

## p. 1-2

### Message from the president

In these troubled times of climate change, we often hear the expression “in the eye of the storm”. At Geneva level, this expression seems to me to reflect the reality faced by the CPEG committee and administration in light of the current situation.

Since December 2016, successive reductions in the technical rate imposed by the federal framework, combined with an unfavourable relationship between the working population and pensioners, have forced the committee to implement staggered benefit reductions for working people. The storm is getting stronger and is gearing up to become a cyclone! The storm was the raising of the retirement age from 64 to 65 on the 1<sup>st</sup> of January 2018 (and from 61 to 62 for the difficult role plan).

The cyclone will be the implementation of the second portion of structural measures, with a reduction in the annual pension rate from 1.5% to 1.35%, plus a supplementary account (see details on p. 2 and 3). This second portion was voted on in May 2017, but with a deadline for deciding upon its entry into force: the hope was that one of a number of bills tabled to improve CPEG’s situation (no less than 6 since 2014!) would be voted on before the 30<sup>th</sup> of June 2018.

By that time, noting that no legislation had been passed, the “captain alone at the helm” syndrome ended up winning a majority of the committee. As there is no additional funding on the horizon, the committee voted for the commencement of the second portion of measures on the 1<sup>st</sup> of January 2020.

The paradox of the current situation is twofold:

- The Fund is well-managed, with financial performance above the Swiss average, but it is weakened by a lack of capitalisation and due to the weight of the commitments related to a mature fund.
- All of the agora actors that wished to contribute to the financial capitalisation required by the Fund were only able to offer differences in opinion rather than reaching a consensus within the specified timeframe.

In light of these observations, the committee made itself available to Mrs Nathalie Fontanet, Minister in charge of finance, with the objective of working more closely together in order to overcome this deadlock. The Minister immediately began by telling us that she was conducting negotiations with the various stakeholders in the debate, with the aim of tabling a bill resulting from a consensus that could be voted on in 2018! This bill was tabled by the Conseil d’Etat on the 14<sup>th</sup> of November.

Intense discussions with the Fund’s presidency in November demonstrated their willingness to find a solution in terms of the level of benefits and the stability of the CPEG, thanks to the following elements:

- Defined contributions
- A guarantee to limit pension reductions to up to a maximum of 5%

- Capitalisation that makes it possible to remain on a path of growth and fulfil our obligations to the supervisory authority in 2019.

Will the extensive work carried out by the administration and the committee (17 meetings were held in 2018 despite there only being 5 planned!), often against all odds, finally bear fruit? Could this be an opportunity for working people affiliated with CPEG to reach safer shores? For all of our affiliated employers to maintain their attractiveness and to improve the image of CPEG for all of those who work there on a daily basis?

2019 holds the answers. So, in the hope of these prospects and on behalf of the committee and the administration, I wish you all a wonderful festive season!

**Jean-Daniel Jimenez,**  
**President of CPEG**

## **p. 2-3**

### **The committee has set the date for the commencement of the 2nd set of structural measures for the 1st of January 2020**

In May 2017, the Fund's committee adopted the second set of structural measures needed to maintain the Fund's financial stability. It postponed their entry into force in the hope that a law providing for supplementary capitalisation for the CPEG would be voted on by the Grand Council before the 30<sup>th</sup> of June 2018.

Noting in September 2018 that this was not the case, the committee confirmed that the second set of structural measures was vital. It mainly consists of a 10% reduction in benefits for policyholders under the age of 47, a decrease which is gradually being reduced for older policyholders. By a decision of principle on the 20<sup>th</sup> of September 2018, the 1<sup>st</sup> of January 2020 was set as the date of commencement.

It then received an advisory notice from the assembly of delegates (ADE) during the special session on the 1<sup>st</sup> of November. This committee took a negative view of these measures and refused to allow them to enter into force.

The committee took note of this warning and reiterated that, in light of the current situation and in the absence of capitalisation, these painful measures remained unavoidable in order to ensure the financial stability of the Fund. Therefore, on the 15<sup>th</sup> of November 2018, it confirmed their commencement on the 1<sup>st</sup> of January 2020.

At the same time, the reduction of financial prospects and good practices of actuarial prudence forced the committee to reassess the Fund's pension commitments by reducing the technical rate, i.e. the Fund's expected future rate of return. This rate will therefore go from 2.5% to 2.25% over two years, following the recommendations of its approved expert.

