# Information on advance withdrawals to finance residential property

The Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (LOB) permits insurees to withdraw funds from their pension plans to acquire residential property for their own use.

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## Intended use of withdrawal

The insuree may make an advance withdrawal of funds from their pension plan for the following purposes:

- Acquisition and construction of residential property for the insuree's own use
- Amortization of mortgage loans on residential property for the insuree's own use
- Acquisition of a share in a cooperative housing association or similar holdings

**Please note:** funds withdrawn from a pension plan may **not** be used to finance the ongoing maintenance of a property, the payment of mortgage interest or the purchase of land on which to build a property. Nor may pension funds be used to finance holiday homes.

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## Maximum possible amount

The insuree may withdraw their entire available savings until they reach the age of 50. After the age of 50, the insuree may withdraw a maximum of half the current savings, or the savings at age 50, whichever is the greater.

The minimum withdrawal amount is CHF 20'000.-. This shall not apply to the acquisition of shares in a cooperative housing association.

An advance withdrawal is permitted once every five years at most.

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## Own use and right of ownership

The residential property must be used by the insuree, and must be located at their domicile under civil law or their usual place of residence.

The following forms of ownership are permitted:

- Sole ownership
- Co-ownership
- Joint ownership with the spouse or registered partner

It is recommended that insurees clarify the impact of the various types of ownership in advance. For example, if co-ownership exists, the insuree can only dispose of the equivalent value of their personal co-ownership share. This also applies to spouses.

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## Benefit reductions as a consequence of advance withdrawal

The advance withdrawal is deducted from the insuree's available savings. This causes future retirement benefits to be reduced. It is also possible that **benefits in the event of death and disability** may be **reduced**. Additional risk insurance may be taken out privately to cover such losses.

At the time when the advance withdrawal is paid out, a **sales restriction** is entered in the Land Register. This means that the property can only be sold if repayment of the advance withdrawal is assured or if the sales restriction may be carried forward to a new property. The costs of entering the sales restriction in the Land Register are borne by the insuree.

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## Consent of the spouse/partner

For an advance withdrawal to be made, written consent is required from the spouse or registered partner or from the partner who is a beneficiary. Their signature must be officially **certified**.

Unmarried insurees or those who are not living in a registered partnership must submit current proof of their civil status.

## Voluntary purchases

As a rule, personal purchases in the Pension Fund may be deducted from taxable income. This tax benefit will no longer be allowed by the tax authorities if application for withdrawal of this capital is made within three calendar years of the purchase.

The insuree should contact the relevant tax authorities in good time to clarify the tax implications.

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## Payment

Subject to approval, and pursuant to the legal conditions (LOB), the advance withdrawal will be transferred at the latest six months after all the documentation is submitted, but at the earliest on transfer of ownership.

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## Repayment

In the event of a change of ownership or use of the residential property (e.g. rental, right of abode or right of usufruct), the insuree is obliged to notify the Pension Fund and to repay the amount of the advance withdrawal. The heirs may be obliged to repay the advance withdrawal if the insuree dies before retirement and no survivor's benefits are paid to a spouse or a child. In all cases, the provisions pursuant to the current Pension Fund regulations shall apply.

The advance withdrawal may be repaid voluntarily, either in full or in part. The current Pension Fund regulations contain details specifying the cut-off date for repayment.

The repayment must amount to at least CHF 10’000.-. In this case, the insuree may apply for a refund of the tax paid on making the advance withdrawal (excluding interest) within three years of repayment at the latest. The application should be sent to the respective authorities in the canton where the advance withdrawal was originally taxed.

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## Tax-related provisions

The advance withdrawal is subject to tax. The Pension Fund will notify the Federal Tax Administration of the payment of the advance withdrawal. The Tax Administration will contact the insuree directly for payment of the tax owed. Information about the tax burden may be obtained from the relevant tax authorities.

For insurees who are domiciled abroad, withholding tax will be deducted from the advance withdrawal. This withholding tax depends on the canton in which the Pension Fund is domiciled. Any applications for a refund of withholding tax should be clarified directly with the relevant tax authorities.

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## Fees

If a fee is to be charged for processing the advance withdrawal pursuant to the Pension Fund regulations, this fee must be settled by the insuree before the advance withdrawal is paid out.

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## Residential property abroad

In the event of residential property abroad, any divergent provisions shall apply and further documents will be required. Detailed information may be obtained from your customer advisor.

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