

# Promotion of home ownership with occupational pension funds

You can use pension capital from pillar 2 for residential property that you occupy yourself. The benefits from your pension fund can be withdrawn early or pledged up until your retirement.

	Early withdrawal	Pledge
<b>What is an early withdrawal/ a pledge?</b>	<p>You can use pension fund assets you have saved up to finance residential property that you will live in yourself.</p> <p>As required by law, the pension fund pays the early withdrawal directly to the seller or the bank that is issuing the mortgage.</p>	<p>Instead of an early withdrawal, you can also pledge your pension fund assets. The following options are available to you in this regard:</p> <ul style="list-style-type: none"> <li>• Pledging your accrued assets and/or</li> <li>• Pledging your retirement, disability or death benefits</li> </ul> <p>The pledged savings or benefits serve as collateral for the pledgee. This may enable you to agree better terms on a mortgage.</p>
<b>What can an early withdrawal/ pledge be used for?</b>	<ul style="list-style-type: none"> <li>• To purchase or build residential property (including conversions and renovations<sup>1</sup>)</li> <li>• To pay off a mortgage loan</li> <li>• To acquire shares in a housing cooperative or similar participation certificates</li> </ul>	
<b>Requirements</b>	<ul style="list-style-type: none"> <li>• You will live in the property yourself at your place of residence or habitual abode (own use).</li> <li>• You are the sole or joint owner of the property or it is under common ownership between spouses or registered partners.</li> <li>• The pension assets/benefits will only be used for one property. This scheme may not be used to finance holiday or second apartments.</li> <li>• If you are buying land, you must intend to build on it.</li> <li>• Your last early withdrawal occurred at least five years ago.</li> <li>• The amount of the early withdrawal must be at least CHF 20 000.– (limit does not apply to vested benefits policies/accounts or share purchases).</li> <li>• Your spouse or registered partner has given his/her written consent.</li> </ul>	
<b>How often and until when?</b>	Early withdrawals are possible once every five years and, at the Allianz Suisse Collective Foundations, up until the point at which you become entitled to receive retirement benefits at the latest.	No time limits.
<b>Maximum and minimum amounts</b>	<p>Up to the age of 50: Maximum early withdrawal = amount of the available savings*</p> <p>From the age of 50: Maximum early withdrawal = savings amount to which you would have been entitled at the age of 50, or half the current available savings*</p> <p>* Purchases made within the last three years cannot be withdrawn early.</p> <p>The minimum amount for early withdrawals is CHF 20 000.– (limit does not apply to vested benefits policies/accounts or share purchases).</p>	<p>It is possible to pledge either your entitlement to retirement, disability or death benefits and/or your savings. Pledges of benefits are not subject to any limits. Pledges of savings are subject to the same limits as early withdrawals.</p> <p>There is no minimum amount for pledges.</p>
<b>Effect on pension cover</b>	Early withdrawals reduce the amount of future retirement benefits. Depending on the type of pension plan, the insured benefits in the event of death and disability will also be reduced. The shortfall that arises in your death and disability cover can be made up with a supplementary insurance policy.	<p>As long as they are not realised, pledges do not affect your pension cover.</p> <p>If the realisation of the pledge causes a shortfall in your death and disability cover, this shortfall can be made up with a supplementary insurance policy.</p> <p>If you pledge your disability and retirement pensions and your death benefits, these will only be paid out with the written consent of the pledgee.</p>

