

## INFORMATION SHEET- VOLUNTARY CONTINUED INSURANCE (Art. 47a BVG)

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Up to now, loss of employment has always meant having to leave the pension fund. This has represented an additional burden, especially for older workers. Since 1 January 2021, however, the legislature has been offering pension funds the option of continuing to cover insured persons from the age of 55 on a voluntary basis, even in the event of employment loss caused by their employer. The Alvoso pension fund offers flexibility beyond the statutory minimum, insofar as the salary to be insured can be set at a lower level, if necessary. Alternatively, only the risks of disability and death can be insured. Both will result in lower contributions for insured persons.

### Legal Basis

Article 47a of the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) regulates the voluntary continued insurance of employees from the age of 58, as of 1 January 2021. According to paragraph 7 of this article, insurance is permitted from the age of 55. And it is also possible to insure a lower salary than the previous one, if this is provided for in the regulations. In order to offer its insured persons the most comprehensive insurance cover possible, the Alvoso Pension Funds make use of both extension options.

### General Conditions

As a result of the new legislation, some questions remain open. Below, we answer the most important of these with regard to continued insurance in the Alvoso Pension Fund.

#### **Who can continue to be insured on a voluntary basis?**

Insured persons who leave the compulsory insurance scheme after reaching the age of 55 because their employment contract has been terminated by their employer, who have not found a new job by the end of the employment contract and who register within 30 days of the end of that previous employment contract, can all continue to obtain voluntary insurance.

Alternatively, it is still possible to leave the Alvoso Pension Fund. In this case, insured persons' retirement credits are transferred to a vested benefits account.

#### **What can continue to be insured on a voluntary basis?**

Insured persons have the option of obtaining risk insurance against disability and death only, or of continuing with the old-age provision (a savings process) in addition.

In both cases, the leaving benefit will be retained by the Alvoso Pension Fund.

#### **To what extent do any insurance benefits continue to be available?**

The legislature provides that pension provision must continue on to the same extent as with the previous employer. Any increase or reduction in the pension solution (pension plan) by the previous employer automatically causes adjustment of voluntary continued insurance.

However, on this basis, the Alvoso Pension Fund offers the following variants over the previous employer's insurance:

Only risk benefits (disability and death) are covered, as are risk benefits and half of the previous retirement benefit (savings contributions). Risk benefits and full previous retirement benefit (savings contributions) are covered.

This means that the scope of services can be determined independently, in accordance with insured persons' own personal needs and possibilities. The different options available are first chosen at the time of registration and can be changed subsequently on 1 July every year.



### **Who finances the contributions and what do they include?**

All contributions are borne in full by insured persons themselves. These consist of the following:

- Risk contributions
- Administrative costs
- Savings contributions (only if retirement benefits are continued)
- Restructuring contributions (the employee's share only, and only if such contributions are due from the former employer under pension fund regulations)

### **What happens if new employment is taken up and another pension fund is joined in conjunction with that?**

If the insured person joins a new occupational benefits organisation, the Alvoso Pension Fund transfers the leaving benefit to the new occupational benefits organisation, just as it would for a change of employment.

### **When does voluntary continued insurance end?**

In principle, the insurance described above ends, ideally, when the insured person starts a new job and his/her retirement assets are transferred to a new pension fund. If less than two-thirds of the leaving benefit is required to buy into the full benefits available under the regulations from the occupational benefits organisation, voluntary insurance with the Alvoso Pension Fund can be continued, provided it has not been terminated. If more than two-thirds of the leaving benefit is required for full benefits available under the regulations from the new occupational benefits organisation, continued insurance with the Alvoso Pension Fund ends automatically.

In addition, insurance coverage ends in the event of death, disability or once ordinary retirement age is reached, in accordance with the regulations.

Insurance can also be terminated by the insured person at any time with 30 days' notice to the end of the following month.

In addition, the Alvoso Pension Fund may terminate voluntary insurance cover, if outstanding contributions are not paid within 30 days, following the sending of a single reminder.

## **What else needs to be considered?**

### **What would happen to voluntary insurance if the previous employer changes the occupational benefits organisation?**

In the interest of equal treatment, all persons who claim voluntary continued insurance will also be transferred to the new pension fund.

### **How can benefits be drawn down under the voluntary continued insurance scheme?**

Within two years, retirement benefits can be drawn down in both lump-sum and pension form. If voluntary continued insurance has lasted longer than two years, retirement benefits can only be paid out in the form of a pension.

In addition, the leaving benefit can no longer be used for an advance withdrawal or pledge of residential property (WEF) after a voluntary insurance period of two years. However, advance WEF withdrawals that have already been made can still be repaid and buy-ins to the occupational benefit scheme can still be carried out.

### **How is an application for voluntary continued insurance made?**

This must be done within 30 days of the end of the previous employment contract, using the "Application for Voluntary Continued Insurance" form, which is posted on the Alvoso Pension Fund homepage at [www.alvoso-pensionskasse.ch](http://www.alvoso-pensionskasse.ch).

### **When are the contributions due?**

We request contributions directly from the insured person on a monthly basis. The associated invoice must be paid within 30 days. Interest on arrears and additional processing fees may be charged from the due date in the case of contributions not paid on time.

Furthermore, the provisions of the pension fund regulations apply in their current version.

## **Any questions?**

Our Secretariat staff will be more than happy to help.