Unfortunately, this reassessment jeopardises the Fund's financial stability and confirms that the commencement of planned measures cannot wait any longer.

### What structural measures did the committee decide upon?

**Reduction of the pension target in the main plan:** the pension target, which is currently set at 60% of the last insured salary (around 50% of the AVS [old-age and survivors' insurance] salary), is reduced to 54% (around 45% of the AVS salary), for a full insurance period of 40 years. This measure does not affect all policyholder categories in the same way: it is more burdensome for policyholders below the age of 47 (a decrease of around 10%) and less so for policyholders approaching retirement (*see the table*).

Technically, the pension will be calculated by multiplying the total number of insurance years by 1.35% instead of the current 1.5%. It is also specified that the transitional measures implemented for policyholders present during the 2014 merger will be maintained in their entirety.

**Creation of a supplementary plan:** at the same time, a supplementary savings-based plan is set up with the creation of compensation accounts for policyholders. Its goal is to improve the benefits of the main plan by paying into these accounts if the Fund's financial situation allows. The committee shall decide whether to pay into these accounts or not on an annual basis. These savings are converted into a supplementary pension upon the occurrence of an insured event, the aim being to mitigate the drop in the pension rate offered by the main plan.

A measure was introduced to limit the reduction in benefits for policyholders over the age of 47 by allocating an amount to their accounts upon commencement of the measures on the 1st of January 2020.

### Other structural measures

The other measures in this second set are:

- **Changes in the way that pensions are calculated**
- **Changes to the conditions for granting and calculating pensions for the children of pensioners**
- **Changes to the reduction factors for early retirement between the ages of 58 and 61.**

For more information, details on these measures were given in the June 2017 edition of *CPEG INFO*, which can be accessed on [www.cpeg.ch](http://www.cpeg.ch). (Practical information > CPEG INFO).

## And what if supplementary capitalisation is decided on?

Only a law ensuring enough capitalisation to restore the Fund's financial stability in the medium to long term would negate the need for these measures. However, this law would need to be introduced no later than the 31<sup>st</sup> of May 2019 to enable the Fund to meet its legal obligations to inform employers and policyholders as well as to adapt the benefits of its pension plan in light of the new funding.

## Information for policyholders

From mid-November 2018, the Fund has been holding information sessions in collaboration with affiliated employers in order to provide all the necessary details on these new measures and the changeover to the new plan.

In the first half of December, all policyholders who will be 58 or older before the 1st of December 2019 also received simulations comparing the monthly pension in 2019 (in accordance with the current plan) and 2020 (in accordance with the new plan). The aim is to swiftly provide them with information so that they can have time to think about the decision they need to make within the necessary timeframe.

In this context, please note that the notification deadline for AVS bridge pension applications has been postponed until the end of February 2019.

Finally, managers in the Insurance department remain at the disposal of policyholders if they have any questions.

## Average pension reductions following the introduction of structural measures

Policyholder's age	Average reduction
35	-10%
45	-10%
47	-9.9%
55	-7.6%
58	-6.2%
60	-6%

Comments:

- The average reduction is calculated based on the projected pension at retirement age, which is 65 on the standard plan and 62 on the difficult role plan.
- The reduction shown does not take into account the transitional measures introduced following the merger in 2014 (supplementary annuity which will be added to the annuity in the new plan).
- These reduction rates are indicative.

## Frequently asked questions about the structural measures

### Are these structural measures absolutely essential?

Financial stability depends on funding on the one hand, and benefits on the other. As funding is the responsibility of the Grand Council, the committee can only deal with benefits. These structural measures have been adopted in response to the recommendations of a certified expert in order to maintain the Fund's financial stability in the medium to long term and to satisfy the Fund's legal obligations.

### Will there be any transitional measures?

Transitional measures in the strictest sense are not planned. On the other hand, mechanisms for mitigating the effects of the second set of structural measures have been included for policyholders over 47 years old.

### Will existing pensions be affected by these measures?

No, benefits for pension beneficiaries are guaranteed by federal law and will remain unchanged.

## Bills in progress

The legislative situation relating to your Fund is constantly changing. We invite you to monitor this by consulting our table of bills at the Grand Council on [www.cpeg.ch](http://www.cpeg.ch) (About > Bills and other items).

## p. 7

## Simplified communication? That's our top priority!

Provident schemes?  
I don't have a clue!

It is a known fact that occupational pensions are a complicated science, the mysteries of which can only be unravelled by a handful of specialists. Is this a reason for everybody else to be left behind?

