

# REVISION OF PENSION SETTLEMENTS IN THE EVENT OF DIVORCE

## ADJUST PENSION FUND REGULATIONS OPTIMALLY WITH MERCER

---

With the revision of the rules regarding pension settlements in the event of a divorce, a fairer distribution of the entitlements acquired from occupational pensions will come into force on January 1, 2017. However, the new or amended articles will lead to a great deal of administrative work once again. The board of trustees will have to make changes to regulations. The technical administration is faced with the challenge of verifying and supplementing their processes and documents. It is unsure whether the costs involved can be passed on to the parties seeking a divorce.

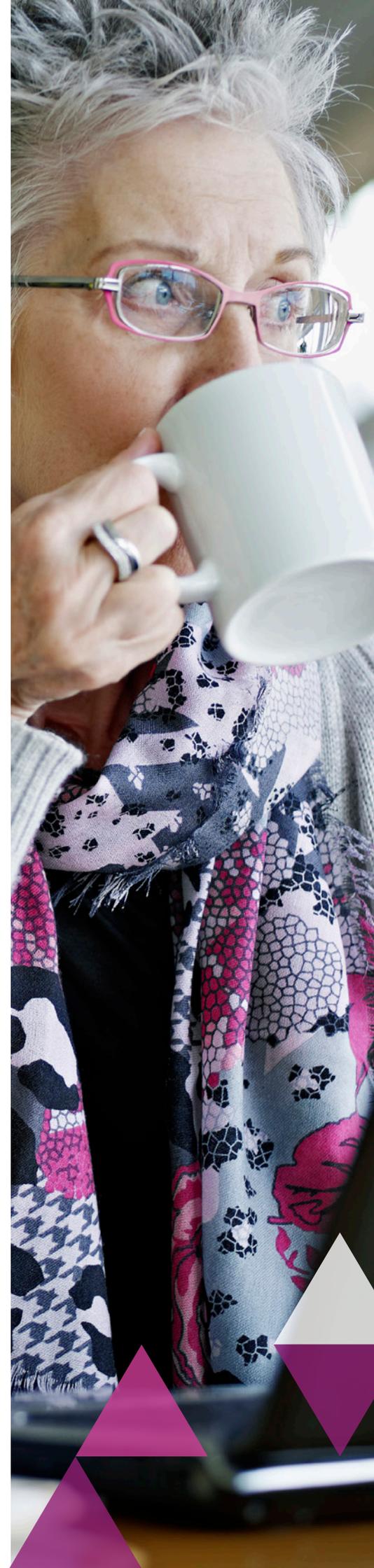
### WHAT ACTIONS NEED TO BE TAKEN?

The board of trustees must revise the pension fund regulations. For example, the following changes are required:

- Adoption of the new divorce annuity;
- Decision on whether the divorce annuity should also be payable as a lump sum;
- Determination of the basis on which the calculation of the adjustment to the disability benefits should be made if a reduction is possible;
- Definition in what circumstances it should be possible to repurchase benefits after obtaining a divorce;
- Definition of the regulatory interest rate (interest is paid on the divorce annuity at half this rate);
- Adjustment of the regulatory requirements for survivors' benefits for divorced people;
- Adjustment of the regulations regarding overcompensation;
- Implementation of transitional provisions.

Due to the revision of the divorce law, the technical administration must take several points into account.

- Ensuring that consent is obtained from the spouses before paying retirement benefits in the form of a lump sum;



- Storing all documents for safekeeping which contain important information for the insured party when pursuing a claim;
- Documentation and communication on how the BVG balances and other funds are composed (in the case of vested benefits, early withdrawals for home ownership or divorce);
- Collecting information regarding termination benefits from the old pension scheme that has not been shared;
- Documentation and communication of the amount of the benefits acquired (BVG balances and other funds) at age 50 or at the time of the marriage;
- Documentation and communication of the time and amount of the vested termination benefit up to advanced withdrawals as well as the amount of the pledging or advance withdrawal of the vested termination benefit or pension benefit;
- Implementation of the calculation of the termination benefits to be divided (in particular also including calculating the new interest payments in the event of early withdrawals for home ownership);
- Clarification whether the insured person wants an annuity or a one-off payment when transferring pension settlements in the event of a divorce and where the settlement is to be transferred to; if necessary provide an application form for persons who are entitled to compensation who want a lump-sum payment of a divorce settlement in accordance with Article 124a of the Swiss Civil Code (ZGB) (fixed-income element);
- Notification of insured parties about their new obligations to provide information;
- Incorporation of the obligation to report to the 2nd Pillar Central Office during the course of the year.

## HOW CAN MERCER HELP?

In many pension funds, questions will arise about the implementation of the new pension settlement into the technical administration in the event of a divorce and about the pending revisions to the regulations. What are the best ways to adjust the pension fund regulations in the particular situation and what options are there of making this change easier? Mercer can help you answer these questions and calculate the shares according to actuarial principles. This includes implementing the guidelines for the administrative burden of the insurance schemes, verifying the possible sources of profit and loss due to the new rules and also developing or amending tools for calculating the shares. Mercer also checks the calculations for working out the shares in individual cases.

Would you like to know more about how Mercer can help you understand the consequences of the revision of the rules regarding pension settlement in the event of a divorce for your pension fund? Do you have any questions on the matter or more general enquiries? Please get in touch with us.

Mercer (Switzerland) SA  
Tessinerplatz 5  
8027 Zürich

Tel: +41 44 200 4500  
Fax: +41 44 200 4501

[info.ch@mercerc.com](mailto:info.ch@mercerc.com)  
[www.mercerc.ch](http://www.mercerc.ch)