	2.90	8.30
27	7.0	2.65	8.55
28	7.0	2.40	8.80
29	7.0	2.20	9.00
30	7.0	1.95	9.25
31	7.0	1.75	9.45
32	7.0	1.50	9.70
33	7.0	1.35	9.85
34	7.0	1.15	10.05
35	10.0	3.95	10.25
36	10.0	3.80	10.40
37	10.0	3.60	10.60
38	10.0	3.40	10.80
39	10.0	3.25	10.95
40	10.0	3.05	11.15
41	10.0	2.85	11.35
42	10.0	2.70	11.50
43	10.0	2.50	11.70
44	10.0	2.30	11.90
45	15.0	7.15	12.05
46	15.0	6.95	12.25
47	15.0	6.75	12.45
48	15.0	6.60	12.60
49	15.0	6.40	12.80
50	15.0	6.20	13.00
51	15.0	6.05	13.15
52	15.0	5.85	13.35
53	15.0	5.60	13.60
54	15.0	5.40	13.80
55	18.0	8.15	14.05
56	18.0	7.95	14.25
57	18.0	7.70	14.50
58	18.0	7.50	14.70
59	18.0	7.50	14.70
60	18.0	7.50	14.70
61	18.0	7.50	14.70
62	18.0	7.50	14.70
63	18.0	7.50	14.70
64	18.0	7.50	14.70
65	18.0	7.50	14.70
66	18.0	7.50	14.70
67	18.0	7.50	14.70
68	18.0	7.50	14.70
69	18.0	7.50	14.70
70	18.0	7.50	14.70

Appendix II

Conversion rate in %

The conversion rates are interpolated on the basis of the actual age of retirement expressed to the precise month.

Retirement age	
57	5.42
58	5.52
59	5.63
60	5.75
61	5.87
62	6.00
63	6.15
64	6.30
65	6.50
66	6.65
67	6.84
68	7.04
69	7.26
70	7.50

Appendix III

Buy-in table

This table is used to determine the maximum savings capital as a percentage of the member's insured salary pursuant to paragraph 22.5. The values listed correspond to the maximum savings capital as at year's end of the given BVG age. Figures for dates before year end are reduced accordingly. The effective buy-in potential is derived from the maximum savings capital as reflected in this table, less the savings capital already available.

BVG age	Maximum savings capital as % of insured salary
25	12.0
26	24.6
27	37.8
28	51.8
29	66.4
30	81.7
31	97.6
32	114.3
33	131.5
34	149.4
35	167.9
36	187.0
37	206.8
38	227.3
39	248.4
40	270.3
41	292.8
42	316.0
43	340.0
44	364.7
45	390.0
46	416.2
47	443.1
48	470.8
49	499.2
50	528.5
51	558.5
52	589.4
53	621.3
54	654.0
55	687.7
56	722.3
57	757.4
58	794.5
59	831.6
60	869.3
61	907.5
62	946.4
63	985.7
64	1025.7
65	1058.6

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