Our Fund believes that every effort should be made to explain how we operate in a way that is as simple and transparent as possible.

We asked you about communication via a satisfaction survey (see the June 2018 edition of *CPEG INFO*) and your responses led us to work on four areas of improvement:

1. Persevere with our efforts to simplify and publicise technical topics
2. Rework the Insurance department's frequently asked questions by linking them to our new Insurance Guide

3. Expand the range of information sessions in order to reach as many people as possible
  4. Make people more aware of our website, which isn't consulted as much as our magazine and newsletter.
1. We have introduced a new communication tool on our website, the *2018 Policyholder's Guide*. It is designed to give very practical and factual answers to various basic questions that policyholders, employees and pension beneficiaries may have. Each topic is accompanied by "Good to know" and "Who does what?" sections. A providence glossary is also available on the website, and is updated regularly.
  2. Our website has various *Frequently Asked Questions* sections with Insurance, Investment and Loans and Property tabs, which are updated regularly. During our annual review of the website, we removed some unpopular questions and reworked all of the Insurance questions in order to make them consistent with the *Policyholder's Guide*.
  3. New sessions dedicated to structural measures are organised at the request of affiliated employers (see p. 3).
  4. The welcome letter addressed to all of our new policyholders contains detailed information about our website, [www.cpeg.ch](http://www.cpeg.ch), and an invitation to subscribe to our newsletter. We encourage those who aren't familiar with our website to go and have a look. The user can navigate the site through six main sections: *About, Practical Information, Insurance, Investments and Loans, Property and Swiss Provident Schemes*. Within the fifty or so pages, you will find a page where you can view benefits at a glance, downloadable forms, a table of ongoing bills, our magazine and newsletter archives, mortgage loan calculators, a module for property rentals, as well as more specific content, such as details of our responsible investment policy or the energy strategy for our property portfolio.

Do you have a question to add to our frequently asked questions? Is there a word missing from our glossary? An unclear explanation in our guide? A suggestion? Don't hesitate to get in touch with us by emailing [contact@cpeg.ch](mailto:contact@cpeg.ch)!



## p. 8

### How to get in touch with the Insurance department

If you have a question about our provident benefits, you can find a wealth of information on our website, [www.cpeg.ch](http://www.cpeg.ch), particularly in our **Policyholder's Guide** (Insurance > Policyholder's Guide) and in the **Frequently Asked Questions** section (Practical information > Frequently Asked Questions).

However, if you want more specific answers, you can get in touch with our Insurance department management in a number of ways.

Our Insurance department is here to help you:

- **Between 9am and 12pm:**
  - o general number 022 338 11 17
  - o **without an appointment** at our branch on Boulevard de Saint-Georges
- **Between 2pm and 5pm:**
  - o **by appointment**, to be arranged with a manager by calling in the morning
- **At all times:**
  - o by post to: Bd de Saint-Georges 38, CP 176, 1211 Genève 8
  - o by email via our **insurance contact** form (available on our website [www.cpeg.ch](http://www.cpeg.ch) Practical Information > Contact).

We would also like to inform you that, as the notification deadline for AVS bridge pension applications has been postponed until the end of February 2019, the Insurance department will, until that date, give priority to requests from policyholders aged 58 and older before the 1st of December 2019.

### Reminder for salaried members of the Fund

We would like to remind our salaried members of the conditions for allocating capital in the event of the death of a salaried member. This capital is only attributed when the death does not result in the opening of a surviving spouse's benefit.

The following individuals can receive the death grant:

- Dependent of the deceased,

- A person who has to support one or more joint children,
- A person who cohabited with the deceased for an uninterrupted period of at least 5 years immediately before the death,
- The children, parents, brothers and sisters of the deceased, as well as
- Other legal heirs, excluding public authorities.

We would like to remind you that cohabitation must be attested by the delivery of an agreement communicated to the Fund in advance and that the order of the beneficiaries and the share of the capital allocated to them must be determined by way of a beneficiary clause form.

These documents are available on [www.cpeg.ch](http://www.cpeg.ch) (Practical Information > Online Documents > Forms).

## In English !

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Please find on our website [www.cpeg.ch](http://www.cpeg.ch) ([Assurance > In English](#)):

- The English version of the **Insurance certificate**
- The **most frequently asked questions**
- Articles from the **CPEG INFO**
- The **Policyholder guide**, an English version of our **Guide de l'assuré**

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*SIB translation*