

Information sheet: purchase

A purchase has positive repercussions. Apart from the tax advantages, your retirement capital is increased. However, do bear in mind that a deposit cannot be reversed once made.

Introduction

The Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) makes provision for active, insured persons to be able to purchase the maximum tax-privileged retirement benefits in accordance with the regulations. The aim of this purchase is to improve your insurance cover, i.e. to close any benefit gaps that you may have. These can arise due to missing contribution years, an increase in salary, divorce or even early retirement. Purchases to buy out the reduction in benefits due to early retirement and also to buy out the AHV bridging pension are also possible.

What do I do if I want to make a purchase?

Before you can make a purchase of the maximum retirement benefits, you must first complete the "Purchase of maximum retirement benefits" form, sign it and send it to Swisscanto Flex Collective Foundation.

Maximum possible purchase

As an active insured person you can make voluntary purchases of the full retirement benefits in accordance with the regulations, insofar as the retirement pension available is lower than the retirement pension that would have accrued if you had joined the pension plan at the earliest possible age. If there is a positive difference between the maximum retirement pension possible and the retirement pension available at the time of calculation, then a purchase is possible. Calculation of the possible purchase amount is given in Appendix 1 to the pension plan.

Vested benefits accounts/vested benefits policies

Second pillar vested benefits that you have not yet contributed to your new employer's pension fund must be deducted from calculation of the maximum possible purchase (shown on your personal insurance certificate) or transferred to the pension fund.

Partial deduction of pillar 3a assets

The partial deduction ensures that the "tax-privileged benefits" are not doubled by a maximum investment in pillar 3a and a subsequent "full purchase" in the second pillar (possible in the case of those persons who were previously self-employed and who paid into pillar 3a instead of the second pillar for a certain amount of time).

Different pension schemes

Insofar as you are still insured with another pension scheme, it is your responsibility to ensure that the total of all your insurance policies does not exceed the maximum retirement benefits (basic principle of suitability BVV 2, Art. 1).

Persons moving to Switzerland from abroad after 1 January 2006

In accordance with the regulations those insured persons who moved to Switzerland from abroad after 1 January 2006 and who have not previously been members of a pension fund in Switzerland may not exceed the annual purchase total of 20% of the pensionable annual salary during the first five years following entry in the Swiss pension fund. At the end of this five-year period it is possible to purchase the full retirement benefits in accordance with the regulations.

Advance withdrawal for residential property

If advance withdrawals were made in the past, any purchases can only be made once these advance withdrawals have been repaid in full. Exception: Purchases once again become possible three years prior to retirement age, insofar as the purchase and the advance withdrawals together do not exceed the maximum permissible purchase total in accordance with the regulations. If purchases have been made, the resulting benefits may not be withdrawn as a lump sum during the next three years.

Note for supplementary and management funds

In the case of pension funds that do not provide a retirement pension, purchases are only possible up to three years prior to retirement at the latest.

Repayment due to divorce

Repurchases due to divorce are possible to the full amount of the divorce transfer, without limitations.

Rejoining the pension fund following early retirement

If you are already drawing your retirement pension or if you capitalised it, you must obtain a statement from the relevant pension scheme showing the amount of the vested benefits at the time of your early retirement. This amount will be deducted when calculating any possible purchase.

Buy-out of pension shortfall at early retirement

A buy-out to cover any pension shortfall due to early retirement is only possible if there is no longer any purchase potential. Once there is no longer any purchase potential, as an insured person you may also buy out a part or all of the pension shortfall caused by early retirement. The calculation basis can be found in Appendix 2 of the pension plan.

Buy-out of AHV bridging pension in the event of early retirement

Once the maximum retirement benefit has been purchased in full and the buy-out to compensate for early retirement has been concluded, part or all of the AHV bridging pension can be bought out. This excludes supplementary and management funds. The calculation basis can be found in Appendix 3 of the pension plan.

Continued employment following buy-out for early retirement

We would like to point out that the age of early retirement must be adhered to following a full buy-out of the pension shortfall, since the retirement pension may not exceed the maximum benefit target by more than 5% at the age of 65, otherwise the following measures enter into force:

The employee and the employer do not pay any more contributions, apart from the supplementary contributions pursuant to Art. 13, para. 5 and contributions for financial restructuring measures pursuant to Art. 44, para. 5 of the general framework regulations. The conversion rate valid at this point is frozen. In the event of permanent termination of the employment relationship, the retirement pension due is determined using this frozen conversion rate. All accounts cease to earn interest.

Note on tax

Fundamentally, a purchase of the maximum pension benefits as well as a buy-out to compensate for early retirement and a buy-out of the AHV bridging pension must be deducted from taxable income. However, it is the responsibility of the insured to clarify with the tax authorities whether the purchase sum may be offset against tax. The Swisscanto Flex Collective Foundation accepts no liability.

Processing

In order to guarantee timely end-of-year processing for calculation of the maximum possible purchase or buy-out for an early retirement, we should receive your completed purchase form by the beginning of December of the relevant insurance year at the latest and the payment should have been made by 15 December of the same insurance year at the latest.

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