Confidential

Baar, november 2016

Dear Mr. Robertson

Please first read the front page.

The measures and changes described overleaf, which take effect on 1 January 2017, are expected to affect you as follows.

Old age pension

Standard retirement age		X	
Old age pension from previous plans	CHF	X	per year
Old age pension from new plans without vested rights	CHF	X	per year
Vested pension maximum*	CHF	X	per year
Change in old age pension incl. vested rights	CHF	X	per year
Retirement capital from previous plans	CHF	X	
Retirement capital from new plans	CHF	X	
Change in retirement capital	CHF	X	

Contributions

Employee contribution 2017 previous plans	CHF	X	per month
Employee contribution 2017 new plans	CHF	X	per month
Change in employee contribution	CHF	X	per month

* The vested pension will be reduced if the old age pension is withdrawn before the standard retirement age. It will also be reduced if part of the old age pension is withdrawn as a lump sum.

Disclaimer

These calculations are intended purely for your information and are based on the insured person's data as of 30 September 2016. Any buy-ins, early withdrawals or salary adjustments since that date have not been taken into account. The final figures are determined by the status on 31 December 2016.

C&A Group Pension Fund

Information for the insured

The occupational pension (2nd Pillar) has to meet the main challenge of being able to pay out pension benefits reliably in the long term. The two decisive factors here are life expectancy and the yield that can be obtained on the financial markets. Because life expectancy continues to increase, while interest rates on the financial markets are very low, the Pension Fund has to adjust its performance target. The future assured pensions are declining.

Life expectancy and interest rate environment

Life expectancy has constantly risen over the past decades. Current models of population trends predict that this increase will continue. A fact that is good for the individual presents great challenges to the Pension Fund. The guaranteed pensions paid out from the time of retirement have to last for an increasing number of years. But at the same time the capital that is paid into the Pension Fund over the years is no longer growing at the desired rate due to the very low interest rates and the poor future prospects for the yield on the stock market. A financial gulf is opening up which the Pension Fund has to bridge in order to safeguard its long-term stability. For these reasons, the Boards of Trustees of the Pension Fund again have to take further measures to secure the Pension Fund for the long term.

Defined Contribution

The pension plans of the Pension Fund are organised according to the Defined Contribution scheme. This means that during the period in which they are actively contributing to the insurance plan, every insured person has predefined contributions credited to an individual account that bears interest. These retirement assets that are saved up until the time of retirement are then used to finance a life-long pension. The level of the pension is calculated from the existing retirement assets, which are converted into a pension by applying the so-called conversion rate. Example: Assets of CHF 100,000 saved up by the time of taking retirement: with the existing conversion rate of 5.9% this results in an annual old-age pension of CHF 5,900, and with the newly decided conversion rate of 5.35 % the pension will now be CHF 5,350.

Measures that have been decided

Because of the expected trend of an increasing life expectancy and the very low interest rate environment, which both have an effect on the conversion rate, the conversion rate in the Pension Fund at the age of 65 will be reduced from the current value of 5.90% to 5.35% with effect from 1 January 2017.

This means that the future pensions of those who are now actively contributing to the insurance scheme will be lower. To lessen this reduction in these pensions, the Board of Trustees together with the employers have decided further measures, with the aim of using the available funds in the most socially responsible way.

Starting on 1 January 2017, the savings contributions in the basic plan will be increased, so that the retirement assets will be higher at the time of retirement, which will serve to counteract the reduction in pensions. Furthermore, the insured persons who are near the age of retirement will receive a vested pension, which can further lessen the reduction in pensions. The employers are enabling the financing of these vested pensions by contributing about 2.5 million Swiss francs.

As another measure, the children's allowances for pensioners, for new pensions, will be cancelled in the extended plans, because for high pensions these would be tantamount to an over-insurance.

The measures that have been decided primarily safeguard the level of pensions of the "lower" income bracket, i.e. the pensions in the basic plan, while the level of pensions in the "higher" income bracket will decrease by about 9% in the extended plans. On the other hand, the expected capital payments will be higher and the withdrawal of a lump-sum will continue to be possible.

Effects

The various measures will have an effect on the contributions that you have to pay and on your expected pension. The expected pensions will be lower to a greater or lesser degree depending on the particular person's age, the existing retirement assets and the insured salary (see overleaf).

To assist you with any questions you may have, Mr R. Schnyder of Libera AG will be pleased to help and can be reached by phone on 061 / 205 74 25, or you can send an email to: rafael.schnyder@libera.ch.

Yours sincerely,

Your Pension Fund