

Occupational Pension Benefits

Joint administration and administrative committee

Participatory pension management

In a context of increasing competition, companies are striving to attract the best employees. Participative management is a source of motivation that should be extended to the area of pension provision as part of the salary. A pension plan that is discussed beforehand with employees creates added value and generates greater employee involvement and loyalty.

An SME can involve its employees by allowing them to decide on the amount of their pension coverage and can review its pension plan at any time. The participatory pension management approach, which includes employee and employer representatives who meet to discuss pension coverage, is set out in the LPP/BVG occupational benefits' law, in the form of a **joint administrative committee**.

Savings

The mechanism can be customised easily: the employer decides how much it is prepared to pay into the pension fund for employees' retirement savings.

The employer then pays a higher level of contributions than its employees.

Finally, it includes one or two options that will allow employees to decide for themselves, on a personal basis, to invest a little more in their 2nd pillar pension fund. In pension jargon, this is known as "free choice plans". Employees are empowered and happy to have annual decision-making power on the level of their pension coverage.

Employers would sometimes be surprised to hear their employees' priorities in terms of pension provision. This joint committee is a good platform for exchanging views, discussions, and motivation, when all expectations are met.

See **overleaf** for more information on the Joint Administrative Committee.

Risk

The insured salary is the basis for LPP/BVG coverage. New lifestyles promote part-time work. To ensure that part-time workers are properly insured, the coordination amount applied to salaries must be reduced. The joint committee can therefore discuss the salary to be taken into account, ranging from the simple minimum coordinated salary under the LPP/BVG to the full AVS/AHV salary, but also including a coordination solution weighted by the activity rate.

Depending on the characteristics of employees, individuals can be protected with a disability pension that is higher than the LPP/BVG minimum, or the family can be included in the plan by providing appropriate coverage for survivors in the event of death.

Setting up and running an administrative committee

- Every employer affiliated to the pension fund shall set up a joint administrative committee.
- This committee shall consist of **an equal number of employer and employee representatives**, for a total of two, four or six members.
- The term of the mandate is four years and re-election is possible. Members of the administrative committee must be able to exercise their civil rights (i.e. be over 18 years and capable of judgement).
- The administrative committee appoints the persons authorised to sign and be accountable to the pension fund. The composition of the committee shall be notified to the pension fund.

Please take note!

The same person cannot represent both the employer and the employees.

Employee representative(s)

Employees appoint their representative(s) **from among the active employees insured under the affiliated employer's contract.**

Employer representative(s)

The Executive Board or the Board shall appoint the representative(s) of the employer. These persons are not necessarily insured under the affiliated employer's contract.

For self-employed persons

A self-employed person who is affiliated to the pension fund without staff is considered to be an employer. This person automatically becomes the employer's representative and forms an administrative committee on his own.

If you have any questions, please do not hesitate to contact the Account Manager in charge of your employer's contract.

Duties of the administrative committee

- To represent the employer in the pension fund and at the Delegates' Meeting
- To ensure that contributions are paid to the pension fund on time; if contributions are overdue, the administrative committee shall inform the insured persons of the situation
- To inform insured persons about the financial situation and organisation of the pension fund and the insured benefits
- In the event of available uncommitted funds, to decide on their use and criteria for their allocation, complying with legal regulations and provisions
- To notify the Pension Fund of any event which may have an impact on the occupational benefits of the employer, as well as of any possible case of partial liquidation by the employer
- To suggest any amendments to be made to the occupational benefits' plan of the employer
- On termination of the contract, to confirm in writing that all employees were consulted beforehand

End of mandate

The administrative committee's mandate shall end immediately if:

- the employer terminates the affiliation agreement with the pension fund; or
- the employment contract of a member of the committee is terminated. A new member shall then be appointed.

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