

Information sheet on early withdrawals for residential property purchases

According to federal law on occupational pension provision (OPA), insured people can use their pension fund to finance the purchase of owner-occupied residential property.

Intended use

- Purchasing or building residential property for personal use
- Amortizing mortgage loans on owner-occupied residential property
- Purchasing share certificates in cooperative residential associations or similar participating interests
- Appreciating investments (rebuild/renovation)

Please note: Pension funds may **not** be used to finance the ongoing upkeep of a property, the payment of mortgage interest or the purchase of building plots. Money from pension funds may also not be used to finance holidays or second homes.

Withdrawal options

An insured person can withdraw their entire available retirement assets up until their 50th birthday. After their 50th birthday, an insured person can take a maximum of half of their current retirement assets or, if higher in value, their retirement assets at age 50.

The minimum withdrawal amount is CHF 20,000. This does not apply to the purchase of share certificates in cooperative residential associations.

Early withdrawal can be claimed every five years up to one month before the entitlement to retirement benefits accrued.

Personal use and ownership right

The residential property must be used by the insured person as their domicile under civil law or their habitual place of residence. The following ownership structures are permitted:

- Sole ownership
- Co-ownership
- Joint ownership with spouse/registered partner

We recommend clarifying the implications of the different ownership rights in advance. For instance, in the case of co-ownership, the maximum value of the early withdrawal is equal to the value of the insured person's personal share of the property. This also applies when the co-owners are spouses.

Benefit reduction following an early withdrawal

Any early withdrawals are deducted from the insured person's available retirement assets. This will reduce the value of future retirement benefits. Invalidity and death benefits may also be reduced. An additional private risk insurance policy can help to cover this loss.

Entry into the land register: restriction on alienation

The payment of an early withdrawal involves entering a restriction on alienation annotation into the land register (only for residential property in Switzerland). This serves to ensure that the property can only be sold if repayment of the early withdrawal monies is guaranteed or the restriction on alienation and the early withdrawal can be transferred to another plot. The insured person is responsible for the costs of adding the restriction on alienation annotation to the register.

Consent of the spouse/registered partner

An insured person's spouse or registered partner must provide written consent before an early withdrawal can be done. The authenticity of their signature must be officially certified on the application form (by a notary or the commune of domicile).

Early withdrawal following a voluntary purchase

As a rule, voluntary purchases into a pension fund can be deducted from taxable income. This tax benefit is no longer granted by the tax authorities if a capital withdrawal is made within three years of the early withdrawal. We recommend clarifying the tax implications with the relevant tax authority in good time.

Payment of early withdrawal

Once approved, the early withdrawal monies will be paid upon transfer of the title to the creditor at the earliest (seller, builder of the residential property or lender). If you would like to deposit your withdrawal into a frozen account held with a particular bank, we require confirmation from the bank regarding the intended use as well as confirmation that access to the payment account will be restricted. It is not possible to make payment to your personal account.

Voluntary purchase following an early withdrawal

Voluntary purchases can only be made if all early withdrawals have been repaid in full. If repayment of the early withdrawal is no longer permitted, purchases may be actioned if there is a need for a purchase beyond the early withdrawal.

Repayment of the early withdrawal

During one's life

In the event of a change of ownership or use of the residential property (sale, right of residence, right of usufruct), the insured person is obligated to report this and to repay the early withdrawal amount. The insured person is also obligated to report if the property is rented out. Here, the decision as to whether monies must be repaid should be taken on a case-by-case basis.

In the event of death

The heirs may be obligated to repay the early withdrawal if the insured person dies before entering retirement and no survivors' benefits have been paid.

The early withdrawal can be repaid at any time either in part or in full but must be repaid before the entitlement to retirement benefits accrues at the latest. The minimum amount for a repayment is CHF 10,000 (except in the case of share certificates). Following part or full repayment, any tax (without interest) paid upon early withdrawal can be reclaimed in part or in full within a maximum of three years. Any request should be directed to the relevant authorities in the canton in which the early withdrawal was originally taxed. Keep evidence of your early withdrawal in a safe place to support your request.

The entry into the land register (restriction on alienation) can be removed as soon as the early withdrawal has been repaid in full or there is no longer any obligation to repay the monies.

Tax provisions

An early withdrawal is subject to taxation. The occupational pension scheme will report the payment to the Swiss Federal Tax Administration. Taxes must be paid from personal funds and cannot be deducted from the early withdrawal amount. The relevant tax authority can provide information about the level of the tax burden.

In the case of insured people domiciled abroad, tax is deducted directly from the early withdrawal amount. The level of the withholding tax depends on the withholding tax rate set by the canton in which the occupational pension scheme is headquartered.

Fees

The costs for an early withdrawal amount to CHF 200.00. The insured person must settle this fee with the occupational pension scheme before the early withdrawal is paid.

Residential property located abroad

For residential property located abroad, deviating provisions may be applicable and other documents that are not indicated on this form must be submitted. Your Relationship Manager can provide further details on this.