

com Plan

A modern interior space featuring a large window with white curtains, a black floor lamp, and a white chair. The room has a dark red wall on the left and a light blue wall on the right. The floor is covered in a dark, textured carpet. A white chair is visible on the left side of the frame. The overall atmosphere is clean and contemporary.

Promotion of home ownership

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This document is also available
in French, German and Italian.

Introduction

The Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) makes it possible for you to use money from the pension fund to finance the purchase of a home for your own use. This can be done either by withdrawing the money early or by means of a pledge.

Below we give you answers to the key questions about the use of occupational pension scheme funds to help with home ownership. All personal designations used in this brochure should be construed as applying to both male and female persons.

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What is meant by the term “promotion of home ownership”?

Under the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) funds can be withdrawn from Pillar 2 in two different ways in order to finance the residential property to be occupied by the owner (own use): You can **withdraw the funds early** and/or **pledge them**.

Another legal basis for this is the Ordinance on the Encouragement of the Use of Vested Pension Accruals for Home Ownership (WEFV).

What is meant by “own use”?

You can withdraw and/or pledge Pillar 2 funds only for your own use. By “own use” is meant that it is you who use the owned residential property as your place of residence or usual abode.

Which uses are permitted?

You can withdraw Pillar 2 funds early and/or pledge them in order to:

- buy or build residential property that you yourself will live in;
- make investments that enhance or maintain the value of residential property in which you yourself live (for example the kitchen as whole, but not individual items of equipment);
- pay off a mortgage;
- buy share certificates in cooperative housing associations or similar holdings.

In what particular ways may the funds not be used?

- for financing holiday homes, second homes and buy-to-let properties;
- for buying land for building on without a definite building project;
- for luxury investments in residential property in which the owner already lives (swimming pools or saunas, for example);
- for the funding of residential property with usufructuary or residential rights entered against the property;
- for normal property maintenance and the payment of interest on the mortgage;
- for the financing of notarial costs;
- for the financing of reservation costs;
- for the financing of personal contributions.

Is there a maximum amount?

Yes. Up to your 50th birthday, you can withdraw or pledge no more than your retirement savings. From that age onwards, you can withdraw or pledge no more than your retirement savings at the age of 50, or half of your retirement savings. You can find the exact amounts applicable to you in your pension statement.

comPlan will additionally do a control calculation in order to prevent the property from being over-funded. By doing this, we make sure that funds from the occupational pension scheme are not being used for anything other than their proper purpose.

You can find examples of control calculations in the Appendix.

Is there a minimum amount that can be withdrawn early?

Yes. Early withdrawals must be at least CHF 20 000 (except when buying share certificates in cooperative housing associations and other holdings).

The amount to be paid out is debited based on the proportion of the retirement savings pursuant to Art. 15 of the BVG to the remainder of the pension assets. It is paid out in the following order:

- 1) pre-financing account
- 2) supplementary account
- 3) retirement account

Up to what age can I apply to withdraw funds early or pledge them?

You can claim an early withdrawal no later than 3 years before your retirement date. Provided that your employment contract is not time-limited and notice of termination has not already been given, the age limit for claiming an early withdrawal or pledge is 62 years.

How do I submit an application?

You can find the application form on [comPlan Online](#). If you have any questions, you can ask your contact person at comPlan.

Does anyone else need to agree to it?

If you're married or in a registered partnership (even if separated from your spouse/partner), your spouse's or registered partner's written consent is required. The signature must be certified.

How is this certification done?

The signature is certified:

- by a notary or
- by the municipality in which you reside or
- by the Swiss embassy or consulate in the country where you live.

The person giving consent must be identified by means of a valid personal identity document with a photograph (passport, ID card, driver's licence). They must sign the document then and there.

What deadlines apply to the payment of the early withdrawal amount?

The fee must be paid to comPlan at the same time as the application is submitted. The amount withdrawn early cannot be paid out until all documents have been received (as well as the fee on the account of comPlan), and at the earliest on the transfer of ownership (ZGB 656 – entry in the land register). We recommend that you plan the date on which you submit your application in good time so that you do not miss the payment deadlines.

If, when you apply for the early withdrawal, you have already made a PHO pledge, the pledgee's written consent is required in so far as the amount pledged is affected.

