Information Sheet on Homeownership Promotion using Pension Fund Money

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1. What is it about?

The promotion of homeownership with occupational pension funds is based on the idea that owner-occupied property can also serve as a form of retirement provision. Therefore, these provisions apply only to active insured individuals and not to retirees.

The Homeownership Promotion Act allows the insured individual to use funds from the pension fund of Saurer Enterprises for the purchase of self-occupied real estate. The focus is on the option of withdrawing the vested benefits. This allows the insured individual match equity requirements of the bank.

2. Purpose of use

Funds from the fund can be withdrawn or pledged for the following purposes:

- For the acquisition of owner-occupied property, which is self-occupied and permanent. This includes single-family homes and condominiums but not vacation homes or second residences.
- For the acquisition of shares in a housing cooperative or similar participations if a property financed with it is self-occupied.
- Renovation of self-used property
- For the amortization of mortgage loans.

3. Pre-Withdrawal

3.1 Amount and limitation

The amount of available capital corresponds to the amount of the current vested benefits until the age of 50. Active insured individuals who have reached the age of 50 may only withdraw the vested benefits at age 50 or half of the current vested benefits at most.

The minimum amount is CHF 20,000 and can be claimed at most every 5 years

3.2 Pay-out

The pension fund pays the pre-withdrawal no later than six months after the claim is made by the insured individual.

3.3 Consequences

3.3.1 Benefit reduction

In the case of a pre-withdrawal, the pension fund of Saurer Enterprises pays the savings or a portion of it to the creditor of the insured individual. The settlement is usually handled through the insured individual's financing bank.

As a result of the pre-withdrawal, retirement and death benefits are reduced, but not in the case of disability. It is the responsibility of the insured individual to determine whether the reduced insurance benefits, along with the cost reduction in homeownership, are sufficient to maintain an appropriate standard of living.

The loss/reduction of death risk protection can be compensated with additional insurance. For the risk of disability, no additional insurance is necessary, as disability benefits from our pension fund remain in place until the start of the old-age pension. The pension fund of Saurer Enterprises can assist the insured individual in obtaining additional insurance upon request. The cost of this insurance is borne by the insured individual.

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3.3.2 Tax consequences

The pre-withdrawal is subject to immediate taxation. Information can be obtained from the tax office of the place of residence. The pension fund is obliged to report pre-withdrawals to the tax authorities.

In the case of later repayment of the pre-withdrawal, the repaid contributions cannot be deducted for tax purposes, but the paid tax is refundable without interest. Therefore, the receipts should be carefully preserved.

In the event of a withdrawal for mortgage amortization, it should be noted that the reduction in mortgage interest directly affects income tax, as the interest expenses decrease.

3.4 Security

The pre-withdrawal must be reported to the land registry by the pension fund of Saurer Enterprises. A sales restriction is then recorded on the property.

3.5 Repayment

The insured individual is obliged to repay the pre-withdrawal to the pension fund of Saurer Enterprises if they sell the property or rent it out to third parties. The conditions of owner-occupancy are no longer met in this case. Repayment can also be voluntary; the minimum repayment amount is CHF 20,000.

4. Pledge

Instead of pre-withdrawal, the claim can be pledged up to the amount of the vested benefits without affecting the pension protection, unless a pledge realization must be carried out.

5. Change of pension fund

If an insured individual who has made a pledge or pre-withdrawal leaves the employer and thereof the pension fund, all necessary data will be forwarded to the new pension fund.

6. 6. Claiming the Pre-withdrawal

- A written request must be submitted to the pension fund of Saurer Enterprises (possible up to 6 months before the entitlement to old-age benefits arises
- If the insured individual is married, the spouse must also consent to the request.
- The intended use of the funds and the need for personal use must be proven

7. Obligation of Information by the Pension Fund and Individual Responsibility of the Insured

The pension fund of Saurer Enterprises informs the insured individual about:

- The pension capital available for homeownership.
- The benefit reduction associated with a pre-withdrawal or pledge realization.
- The possibility of closing a gap in pension protection concerning survivor benefits caused by the pre-withdrawal.
- The tax liability in the case of pre-withdrawal or pledge realization of this pension capital

The insured individual must be aware that, through pledging (in the case of pledge realization) or pre-withdrawal, they reduce the savings capital and thus the old-age and survivor benefits. The insured individual acts in their own responsibility; the pension fund cannot assume responsibility in this regard.