

Information on unpaid leave

More and more employees want to take an extended break away from their regular job. In most cases, unpaid leave can be arranged at the employee's request to facilitate this. There are many reasons for requesting an extended leave of absence, with travel, sabbaticals and continuing education or the opportunity to study abroad chief among them.

Unpaid leave occurs when your employer agrees, in writing, to release you from work for a limited or unlimited period during which they will not pay you. Your employment contract is not terminated and your employment relationship remains in place, resuming as normal once the unpaid leave ends.

Resignation or unpaid leave?

When unpaid leave is requested, the question often arises as to whether you plan to resign or take an extended unpaid leave of absence. We have listed the main differences below:

Resignation:

- Your employment contract is terminated and dissolved
- Your employment relationship is at most temporary in nature and expires
- You do not resume your role once your leave ends

Unpaid leave:

- Your employment contract remains in place
- You intend to take between one and twelve months of unpaid leave
- You do not resume your role once your leave ends

How is unpaid leave regulated at Compacta Collective Foundation LPP?

Unpaid leave is discussed in Art. 7(2) – Unpaid Leave – of the Pension Fund Regulations. Depending on your employer, you can arrange unpaid leave in one of the following ways:

Put your pension on hold

You can choose to suspend your pension cover during your unpaid leave in line with your occupational pension fund's pension plan. You will not pay any contributions while your pension is suspended, and your pension will remain with Compacta Collective Foundation LPP. Please note, however, that your pension protection (risk and savings process) will only be reactivated once your unpaid leave has ended. If a claim (death or disability) arises during your unpaid leave, the pension plan will be retroactively terminated as per the start of your unpaid leave and you will be entitled to receive your termination benefits.

Continue risk provision

You can choose to continue your risk provision while no longer building up your old age pension during your unpaid leave, and thereby only pay the risk contributions. If you choose this option, however, your entitlement to insured benefits in the event of death or disability shall continue to be based on your pension certificate.

Continue to pay into your pension in full

You will continue to make contributions to your pension in full during your unpaid leave. As your risk and retirement provision will remain active, you will continue to make risk and savings contributions as before.

Start and end

Your unpaid leave starts on the last day of the following month after your last working day and ends on the last day of the month preceding the month in which you return to work.

Collection of contributions

If you would like to continue paying into your pension during your unpaid leave, you must arrange this in advance with your employer. This is because we will continue to collect contributions from your employer in the regular amount, which they will then charge to you.

Our recommendation

We recommend that you plan your unpaid leave in good time and think about how best to protect your pension in the event of an accident or illness during your leave.