	Early withdrawal	Pledge
<b>Tax effects</b>	<ul style="list-style-type: none"> <li>The early withdrawal must be taxed as a lump-sum pension benefit in accordance with the federal and cantonal provisions applicable at the time of the withdrawal. In general, it is taxed separately from the rest of your income at a reduced rate.</li> <li>If you repay the early withdrawal, you can reclaim the tax you paid from the responsible tax authority within three years.</li> </ul>	Tax is only payable upon realisation of the pledge. The same rules then apply as for an early withdrawal.
<b>What happens if you change job?</b>	Your new pension fund will be informed about the early withdrawal. If you subsequently make a repayment, you will do so to the new pension fund, which will credit the amount to your retirement account.	Your new pension fund and the pledgee will be informed about the pledge and your change of job.
<b>What happens when you retire?</b>	When you retire, your pension benefits will be calculated on the basis of the remaining retirement assets, unless you have repaid the early withdrawal in the meantime.	<p>If you have only pledged your savings balance, the pledge expires when you retire.</p> <p>If you have pledged both your savings assets and your retirement benefits, the pledge remains in force when you retire and the retirement benefits remain pledged to the lender – but only up to the amount of the savings balance you originally pledged.</p>
<b>What happens in the event of divorce?</b>	In the event of divorce, the court will treat the early withdrawal in the same way as the accrued retirement assets, i.e. it will be split into equal amounts if it was made after you got married.	To transfer part of your pension fund assets in the event of divorce, you need to obtain written agreement from the pledgee.
<b>Do I have to pay back the early withdrawal?</b>	<ul style="list-style-type: none"> <li>Yes, if the residential property is sold or rights are granted to it that have the same economic effect as a sale. The same applies if no pension benefits are due upon the death of the insured person.</li> <li>The early withdrawal can be repaid voluntarily at any time.</li> <li>The right and the obligation to repay early withdrawals exists until the occurrence of an insured event and until the entitlement to retirement benefits arises in accordance with the Pension Rules or until the vested benefits are paid out in cash.</li> <li>If the amount withdrawn early is to be reinvested in owner-occupied residential property within two years of the sale of the property, the early withdrawal can be deposited with a vested benefits institution rather than being repaid.</li> <li>The minimum repayment is CHF 10 000.–.</li> <li>If you would like to make purchases in the pension fund, an existing early withdrawal must be repaid first.</li> </ul>	
<b>When is an early withdrawal/a pledge not possible?</b>	<ul style="list-style-type: none"> <li>In the event of full disability</li> <li>In the event of partial disability, an early withdrawal or pledge is only possible on the remaining active portion of the pension policy</li> </ul>	
<b>What is a restriction on sale?</b>	In the event of an early withdrawal or the realisation of a pledge, a «restriction on sale» is entered in the land register in order to ensure that the purpose of the pension scheme is adhered to. This restriction ensures that the early withdrawal is repaid to the pension fund if the residential property is sold.	
<b>How high are the costs?</b>	The costs for early withdrawals and pledges are shown in the Cost Regulations at <a href="http://allianz.ch/bvg-documents">allianz.ch/bvg-documents</a> . The land register costs and any fees for obtaining current land register extracts and confirmations of residence are borne by the insured person.	
<b>How high are the costs?</b>	<ul style="list-style-type: none"> <li>Ask your advisor for a quote.</li> <li>Complete the «Application for an early withdrawal or a pledge» form and send it to us along with all required enclosures.</li> </ul>	

<sup>1</sup>The conversion/renovation must be directly related to living in the property and must be value-enhancing or value-preserving. Luxury conversions and maintenance and repair work do not entitle you to make an early withdrawal. Below is a list of conversions and renovations that you are either permitted or not permitted to finance with your occupational pension assets

## For which renovations or conversions is an early withdrawal permitted?

Permitted (list not exhaustive)	Not permitted (list not exhaustive)
<ul style="list-style-type: none"><li>• Replacing or building a new conservatory</li><li>• Loft/cellar conversions/extensions</li><li>• Installation of stairs</li><li>• Conversion/replacement of the entire kitchen</li><li>• Conversion/replacement of the entire bathroom</li><li>• Replacement of multiple windows/doors</li><li>• Installation of roof windows</li><li>• Removal of old carpets and laying of parquet flooring</li><li>• Replacement of all the electrical installations</li><li>• Installation of a new heating system as a replacement for the old heating</li><li>• Full replacement of water pipes</li><li>• Installation or extension of solar collectors</li><li>• Repainting, rendering or replacing the entire façade</li><li>• Heating systems/geo-thermal heat pump/boiler/solar arrays/installation of a Scandinavian wood stove/fireplace</li><li>• A permanent veranda directly adjacent to residential property that is habitable the whole year round</li></ul>	<p><b>Because they qualify as repairs</b></p> <ul style="list-style-type: none"><li>• Replacement of the cooker, fridge, etc.</li><li>• Replacement of a sink, bath, etc.</li><li>• Replacement of an individual window or door</li><li>• Repair work on a conservatory</li><li>• Replacement or sanding down and resealing of individual parquet flooring tiles/panels</li><li>• Repair work on water pipes, replacement of individual pipes</li><li>• Replacement/repair of individual electrical installations</li><li>• Replacement/repair of existing solar collectors</li><li>• Painting, wallpapering or plastering interior walls</li><li>• Cleaning of fireplace/chimney (by chimney sweep)</li><li>• Replacement of a roof beam</li></ul> <p><b>Because they are not directly related to living in the property</b></p> <ul style="list-style-type: none"><li>• Construction of a garage (attached or free-standing), parking space, bicycle shelter</li><li>• Swimming pool, sauna, solarium</li><li>• Garden shed, seating area, pergola, etc.</li><li>• Reconstruction or enhancement of garden walls</li><li>• Construction/repair of a wrought-iron garden gate</li><li>• Electric charging station</li></ul>

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