



Novartis Pension Fund 1

Conversion Rate Adjustment 2022

Frequently asked questions (FAQ)

- I understand that, for the compensation credits, a so-called «Rule of 60» will apply. What does this mean?

Add your age as of 1 January 2022 to the number service years of your current employment. If the sum equals 60 points or more, you will then receive the maximum compensation credits. If you have less than 60 points, the reduction is 5% for each point below 60. Therefore, if you have 40 or fewer points, no transition credits are granted.

- How, exactly, will the (maximum) compensation uplift be calculated?

For each insured member of Pension Fund 1 who is affected by the upcoming conversion rate adjustment, his/her old and new expected retirement pension benefits at age 65 will be compared individually (based on the “Standard” contribution scale and applying a projection interest rate of 2.0%).

The difference in pensions will then be capitalized. The resulting capital represents the calculative value of the compensation credit (“uplift”) needed to maintain the expected level of benefits at age 65. The latter amount will be discounted to its present value at the time of the plan adjustment on January 1st, 2022, and converted into a five-year annuity.

In short, the cost of the compensation credit to the individual's retirement account equates to the present value of the projected difference in retirement benefits at age 65 under the old (5.35%) and new conversion rates (5.0%).


- Speaking of this compensation uplift – will it be credited to the entitled insured members' retirement accounts in one go?

No, the compensation credits will be allocated in instalments over a period of 5 years, each on January 1st of the year.

- I have chosen the contribution scale “Standard Plus” and am currently contributing 2% more myself. Will this have an effect on my compensation uplift?

The compensation credit will be calculated on the basis of the “Standard” contribution scale. Therefore, the effects of a higher - or lower - contribution scale will both be excluded.

- I'm thinking about making an extra voluntary contribution in 2021. Will this increase my compensation uplift?



Voluntary extra contributions between January 25, 2021, and the implementation date of the change, although they will increase your retirement account balance, are not taken into account for the calculation of the compensation credit.

- If I leave the pension scheme before retirement, may I take the compensation credits with me?

The compensation credit will be staggered over a period of five years in the form of a corresponding annuity credited to the retirement account once a year, starting in January 2022 and as long as the person's employment contract in Switzerland remains in force.

Upon leaving the Pension Fund, the not-yet credited annuities will forfeit, in principle.

However, should you retire during this 5-year transition period (or in case of disability or death in service), the remaining instalments will come due at once.

- Will new hires joining the plan as from January 2022 profit from the compensation measures, too?

New entrants will also profit from higher savings contributions of which Novartis takes over twice as much as the employees.

However, unlike existing associates, they will not receive the compensation credits. Their pension benefits therefore depend on the amount of vested benefits they take along from previous employers' pension schemes.

- What proportion of the over-all contributions is paid for by the Company?

The funding arrangements continue to be based on a 2:1 ratio of employer to employee contributions (exception: Savings Plan 1:1).

The Company thus covers about two-thirds of the over-all contributions, provided the "Standard" contribution scale is chosen.