

Information sheet: Purchase

A voluntary purchase has a positive effect. Not only does it have tax advantages, it also increases your retirement capital. But you should also remember that once you make a contribution, it cannot be reversed.

Introduction

The Federal Act on Occupational Old-Age, Survivors' and Invalidity Pension Provision (BVG) stipulates that active insured persons can make a purchase towards the maximum retirement benefits under the regulations on a tax privileged basis. The aim of a purchase should be to improve benefit coverage, i.e. to close any benefit gaps. These may arise, for example, in the event of missing contribution years, a pay rise, divorce or also early retirement. In addition, it is possible to make purchases to compensate for reduced pension benefits due to early retirement or to compensate for the AHV bridging pension.

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

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

Maximum possible purchase

As an active insured person, you can make voluntary purchases towards the full retirement benefits under the regulations if your existing retirement savings capital is lower than the retirement savings capital you would have had if you had belonged to the current pension plan from the earliest possible age. If your maximum possible retirement savings capital is higher than the retirement savings capital you have at the date of calculation, you may make a purchase. The calculation of the possible purchase amount can be found in Appendix 1 to the pension plan.

Vested benefits accounts/vested benefits policy

Termination benefits from the 2nd pillar that you have not yet contributed to your new employer's pension fund must be deducted when calculating the maximum possible purchase amount (shown on your personal certificate) or transferred to the pension fund.

Partial offsetting of pillar 3a assets

The partial offsetting is to prevent the tax privileged pension provision from being doubled by maximum contributions to pillar 3a and a subsequent full purchase in the 2nd pillar (possible in the case of people who were previously self-employed and used pillar 3a instead of the 2nd pillar for their pension plan for a certain period).

Different pension institutions

If you are still insured by another pension institution, you are personally responsible for not exceeding the maximum retirement benefits across all pension arrangements (basic principle of adequacy BVV 2, Art. 1).

Moving to Switzerland from abroad after 1 January 2006

Insured persons who have moved to Switzerland from abroad after 1 January 2006 and who have never been members of a pension fund in Switzerland may not exceed the annual purchase amount of 20% of their annual salary insured under the regulations for the first five years after joining a Swiss pension fund. After the end of this 5-year period, a purchase towards the full retirement benefits under the regulations is possible.

Advance withdrawal under the home ownership scheme

If you have made advance withdrawals in the past, you can only make voluntary purchases again once you have repaid the advance withdrawals in full. Exception: purchases are again possible three years before retirement age if the purchase together

with the advance withdrawals does not exceed the maximum permissible purchase amount under the regulations. If purchases have been made, the resulting benefits may not be drawn in the form of a lump sum for the next three years.

Note regarding supplementary pension funds and management pension funds

In pension funds that do not provide for a retirement pension, purchases are only possible until three years before retirement at the latest.

Repayment as a consequence of divorce

Repurchases as a consequence of divorce are possible without restriction in the amount of the divorce transfer made.

Rejoining the pension fund after early retirement

If you already draw a retirement pension or have drawn it as a lump sum, you must obtain a certificate of the amount of the termination benefit at the date of your early retirement from the relevant pension institution. This amount will be deducted when calculating a possible purchase. Purchase to compensate for the reduction in pension benefits in the event of early retirement: it is only possible to make a purchase to compensate for the reduction in pension benefits due to early retirement if there is no further purchase potential. Only after this can you as an insured person additionally make a purchase to compensate in full or in part for the reduction in pension benefits on early retirement. The calculation basis can be found in Appendix 2 to the pension plan.

Purchase to compensate for the AHV bridging pension in the event of early retirement

After the maximum retirement benefits have been purchased in full and the purchase to compensate for early retirement has been completed, a purchase can additionally be made to compensate in full or in part for the AHV bridging pension. This does not include supplementary pension funds or management pension funds. The calculation basis can be found in Appendix 3 to the Pension Fund Regulations.

Continuing to work after making a purchase to compensate for early retirement

Please note that after making a purchase to compensate fully for the reduction in pension benefits, the earlier retirement age must be complied with because the retirement pension must not exceed the maximum target benefits at the age of 65 by more than 5%. Otherwise, the following measures enter into effect:

The employee and employer no longer make any contributions, with the exception of the additional contributions under Art. 13 para. 5 and restructuring contributions under Art. 44 para. 5 of the General Framework Regulations. The conversion rate valid at that time is frozen. Upon definitive termination of the employment relationship, the retirement pension due is determined using this frozen conversion rate. All accounts no longer earn interest.

Tax information

A purchase towards the maximum pension benefits, a purchase to compensate for early retirement and a purchase to compensate for the AHV bridging pension are usually deductible from taxable income. However, it is the insured person's responsibility to ask the competent tax authority whether the purchase is tax deductible. The Swisscanto Flex Collective Foundation disclaims all liability.

Processing

In order to ensure timely processing towards the end of the year for the calculation of the maximum possible purchase or compensatory purchase for early retirement, your completed purchase form should reach us no later than the start of December in the insurance year in question and the payment should be made by 15 December of the same insurance year at the latest.

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