

Home ownership promotion fact sheet

**Any Questions?
Contact us**

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Since 01.01.1995, it has been possible to withdraw or pledge savings capital from the pension fund for owner-occupied residential property.

Legal bases

The following legal articles regulate the details:

- Articles 331d–331e OR (Swiss Code of Obligations)
- Articles 30a–30g and 83a BVG (Swiss Occupational Pensions Act)

WEFV (Swiss Ordinance on the Promotion of Home Ownership with Funds from the Occupational Pension Scheme)

Purpose

The following purposes entitle the insured person to withdraw or pledge the credit balance from the occupational pension scheme:

- Purchase of owner-occupied residential property (single-family home or owner-occupied apartment) that is occupied permanently by the owner. Second or holiday homes cannot be financed.
- Amortisation of mortgages.
- Investments in the owner-occupied residential property that increase or maintain its value. Financing of normal maintenance or mortgage interest is not permitted.
- Purchase of housing association shares, for owner-occupied real estate.

Prerequisites

All of the following requirements must be met for **early withdrawal**:

- 1) The person who applies for early withdrawal must be an active insured person;
- 2) The pension assets must amount to at least CHF 20,000.00;
- 3) No buy-ins have been undertaken in the past three years;
- 4) No early withdrawals have been undertaken in the past five years;

- 5) The regulatory retirement age must be at least three years in the future.

The following conditions apply to **pledging**:

- 1) The person who applies for early withdrawal must be an active insured person;
- 2) The existing pension assets can be pledged at most.

Special regulations/ administrative details

Up to the age of 50, the entire pension assets can be withdrawn or pledged. As of the age of 50, the higher of the following two amounts can be withdrawn or pledged:

- 1) Half of the credit balance that has been accumulated **up to** the age of 50 or
- 2) The entire credit balance that has been accumulated **as of** the age of 50.

No minimum amount is specified for the purchase of housing association shares or similar shares.

For early withdrawal or pledging, the completed and signed "Home ownership promotion" application must be submitted together with the necessary documents.

If a withdrawal or pledge is possible, Tellco pk has a sales restriction entered in the land register. This prevents the sale of the real estate before the amount that has been withdrawn early has been repaid.

The effective payout of the early withdrawal only takes place **after** the transfer of ownership and once the sales restriction has been noted in the land register. Therefore, always factor in sufficient time for processing the early withdrawal.

Persons who are married or living in a registered partnership require the approval of their spouse or partner. They must therefore sign the application jointly and have their signatures certified. Unmarried

persons must enclose an official marital status certificate with the application.

Consequences

Early withdrawal

Due to the payout of the retirement savings, the projected retirement pension or the retirement capital at the time of retirement is reduced. Depending on pension plan, the insurance benefits in the event of disability (disability pension and child's pension) or death (partner's pension, orphan's pension and lump-sum death benefit) can be significantly reduced. We will be happy to broker additional insurance coverage for you if you would like to compensate for such insurance shortfalls.

Tax must be paid on the withdrawn capital on payout. However, the paid-out pension assets may not be used for this. The amount of tax is determined by the canton of residence. The responsible tax authority can provide you with more detailed information.

The insured person must also cover the costs of entry in the land register (sales restriction).

Before tax-advantaged buy-ins can be undertaken again, the entire early withdrawal must be repaid. On repayment, however, the insured person can demand back the previously paid taxes. This has to be done within three years of repayment.

Repayment can be carried out in whole or in parts. Partial repayments must amount to at least CHF 10,000.

On amortisation of a mortgage, it must be noted that this can influence your income tax.

If the real estate is sold or no longer occupied by the owner, the early withdrawal must be repaid. This also applies accordingly to the shares in a housing association.

Pledge

A fixed amount or the entire entitlement to all current and future pension benefits can be pledged.

A pledge offers the following advantages:

- 1) The pledge is tax-free.
- 2) The entire cover for occupational pension benefits is maintained (exception: realisation of pledged assets).
- 3) Tax-advantaged buy-ins can be undertaken.

In many pledge agreements, you automatically consent to the payout of the retirement savings in the event of a benefit claim or retirement. This means that the pledgee determines whether a pension benefit (disability, death or retirement) is paid out in the form of a pension or capital when it becomes due.

Realisation of pledged assets

The realisation of pledged assets leads to a situation similar to that of early withdrawal:

- Taxes are levied on the realised amount.
- The buy-ins from the past three years are reversed (in tax terms). This means that the income tax savings are retroactively claimed back by the tax authority.