The amount withdrawn early is not paid out to you, but directly to the creditor (e. g. the vendor or bank) or to a notary. Once the amount withdrawn early is paid out, you will receive from comPlan your updated pension statement.

When can I make another early withdrawal?

You cannot make another early withdrawal from the same pension scheme until at least five years after the last one.

Can I make an early withdrawal immediately after a buy-in?

In principle, yes, but this does have consequences as regards tax. You cannot withdraw the benefits resulting from the buy-in until after three years have passed.

If you do that anyway, the tax deductions on the buy-ins made less than three years before the early withdrawal are reversed. This means you will have to pay tax in arrears or the deductions will no longer be permissible.

How much are the processing fees?

The fees are:

- CHF 500 for each advance withdrawal for home ownership incl. costs for registration in the land register;
- CHF 600 for each transfer of existing withdrawal to a new object incl. costs for registration in the land register;
- CHF 300 for each pledge for home ownership.

The fee must be paid by you to comPlan at the same time as the application is submitted.

You must bear any costs of cancellation in the land register. Once we have received the invoice from the land registry, we will forward it to you for payment.

What happens if I get divorced or my registered partnership is dissolved by a court of law?

An amount withdrawn early is counted as part of the leaving benefits which, under the rules in the Swiss Civil Code (ZGB) and the Vested Benefits Act (FZG), are to be split. Where a pledge has been made, the transfer of part of the leaving benefits due to divorce or the judicial dissolution of a registered partnership requires the written consent of the pledgee.

In the event of a divorce, the primary question is whether you are still the owner of the property. If you are still the owner of the property you financed but in which you no longer live, the property is still treated as used by you for as long as at least one member of your family entitled to survivors' benefits from comPlan (separated/divorced spouse/registered partner or children in education) have their domicile in the property (or "reside" in it).

There is in practice a transitional period of two years.

What happens if I leave comPlan?

If you join another pension or vested benefit scheme, comPlan will write to them to tell them about the early withdrawal you have made so that the new scheme can check that the provisions of the law continue to be complied with. We will also pass all relevant documentation to the new scheme.

Any repayments you make later will go to the new pension scheme and will be credited to your pension assets. The new scheme will also receive information in writing from comPlan if funds have been pledged. comPlan will also inform the pledgee that you have changed scheme.

The pledgee's written consent is required before vested benefits can be paid out on your departure.

If I make an early withdrawal, will my vested benefits on leaving or my pension benefits be reduced?

1. On retirement

The early withdrawal of vested pension accruals has the effect of reducing the insured retirement benefits (retirement pension/lump-sum as well as retirement-linked child's pension) and entitlements dependent on them, (spouse's or partner's pension as well as orphan's pension on the death of a pension recipient).

2. In the event of disability

As an active insured person with comPlan, your insured disability benefits will not be reduced.

If you become disabled after making an early withdrawal, the retirement benefits payable after you reach the age of 65 will be reduced actuarially. If you transfer to another pension scheme, the PHO early withdrawal may mean that your insured disability benefits from it, too, can be reduced.

3. On death

The pensions payable by comPlan to the survivors are not reduced. When calculating the additional lump-sum death benefit, your early withdrawal will be taken into account respectively deducted. If you transfer to another pension scheme, the PHO early withdrawal may mean that insured benefits on death from it, too, are reduced.

You might be well advised to take out private life insurance (independent of your insurance with comPlan).

The premiums for this will be paid by you.

A list of life insurance companies under the supervision of the Federal Office of Private Insurance can be obtained from this address or downloaded from or viewed

at this link:

Swiss Financial Market Supervisory Authority FINMA
Laupenstrasse 27
CH – 3003 Berne
Phone: +41 31 327 91 00
e-mail: info@finma.ch

www.finma.ch

When an early withdrawal is made, what steps are taken to ensure that the funds are properly used?

When all or some of the leaving benefits are withdrawn early or a pledge is realised (for the purpose of buying a property in Switzerland), a restriction on its disposal is entered in the land register in order to ensure that the funds are properly used. The restriction on disposal ensures that a repayment is made to the pension scheme in the event of the property being sold or of some economically comparable legal transaction.

The property cannot be sold without comPlan's consent.

comPlan also reserves the right to demand a confirmation of domicile on a regular basis.

