

Taxes

What are the tax implications of an advance withdrawal?

- Advance withdrawals and funds paid out to realise a pledge are subject to immediate taxation at federal, cantonal and municipal levels, as lump-sum benefits from pension funds.
- The Swiss federal government taxes these benefits separately from other income at the regular income tax rate, whereby only a fifth of the tax is levied.
- The cantons and municipalities have differing tax systems (taxed separately from other income, or at the pension rate or at special rates). You can find out which tax rate applies to you from your local tax authority.
- Funds made available for the promotion of home ownership must be used solely and completely for that purpose. You are therefore obliged to pay the taxes that fall due in this case out of your own assets.
- If you are subject to taxes abroad, tax will be deducted at source.

Under what circumstances can I request a tax refund?

You can claim a tax refund if you repay your pension fund the advance withdrawal or any funds used to realise a pledge. A written request to the authority that levied the tax must be made within three years following the repayment. The request must be accompanied by the following documents:

- a statement confirming the repayment (you can obtain this from your pension fund),
- proof of the pension assets invested in the residential property,
- proof of the taxes paid to the federal government, canton or municipality

What do I need to consider?

Repayments cannot be deducted from your taxable income.

In the case of a repayment, the taxes paid will be refunded without interest.

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Detailed rules can be found under
the relevant statutory and regulatory
provisions.

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Promotion of
home ownership
and occupational
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Tips and
information



General information



To what uses can I put my pension funds?

- To purchase or build a residential property for use as your own home in Switzerland or abroad. This excludes the financing of a holiday home or a second home.
- To repay mortgage loans.
- To buy shares in residential building cooperatives or similar cooperative housing corporations.

What uses of pension funds are permitted by law?

- You can draw part of your withdrawal benefit immediately with an advance withdrawal.
- You can pledge part of your pension funds as the deposit for your mortgage with your mortgage provider.

If I wish to withdraw pension funds in advance or pledge my pension funds, what do I need to do?

Helvetia will inform you of the amount of pension assets available and will provide you with the application documents.

You can also carry out this calculation yourself under myBaloise (baloise.ch/mybaloise).

Advance withdrawals

How much can I withdraw in advance?

Up to the age of 50, the maximum advance withdrawal is equal to the amount of your withdrawal benefit (portable benefit). From the age of 50, the maximum advance withdrawal available to you is equal to the amount of the withdrawal benefit at age 50 or (if the higher amount) half of the withdrawal benefit available at the date of the withdrawal.

What effect does an advance withdrawal have on my pension entitlements?

An advance withdrawal results in lower retirement benefits. It can also lead to a reduction in the disability and/or survivors' insurance benefits. Helvetia will gladly inform you of the effects of an advance withdrawal on the value of your pension benefits and offers you the option of taking out a supplementary insurance as part of

- tax-privileged Pillar 3a plan; or
- a term life insurance policy under Pillar 3b.

Voluntary purchases of contributory years are only permitted after the advance withdrawal has been repaid.

Does an advance withdrawal have to be repaid?

- Advance withdrawals must be repaid if the residential property is sold or rented out, or if there are no pension benefits due when the insured person dies. If the property is transferred to one of the beneficiaries (e.g. a spouse) under the pension regulations, this is not considered a sale of the residence.
- Voluntary repayment is possible up until you reach legal retirement age, until another insured event occurs (disability or death), or until there is a cash payment of the withdrawal benefit.
- The minimum amount for a repayment is CHF 10,000.

What do I need to consider?

- The minimum amount for an advance withdrawal is CHF 20,000; this provision does not apply to the acquisition of shares in residential building cooperatives or similar cooperative housing corporations, nor to holders of portable benefits accounts or portable benefits policies.
- An advance withdrawal can be applied for every five years.
- You can make an advance withdrawal up until three years before you are eligible for retirement benefits.
- Payment will be made exclusively to the mortgage provider, vendor, builder or residential building cooperative.
- An advance withdrawal is subject to a processing fee.
- An entry will be made in the Land Register at the Land Registry Office.
- The withdrawal benefit resulting from a purchase of contributory years may not be withdrawn for three years after the purchase. An advance withdrawal made within three years of the purchase of contributory years is generally regarded as an inadmissible tax optimisation and any purchases that are made within three years prior to an advance withdrawal will either be taxed retrospectively or not recognised for the purpose of tax deduction. In such a case, you should contact the tax authority in advance.

Pledging

How much can I pledge?

Up to the age of 50, the maximum amount that can be pledged is the current amount of the withdrawal benefit. From the age of 50, the maximum amount that can be pledged is equal to the amount of the withdrawal benefit at age 50 or (if the higher amount) half of the withdrawal benefit available at the date of the pledge.

Can pledged pension benefits be paid out?

In order to have pledged pension benefits paid out, you are legally obliged to obtain written consent from the pledgee first, insofar as the pledged amount is affected. This applies in the following cases:

- Cash payment of withdrawal benefits,
- Payments of pension benefits (e.g. pensions),
- Transfer of some withdrawal benefits to the other spouse's pension fund in the case of a divorce.

What are the consequences if a pledge is realised?

The realisation of a pledge will take place if you are unable to meet your obligations under a contract of pledge. In such a case, the pledgee may claim your pledged pension benefits. This means that you immediately lose your pledged pensions or lump-sum benefits, as well as your entitlement to portable benefits. Essentially, the consequences are the same as for advance withdrawals (reduction of pension benefits, immediate taxation of the funds paid out to realise the pledge, notation of the sales restriction in the Land Register).

What do I need to consider?

- In contrast to advance withdrawals, all pension benefits can be pledged, not just the withdrawal benefit.
- Pledges of pension funds can be made up until 3 years before retirement benefits become due.
- At the time the funds are pledged, the pledge has no influence on the value of your pension entitlements. However, should the pledge be realised, the same consequences arise as for an advance withdrawal.