

## Information Sheet

# Early Withdrawal / Pledge For Residential Property (WEF)

This information sheet is intended for persons who are insured with the Alvoso Pension Fund and intend to make an early withdrawal or pledge capital for residential property (WEF). It serves information purposes and sets out the options, consequences and obligations arising from practical application of the relevant laws and regulatory principles. It cannot form the basis for any legal claims. In individual cases, the regulations and corresponding legal principles of the Swiss Confederation are authoritative for these purposes.

To simplify readability, we have dispensed with the additional formulation of the feminine form and point out that exclusive use of the masculine form should be explicitly understood as gender-independent.

## Legal Principles

With the Ordinance on the Promotion of Home Ownership, with Funds from Occupational Benefit Schemes (WEFV), the Swiss Parliament created the option on 1 January 1995 to withdraw or pledge savings capital from the pension fund for owner-occupied residential property. You can read the exact wording of this legislation in the following articles:

- ♦ WEFV (Ordinance on the Promotion of Home Ownership, with Funds from Occupational Benefit Schemes)
- ♦ Art. 30a - 30g and 83a BVG (Federal Law on Occupational Benefit Schemes)
- ♦ Art. 331d - 331e CO (Code of Obligations)

## Intended use

Retirement credits can be withdrawn / pledged in advance for the following purposes:

- ♦ The purchase of residential property (single-family house or condominium) that is permanently owner-occupied. No second homes or holiday homes are financed.
- ♦ The amortisation of mortgage loans.
- ♦ For value-enhancing or value-maintaining investments in residential property. Normal maintenance and mortgage interest payments cannot be financed.
- ♦ For the purchase of share certificates of a housing cooperative or similar participations if a flat co-financed thereby is occupied by the insured person himself/herself.

## Requirements

### Who can make early withdrawals?

Every active insured person who has retirement credits of at least CHF 20,000 and who has not made any purchases in the previous three years can make an early withdrawal up to three years before normal retirement. Early withdrawals are possible at intervals of no less than five years.

### Who can create pledges?

Every active insured person who has retirement credits can pledge up to the maximum amount of his/her existing retirement credits up to three years before retirement.

## Special regulations / administrative matters

- ♦ For insured persons aged 50 and over, the capital available for early withdrawal equals the vested benefits at age 50 or half of the vested benefits at the time of early withdrawal, if higher. This situation applies mutatis mutandis to pledges.
- ♦ No minimum amount is specified for the purchase of share certificates of a housing cooperative or similar participations.

- ◆ For an early withdrawal or a pledge, either the Application for WEF Advance Withdrawal form or the Application for WEF Pledge form must be completed, signed and submitted, together with the documents requested on the form (see [www.alvoso-pensionskasse.ch](http://www.alvoso-pensionskasse.ch)).
- ◆ We will send a copy of the WEF Advance Withdrawal Application form to the land registry as confirmation of the entry of a restriction on sale.
- ◆ An early withdrawal can only be paid out after the transfer of ownership and the entry of a restriction on sale in the land register. Therefore, it is important to ensure that sufficient time is allowed for processing. In an emergency, we can draft an irrevocable promise to pay in favour of the lender (e.g. bank).
- ◆ For insured persons who are not married, we require an official certificate of their civil status.
- ◆ Insured persons who are married or who are living in a registered partnership require the consent of their spouse or partner in the form of a notarised signature on the WEF Early Withdrawal / WEF Pledge Application form.
- ◆ If you wish, we can arrange supplementary insurance for any reduction in benefits due to early withdrawal.

## Consequences

### Early withdrawal

- ◆ Due to the early withdrawal part of the retirement capital accumulated is paid out. This reduces the retirement pension, which is calculated from the existing retirement credits, or the retirement capital.
- ◆ Depending on the pension plan, disability and death benefits may also be reduced if they depend on the available savings capital.
- ◆ An early withdrawal must be taxed immediately. The associated tax must be paid out of your private assets. The tax office in your local municipality will inform you regarding the amount payable.
- ◆ The costs incurred in connection with the early withdrawal as a result of the entry of a restriction on sale in the land register are borne by you.
- ◆ No tax-privileged purchases can be made until your early withdrawal has been repaid in full. Partial repayments must be at least CHF 10,000.
- ◆ In the case of an early withdrawal for amortisation of a mortgage, it should be noted that the reduction in mortgage interest payments will result in a higher level of income tax.
- ◆ If the residential property is sold or rented to a third party, the early withdrawal must be repaid. You can reclaim tax paid within three years.

### Pledge

- ◆ Either a fixed amount or the entire entitlement to future pension benefits (vested benefits, retirement, survivors' and disability benefits) can be pledged.
- ◆ The pledge itself is tax-free and pension cover remains in place once the pledge is made, unless a pledge needs to be realized.
- ◆ Tax-advantaged purchases can be made during the pledge.
- ◆ If a pledge is realized, tax becomes payable immediately - as with an early withdrawal. Any purchases into the pension fund during the previous three years will be reversed retrospectively for tax purposes.
- ◆ Please note: In most pledge agreements, you request payment of the retirement capital by signing the document.
- ◆ If an annuity or lump-sum benefit becomes due (in the event of disability, death or retirement), the lender will determine how the benefit should be paid out.