In order to ensure the proper use of the funds, you are required to deposit share certificates in cooperative housing associations or similar holdings with comPlan

Does tax have to be paid on the amount withdrawn?

Yes. comPlan has to report the early withdrawal to the Federal Tax Administration within 30 days. The tax authorities assess the taxes owed to the Confederation, the canton and the municipality on the basis of this report.

The amount withdrawn early is taxed separately from other income and at a reduced rate. The tax rate applied depends on your tax domicile, marital status, religion and the amount withdrawn early. Ask your cantonal tax authority for information about this.

You have to pay the taxes on the amount withdrawn early from your own funds.

If you are liable to tax abroad, comPlan will deduct the withholding tax from the amount withdrawn early and pass it on to the authorities. You may, depending on the country in which you are domiciled, be able to reclaim the tax withheld at source, provided that you have duly paid tax there on the early withdrawal.

When do I have to pay back the amount withdrawn early? What exceptions are there?

You have to pay back the money in the following cases:

- when the residential property is disposed of (the repayment obligation extends only to the proceeds, which are generally calculated on the basis of the sale price less the debt secured by the mortgage and less the charges levied on the vendor by law);
- if the residential property is let*;
- if the own-use conditions no longer apply;
- if rights to the residential property economically equivalent to disposal (such as usufructuary or exclusive residential rights) are granted;
- if the dwelling is withdrawn from the cooperative housing association or similar investment scheme;
- if no benefit under the scheme becomes payable on the death of the insured person.

*In accordance with current legal practice there is no repayment obligation if use of the residential property is temporarily impossible (e.g. as a consequence of temporarily moving away for work or health reasons). There is in practice a transitional period of two years. However, any such letting needs to be explicitly approved by comPlan before it goes ahead.

You do not have to pay back the money in the following cases:

- if the property is sold and that part of the proceeds from the sale equal to the amount withdrawn early is reinvested in property in which you yourself live within two years (during which period the amount in question can be transferred to a vested benefits scheme);
- if a benefit under the scheme becomes payable on the death of the insured person.

Until when can the amount withdrawn early be repaid voluntarily?

The amount withdrawn early can be repaid voluntarily:

- until retirement;
- until the occurrence of an event insured under the scheme (disability or death);
- until the vested benefits are paid out.

The minimum amount to be repaid is CHF 10 000. If the amount withdrawn and not yet repaid is less than CHF 10 000 the repayment is to be made in a single sum.

It cannot be made in monthly instalments.

The repayment of the amount withdrawn early is credited proportionately to the mandatory and the supplementary part of the retirement savings.

What effects does the repayment of the early withdrawal have on my pension?

Repayment of the early withdrawal increases your retirement benefits.

What effects does the repayment of the early withdrawal have in terms of tax?

comPlan has to report the repayment of the early withdrawal to the Federal Tax Administration within 30 days.

comPlan will write to you to confirm that the early withdrawal has been repaid. You can use this letter of confirmation to claim back the taxes you paid when the early withdrawal amount was paid out from the appropriate tax authority. The right to reclaim tax lapses three years after the amount withdrawn early is repaid.

The repayment of the amount withdrawn early cannot be deducted from taxable income.

When is the restriction on disposal in the land register deleted?

The restriction on disposal may be deleted:

- when you retire;
- when the amount withdrawn early (or any proceeds from the sale of the property) are fully repaid;
- when the vested benefits on leaving are paid out;
- on death or full disability.

What are the effects of a pledge?

Pledging Pillar 2 funds makes it possible, under certain circumstances, to get a bigger mortgage or lower interest on one.

As for Pillar 2 itself, a pledge does not, in the first instance, have the effect of reducing leaving and/or retirement benefits, nor does it create any tax liability. It is not until the pledge is realised that leaving and/or retirement benefits are reduced and a tax liability created.

What different types of pledge are there?

There are two types of pledge (which may be combined):

- pledge of the entitlement to insured benefits (on retirement, disability, or death), in which case the pledge can be realised only after the occurrence of the insured event and only then if insured benefits are to be paid out;
- pledge of leaving benefits or of part of them, in which case a pledge can be realised as long as the leaving (vested) benefits are present, i.e. for as long as no insured event has as yet occurred.

