

Preparing for retirement

February 2014

Check list for insured persons

Retirement marks the beginning of a new chapter in your life – in a financial sense as well. Before you can embark on a retirement that is as carefree as possible, there are many decisions of considerable significance to be taken. This information sheet addresses the most important planning issues by means of a list of questions.

Health

- ☐ What is my current state of health?
- ☐ How long do I expect to live (high or low life expectancy)?
- ☐ How likely is it that I will be faced with high costs for long-term care in old age?
- ☐ Do I want to make financial provisions in case I develop a need for long-term care?

Family circumstances

- ☐ What are my family circumstances?
- ☐ What would the consequences of the death of my partner be? What portion of our income would be lost? Would I be able to pay the heirs their inheritances?
- ☐ What is the situation with regard to a spouse's or partner's pension in my pension scheme (particularly in cases of remarriage)?
- ☐ Are there people in the same household who still need my support?
- ☐ Do I intend to gift a portion of my assets to my heirs in advance in the near future?

Living arrangements and own home

- ☐ Do my current living arrangements meet my requirements in the long term? Do I want to live in the city or the country? Do I want to keep my house after retirement or buy and move to a flat that requires less work to maintain?
- ☐ Will major repairs or renovation work be required in the near future?
- ☐ Which mortgages are coming to the end of their term soon?

- ☐ Do I want to spend my retirement somewhere else in Switzerland (it can make sense for tax reasons to move to another canton when you retire) or abroad?

Budget

- ☐ What level of regular income do I need as a minimum to secure my livelihood (housing costs, food, taxes, insurance, car, etc.)?
- ☐ First pillar, AHV: How much will the AHV pension be?
- ☐ Second pillar, BVG (occupational pension): What am I entitled to claim from my pension fund?
- ☐ What will be the value of my assets when I retire (bank deposits, securities, personal retirement savings (third pillar), property minus mortgages, life insurance policies, etc.)?
- ☐ Are the assets I have (or the returns from those assets) enough to cover the income gap? How much will I have to save additionally?

Retirement options

- ☐ What options do my pension fund's rules provide to allow me to retire earlier or later than the statutory retirement age (early or deferred retirement)?
- ☐ How does early or deferred retirement affect my entitlements (pension/lump sum)?

Early retirement

- ☐ How long before the statutory retirement age do I intend to retire?
- ☐ How much would I be entitled to in the event of early retirement (pension/lump sum) or if I were granted a bridging pension?
- ☐ Have I made a decision about taking an advance on the AHV pension or about the options for financing any AHV contributions that are due until I reach the statutory retirement age?

Deferred retirement (see separate information sheet)

- ☐ How long after reaching the statutory retirement age do I intend to retire?
- ☐ How much would I be entitled to in the event of deferred retirement (pension/lump sum)?

Time of retirement

- ☐ When do I want to retire?
- ☐ Would phased retirement be an option for me?

Pension or withdrawal of a lump sum (see separate information sheet)

- ☐ Does my pension fund allow me to withdraw all of my retirement capital as a lump sum or only part of it?
- ☐ Should I take a pension, withdraw a lump sum or opt for a combination of the two?
- ☐ How far in advance do I have to request the withdrawal of a lump sum from my pension fund?
- ☐ If I am going to withdraw a lump sum, have I already decided on an investment strategy?

Investment strategy/asset management

- ☐ What level of risk am I prepared to accept based on my subjective assessment? Which of the following statements corresponds more closely to my attitude to risk?
 - «If the value of my investments fell by 5% in a year, I would not be able to tolerate it.»
= **low** risk tolerance
 - «Even if the value of my investments falls by 10%, I know there will be other years in which their value rises significantly.» = **high** risk tolerance

- ☐ What level of risk can I accept objectively, or how long is my investment horizon?
 - Note: With a longer investment horizon, a portfolio can contain a higher weighting of higher-risk investments such as equities.
- ☐ Have I set a specific goal for the use of my assets when I retire (asset consumption, preservation or growth)?
- ☐ Should I entrust my assets to an asset manager or manage my assets myself?
- ☐ What investment vehicles should I select? (Tip: if you are dependent on a regular income from your assets, you should minimise risk as far as possible.)
- ☐ How important is it to me that my investments should be liquid (in case of an unexpected need for capital for a big trip, for example, or because I want to help my children buy a home)?
- ☐ How do I assess the investment outlook and options in terms of return, liquidity and security?
- ☐ What level of inflation do I expect in the coming years?

Tax situation

- ☐ Have I taken tax considerations into account in my decision-making?
- ☐ Have I thought about phasing the payout of assets from the pension fund and/or Pillar 3a over time?

Estate

- ☐ Have I made the necessary provisions so that those who survive me will be financially secure and my assets will be distributed as I want them to be?
- ☐ Have I made a will and done everything in terms of matrimonial property arrangements to ensure that my spouse will be financially privileged after my death?
- ☐ And if there are complex financial or family circumstances, have I appointed an executor?

Purchasing additional pension benefits

- ☐ You will find decision-making criteria in the separate information sheet entitled «Purchasing additional insurance years up to the normal retirement age» («Einkauf von Versicherungsjahren bis zur ordentlichen Pensionierung»).

We have shown what you need to take into consideration in terms of your retirement, how you need to think about it well in advance and how you can optimise your pension planning. If you still have questions on particular points, our pension advisers will be glad to assist you. Please contact us for a non-binding appointment.