

INFORMATION SHEET

Residential property

Financing residential property

Retirement assets from occupational benefit schemes can be used to purchase owner-occupied residential property. Both advance withdrawals and pledges are possible. In the case of advance withdrawals, retirement savings capital is withdrawn in full or in part, whereas in the case of a pledge, the pension entitlements are assigned to the mortgage lender as security. A combination of advance withdrawal and pledge is also possible.

Who can make advance withdrawals or pledges?

In principle, all insured persons. This does not apply to insured persons who are three or fewer years away from effective retirement or insured persons who are already drawing a pension.

Insured persons who have made voluntary contributions in the last three years are also not entitled to withdraw their retirement assets in advance.

An advance withdrawal or pledge can only be claimed if the insured person is the owner of the property. In the case of co-ownership, an advance withdrawal may not exceed the co-ownership share of the residential ratio. An advance withdrawal or pledge in the case of joint ownership is only possible between spouses.

Intended use

Intended use of retirement assets:

- Construction or acquisition of residential property that is permanently occupied by the insured person. This includes detached houses and condominiums, but not business premises or secondary residences such as holiday homes or holiday flats.
- Value-preserving and value-enhancing investments (appropriate renovation and remodelling work on an existing residential property)

- Participation in residential property (acquisition of share certificates in a housing cooperative) or tenants' corporation
- Amortisation/repayment of mortgage loans (not for the payment of mortgage interest or for the 'maintenance' of the residential property repair work)
- Advance withdrawal for building land if a specific project for the construction of living space for own use exists at the same time (incl. building permit)

Forms of ownership:

- Sole ownership
- Co-ownership with share quota (at ½, for example)
- Property owned jointly and severally by the insured person and the spouse
- Independent and permanent building rights
- Participation in housing co-operatives or shareholder in a tenants' joint-stock company

Advance withdrawal

Minimum/maximum amount

A minimum amount of CHF 20,000 applies to early withdrawals. The acquisition of share certificates in housing cooperatives or similar participations is not tied to the minimum amount.

Up until the age of 50, the sum permitted to be withdrawn in advance or pledged may be no higher than the equivalent of the current retirement assets. Above the age of 50, the maximum sum will be equivalent either to the retirement assets held at the age of 50, or if the sum is higher, no higher than half of the current retirement assets.

Example	CHF
Retirement assets of a 50-year-old: The entire amount is available for early withdrawal.	200,000
At 54, the retirement assets increase to: The maximum possible advance withdrawal remains at:	290,000 200,000
At 57, the retirement assets increase to (as a result of extraordinary interest credits, for example): The maximum possible advance withdrawal is ½ of CHF 410,000:	410,000 205,000

An advance withdrawal may be claimed every five years. The date of payment is used to calculate the deadline.

Restriction on sale in the land register

It will be noted in the land register that the property was financed with pension assets. The restriction on sale means that the property may only be sold with SVE's consent. The insured person must bear the fees in full.

To whom and when will the payment be made?

Payment is made directly to the seller, creator or lender on behalf of the insured person as soon as the documents required for the advance withdrawal are available (usually proof of ownership, restriction on sale, fee). Payment to the insured person is not permitted.

Reduction in benefits/supplementary insurance

Advance withdrawals result in reductions in insurance benefits. While optional, supplementary insurance (risk insurance, life insurance) is recommended.

Other consequences under pension law

In the event of divorce, the advance withdrawal will be considered a vested benefit and may be (partially) transferred to the spouse's pension fund by a court.

Fees

The SVE charges a processing fee for early withdrawals in accordance with the appendix to the Pension Fund Regulations¹.

Taxes

Advance withdrawals are taxable with immediate effect. Pledges are tax-free, as no capital payments are made. Only if a pledge is realised are the proceeds treated as an advance withdrawal. Further information is available from the tax office.

SVE is obliged to notify the Federal Tax Administration of every advance withdrawal (including payments abroad) within 30 days. If the insured person is resident abroad, the withholding tax will be deducted directly from the advance withdrawal and forwarded to the Swiss tax authorities.