How is the pledge notified to comPlan?

You have to submit the pledge application form

Please bear in mind that comPlan cannot come to a decision on whether the pledge should be approved before it has received the completed application.

Under what circumstances is the pledgee's written consent required?

The written consent of the pledgee is – as regards the amount pledged – required:

- when the vested benefits on leaving are paid out;
- when pension benefits start to be paid (hence also upon retirement);
- when part of the leaving benefits is transferred due to divorce or the judicial dissolution of a registered partnership;
- if an advance withdrawal is paid out when benefits have already been pledged.

If the pledgee withholds his/her consent, comPlan is obliged to secure the amount in question. This may necessitate a ruling from a court of law on the use to which the secured amount is to be put.

What are the effects of the realisation of a pledge?

Like an early withdrawal, the realisation of a pledge creates a tax liability. In terms of its effects on the pension, the following distinction has to be made:

- On the realisation of the pledged leaving benefits or part of them, the leaving benefits are reduced by that part which is realised (= proceeds from the realisation of the pledge). The pension benefits are reduced accordingly.
- When the entitlement to retirement benefits is pledged, the retirement benefits are reduced by the amount of the proceeds from the realisation of the pledge.

What are the advantages and disadvantages of an early withdrawal?

(not exhaustive)

Advantages

- additional equity capital
- reduced mortgage
- reduced debt costs

Disadvantages

- immediate tax liability
- reduced retirement benefits
- entry of restriction on disposal
- no buy-in possible for as long as the amount withdrawn early is not repaid in full

What are the advantages and disadvantages of a pledge?

(not exhaustive)

Advantages

- retirement benefits not reduced
- no tax (except when pledge realised)
- lower interest on loan depending on lender

Disadvantages

- claim requires consent of pledgee on lump sum or pension
- bigger mortgage

What do I do next?

Have you managed to get some idea of the consequences of an early withdrawal and/or a pledge? And do you want to withdraw money from your pension fund and/or pledge it?

Then here are the next steps:

- Complete the application form;
- Have your spouse's/registered partner's signature authenticated if necessary;
- collate the documents (or copies of them) signed by all parties as required by the application form;
- Submit the application form and all the documentation and pay the fee;
- comPlan will then check the documents and may contact you to discuss them (documents can vary because of the various uses to which early withdrawals and pledges can be put);
- comPlan will pay the amount withdrawn early to the seller, builder, lender or notary (once all documents have been received as well as the fee on the account of comPlan or, at the earliest, on the transfer of ownership) or will confirm the pledge to the pledgee.

Appendix

Example 1

Control calculation if you are married:

Share of ownership		not relevant
Desired early withdrawal	of CHF	100 000
Purchase price	in CHF	850 000
Building loan / mortgage	in CHF	700 000
Financial shortfall (difference)	in CHF	150 000
Desired early withdrawal	of CHF	100 000 possible

Example 2

Control calculation if you are not married and are buying a property together with somebody else (dependent on share of ownership):

Share of ownership		50%
Desired early withdrawal	of CHF	100 000
Purchase price	in CHF	850 000
Building loan / mortgage	in CHF	700 000
Financial shortfall (difference)	in CHF	150 000
Share of ownership		50%
Maximum early withdrawal possible	in CHF	75 000
Desired early withdrawal	of CHF	100 000 not possible

Example 3

Control calculation overfunding:

Share of ownership		100%
Desired early withdrawal	of CHF	50 000
Conversion/renovation as per list of insured member	in CHF	250 000*
Building loan / mortgage	in CHF	200 000
Financial shortfall (difference)	in CHF	50 000
*Conversion/renovation costs accepted by comPlan for the purpose of promoting home ownership	in CHF	170 000
Building loan / mortgage	in CHF	200 000
Financial shortfall (difference)	in CHF	0
Desired early withdrawal	of CHF	50 000 not possible

Sources:

- Duoprimat pension fund regulations
- comPlan cost regulations WEF
- Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG – Articles 30 a – 30 g)
- Ordinance on the Encouragement of the Use of Vested Pension Accruals for Home Ownership (WEFV)
- Occupational Pensions Bulletin: a summary of notes, statements by the BSV, and case law on the promotion of home ownership (PHO)

Any questions? Your *comPlan* team will be happy to help.

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