

# Information sheet: promotion of home ownership with vested pension accruals

## **Purpose**

The funds can be used for:

- the acquisition or creation of owner-occupied residential property but not for holiday homes or the acquisition of building land without the intention to build,
- value-adding and value-preserving investments but not to finance running costs,
- the amortisation of mortgages but not the payment of mortgage interest,
- the acquisition of participation certificates in housing cooperatives or tenants' public limited companies.

This is conditional on proof of owner occupation of solely owned, co-owned or jointly owned property (in the case of jointly owned properties only with spouse or registered partner). Only one object may be financed by an advance withdrawal or pledge from the occupational pension fund.

## **Amount of advance withdrawal**

Up until your 50th year of age the maximum amount for an advance withdrawal equals the vested benefit to which you would be entitled if you left the company. After the age of 50 it equals the vested benefit to which you would have been entitled at the age of 50, or half of your current vested benefit if this is higher. The minimum amount for an advance withdrawal is CHF 20,000. The minimum amount does not however apply for the acquisition of shares in building cooperatives or similar participations as well as for claims deriving from vested benefits policies and accounts. The advance withdrawal is transferred to the seller, builder or lender in a single payment. Payment to you as the insured person (private account) is not possible. An advance withdrawal may in principle be made every five years unless a purchase was made. If purchases have been made, the resulting benefits may not be withdrawn as a lump sum during the following three years.

## **Reduction in benefits**

An advance withdrawal can impact on the amount of the insured pension benefits. Reductions in disability and/or death benefits can be compensated via a supplementary insurance policy with an insurance company.

## **Signatures**

In the event of insured persons who are married or living in a registered partnership, an advance withdrawal or pledge is permissible only with the written agreement of the spouse and/or registered partner. The signature of the spouse and/ or registered partner must be notarised or witnessed by a member of HR services and confirmed accordingly.

## **Payment**

The advance withdrawal requested can only be paid if the requisite documentation has been sent to Swisscanto Flex Collective Foundation for examination, if the pension relationship remains unchanged, no insured event occurs/has occurred and the sales restriction has been entered into the land register. Payment is made directly to the seller or mortgage lender.

## **Tax consequences**

An advance withdrawal is deemed to be a withdrawal of capital and must be taxed at a reduced tax rate upon payment. Swisscanto Flex Collective Foundation notifies the Swiss Federal Tax Authority in Berne of any payments of advance withdrawals within 30 days of the date of payment. The authority forwards the notification to the relevant tax authority at your place of residence. As an insured person you do not need to complete a tax return since the tax will be levied automatically both by the confederation and the cantons. If the payment is for a residential property abroad (border region), tax at source will already have been deducted upon the payment of the advance withdrawal. The relevant form for the repayment will be sent to you with your new personal insurance certificate. Upon repayment of the advance withdrawal you receive the tax you paid back but without interest. You must request this from the tax authority that levied the tax.

## **Repayment**

The advance withdrawal must be repaid if the residential property is sold or if a third party is granted rights to it that are equivalent to the sale of the property (e.g. housing and building law, long-term leasing agreement) or if no pension benefit becomes due upon the death of the insured person. This excludes the sale to a beneficiary as defined by statutory welfare provisions (widow, orphans, etc.) who are, however, subject to the same sales restrictions as the insured person.

The advance withdrawal may be repaid as follows:

- up to three years before the entitlement to retirement benefits in accordance with the regulations,
- until another insured event (disability or death) occurs, or
- until the cash payment of the vested benefits.

The minimum amount for a repayment is CHF 10,000. If the outstanding amount is smaller than the minimum amount the repayment must be made as one single payment.

The regulations and technical bases of the pension scheme that are valid at the time of repayment are decisive when determining the new benefits to be insured. A repayment of the total advance withdrawals must be made before any purchase of benefits in accordance with the regulations can be made.

## **Pledge**

Both the entitlement to pension benefits (retirement, disability or spouse's pension) as well as the entitlement to an amount equalling the pension assets can be pledged. A written notification by the pledge holder must be sent to Swisscanto Flex Collective Foundation for a pledge to be valid. The legally valid pledge is confirmed by Swisscanto Flex Collective Foundation. The benefit coverage is not reduced by the pledge as long as there is no redemption of the pledge. A redemption of the pledge has the same effect as an advance withdrawal. The same consequences with regard to a reduction in benefits, tax, guaranteeing the purpose of the pension and repayment apply for the amount affected by the pledge.

## **Agreement of the pledge holder**

The written agreement of the pledge holder is required, insofar as the amount pledged is affected:

- in the event of the cash payment of vested benefits,
- in the event of the payment of the pension benefits,
- in the event of the transfer of part of the vested benefits to the other spouse's pension scheme due to divorce

## **Departure from the pension fund**

If you leave the pension fund as an insured person with an advance withdrawal or a deed of pledge, your new pension fund will be informed of the advance withdrawal. The shares in a building cooperative or similar participations deposited with Swisscanto Flex Collective Foundation will also be transferred to the new pension scheme.

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