

Fact Sheet regarding Departure / Cash Payment

End of insurance coverage after departure

The pension coverage ends on the end of the day on which the employee leaves the pension fund (departure date: always at the end of a month). If you do not join another pension fund, you will remain insured against the risks of death and disability for a maximum of one more month. A cash payment is no longer possible following the occurrence of an insured event (death or disability).

Entitlement to cash payments

Negligible amounts

If the available vested benefits is less than one annual employee contribution, the capital can be paid out in cash given the relatively small amount.

Becoming self-employed as a main source of income

If you have become self-employed as your main source of income, you may have your vested benefits paid out in cash within one year of having become self-employed. A subsequent pay-out for any existing self-employment is not possible.

The pension fund has to verify if your employment is your main source of income or a sideline job. However, the pension fund may not rely on the confirmation of the AHV compensation office.

If you would like to retain your insurance coverage voluntarily as a self-employed person, you can contact the pension fund of your professional association. Alternatively, you could contact the Substitute Occupational Benefit Institution, which will allow you to retain pension coverage within the framework of mandatory LOB cover. Further information is available at www.chaeis.net.

Permanent departure from Switzerland

A cash payment of the mandatory part of the vested benefits (LOB) is not possible upon permanently leaving Switzerland if you are still subject to mandatory insurance in a member state of the EU or EFTA.

The part of the vested benefits that exceeds the mandatory may be paid out in cash. The mandatory part is transferred to a vested benefits account in Switzerland and paid out in cash at the earliest five years before reaching the regular AHV retirement age.

Are you unsure as to whether you are subject to mandatory insurance in your new country of residence? You can clarify this matter by contacting the LOB Guarantee Fund, P.O. Box, 3000 Bern 14, www.verbindungsstelle.ch.

For all other countries of residence, you can have the full amount of your vested benefits paid out in cash.

Cross-border commuters

Persons moving abroad or already residing abroad but still work in Switzerland are not considered as having left Switzerland. If this applies to you, you are not entitled to have your vested benefits paid out in cash.

A cash payment is only possible if you, as a cross-border commuter, stop working in Switzerland. In this case, we need a copy of your new employment contract in addition to the official confirmation of your place of residence. Or, if you are unemployed, we need confirmation of this from the unemployment office.

Waiting period for cash payments

If you have made additional deposits, you may not withdraw the resulting benefits (including interests) from the fund in the form of a cash payment within the next three years. You are required to transfer this part of your vested benefits to a vested benefits institution.

Taxation of a cash payment

Residence in Switzerland

We are obliged to report all cash payments to the Swiss Federal Tax Administration in Bern.

Residence abroad

Cash payments to persons residing abroad are subject to withholding tax. The withholding tax rate is determined by the tax rate of Canton Zurich, where the Valitas Sammelstiftung BVG has its headquarters.