If an advance withdrawal is repaid or partially repaid, a tax refund without interest can be claimed. The right to a refund expires three years after the advance withdrawal has been repaid. The written application must be addressed to the tax authority that levied the tax at the time. Among other things, a certificate from the pension fund stating the repayment amount must be enclosed.

Repayment of the advance withdrawal

The minimum repayment is CHF 10,000. Repayments can be made at any time before retirement, provided that no insured event (disability/death) has occurred in the meantime.

After full repayment of the advance withdrawal, voluntary purchases will again be possible.

Repayment before retirement is mandatory if the residential property is sold or no pension benefits are due in the event of the death of the insured person.

If, when the residential property is sold, it is intended to use the proceeds in the amount of the advance withdrawal for owner-occupied residential property within two years, this amount can be deposited in a vested benefits account or a vested benefits policy.

Pledges

In the case of pledges, retirement assets (or parts thereof) are blocked in favour of the mortgage lender. A pledge thus serves as additional security. For a pledge to be valid, SVE must be notified in writing.

Reduction in benefits/taxes/repayment

In the case of a pledge, there are no immediate reductions in benefits or taxes. This changes if the pledgee wishes to realise the pledge and requests payment from SVE (if the insured person no longer meets their contractual obligations, for example). The same provisions apply to the realisation of a pledge as to an advance withdrawal.

Other consequences under pension law

Insofar as the pledged amount is affected, the pledgee must consent to a cash payment of the retirement assets, the payment of pension benefits or the transfer of a share of the vested benefits to their spouse in the event of divorce.

¹ The Pension Fund Regulations are available at www.sve.ch/downloads.

Advance withdrawals or pledges

Advance withdrawal

Advantages

- Increase in equity
- Reduction of mortgage debt
- Less interest on debt

Disadvantages

- Immediate taxation
- Reduction of insurance benefits
- Possible additional financial burden to maintain risk protection (risk insurance)
- Lower tax deductibility of interest on debt
- Repayment of the advance withdrawal before the regulatory purchase option
- Restriction on sale

Pledges

Advantages

- No direct loss of benefits (only in the event of pledge realisation)
- Possible deferral of amortisation due to pledge on capital or pension
- Possibly lower interest rate for mortgage, as additional security
- Lower equity requirement
- Higher tax deductibility of interest on debt

Disadvantages

- No reduction of the mortgage burden
- Interest charge on additional debt capital
- Pledgee's consent required for claim to capital or pension

It is up to the insured person to decide whether to make an advance withdrawal or pledge the pension, or a combination of the two. Opportunities and risks must be weighed up (mortgage interest rate increase, possible reduction in the value of the residential property, miscalculation of pension income in the event of retirement). SVE assumes no responsibility.

Advance withdrawal registration/duty to provide information

On request, SVE will inform the insured person of the maximum possible advance withdrawal at a given time.

Insured persons can simulate benefit reductions for themselves at [mypk.SVE.ch](https://mypk.sve.ch).

Written applications must be accompanied by documents proving the intended use for the advance withdrawal and personal requirements. Married persons also require the written consent of their partner.

Statutory and regulatory provisions apply to the payout. In the case of new buildings, payouts are not possible before transfer of ownership.

If you change jobs, the advance withdrawal or pledge will remain in place. SVE must pass on all information about the advance withdrawal or pledge to your new pension fund.

Persons insured by the Johann Jakob Sulzer Foundation (JJS)

The effects of an advance withdrawal from the JJS on JJS benefits can be seen in the respective JJS pension plan. The respective scenarios can be simulated in the mypkSVE policyholders' portal.

Mortgage loans

SVE grants mortgage loans. For further information, please contact our team:

Sulzer Pension Fund
P.O. Box 1816
8027 Zurich
T +41 52 262 41 60
info@sve-hypothecken.ch

Do you have any questions?

All insured persons have access to their own personal contact. Contact details can be found on your insurance certificate or at www.sve.ch/team.