

Fact sheet

Advance withdrawal in the context of the promotion of home ownership

Legal bases

Article 30 of the Swiss Federal Law on the Occupational Old-Age, Survivors' and Disability Benefit Plans (Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge, BVG) specifies the conditions under which active members may utilise their entitlement to pension benefits for home ownership purposes.

Deadlines and minimum amount

Active members may file advance withdrawals up to three years before they reach the retirement age specified in the Regulations. The retirement age is set out in the pension plan of the respective employee benefits unit. Pensioners are not entitled to make advance withdrawals. The statutory minimum amount, which is CHF 20,000, can be withdrawn every five years only. The minimum amount does not apply to the purchase of unit certificates in housing associations or other admissible participations.

Advance withdrawal amount

Up to age 50, the entire accrued vested benefit may be withdrawn in advance. Once you have passed the age of 50, the maximum amount you may withdraw is either the vested benefit to which you would have been entitled at age 50 or half of the vested benefit at the time of the withdrawal if the latter is higher.

Voluntary buy-in and advance withdrawal

Pursuant to pension law, buy-ins and their interest income are not available for lump-sum withdrawals for a period of three years. Please note that, according to the pertinent fiscal jurisdiction, the entire savings capital is barred from lump-sum withdrawals for a period of three years. In any case, active members are required to clarify the fiscal consequences of a lump-sum withdrawal and are solely responsible for such consequences.

Purpose

You may withdraw pension assets for the following purposes:

- purchase and construction of owner-occupied residential property
- amortisation of mortgage loans on owner-occupied residential property
- value-enhancing/-preserving investments in an owner-occupied home
- purchase of unit certificates in housing associations or similar participations

Advance withdrawals may not be used to finance a property's ongoing maintenance or pay interest on mortgages. The financing of second homes or holiday homes is also excluded.

Personal use

You are required to occupy the property yourself, either at your place of legal residence or your usual place of residence.

Conditions applying to advance withdrawals

1. The money must be used for an owner-occupied property. This also includes condominium apartments. The following ownership structures are admissible:
 - sole ownership
 - co-ownership
 - joint ownership with a spouse or registered partner
2. You must be insured with GEMINI at the time of the disbursement.
3. At the time of the disbursement, no benefit claim may arise (retirement, disability, death). Advance withdrawals must be payable before any effective departure.

Value-enhancing and value-preserving investments (conversion/renovation)

According to the Federal Social Insurance Office (Bundesamt für Sozialversicherung, BSV), pension assets may be used for reasonable renovation and conversion work on properties provided its purpose is to maintain the quality of the living conditions and the property's value. The following list (which is not exhaustive) provides an overview of renovation work that qualifies for financing via pension assets and work that does not qualify.

Possible renovations that qualify	Renovations that do not qualify
Attic conversion / screed	Balcony and pergola
Heating system (e.g. heat pump system)	Floors (parquet / carpet)
Complete bathroom modernisation	Carport and garage
Complete modernisation of windows	Replacement of washing machine / cooker / bathtub
Complete roof modernisation	Replacement of individual windows / pipes
Complete kitchen modernisation	Fees and planning costs
Complete replacement of water pipes	Noise insulation wall / sun protection
Renovations in living areas	Sauna / fitness room / swimming pool
Solar cells	Environment and garden work
Heat insulation	
Conservatory (not stand-alone, must be connected with the house)	

GEMINI will issue a final assessment after receiving the application including all required documents (invoices, quotes, contracts for services, etc.).

Effects on pension benefits

Advance withdrawals are deducted from members' savings capital. This results in a reduction of future pension benefits. On request, we provide a calculation of your benefits before and after an advance withdrawal. Members may cover any reduced disability or death benefits via a supplementary insurance policy provided by an insurance company. In this case, members are responsible for the full contributions payable under such supplementary insurance policies.

Disbursement

GEMINI will pay the full amount directly to the seller or the lender. Payments to members are not permissible. Pursuant to Article 6 of the Decree on the Promotion of Home Ownership, after receipt of the complete documentation, the pension fund has six months to disburse the advance withdrawal. Once GEMINI has received, reviewed and approved all required and legally valid documents in accordance with the statutory provisions, advance withdrawals may be disbursed within approx. 14 days. GEMINI may not proceed with the disbursement if a benefit claim or a divorce has occurred in the meantime.

Tax treatment

GEMINI will notify the Swiss Federal Tax Authorities of the advance withdrawal. The Federal Government and the cantons will then automatically request payment of taxes. Various tax rates apply. The respective information can be obtained from the tax offices. If the advance withdrawal is repaid, the tax payments may be reclaimed (without interest) within a period of three years. We therefore recommend that you keep all respective records in a safe place. GEMINI is obliged to inform the Federal Tax Authorities of any repayment. The respective taxes may not be offset against the advance withdrawal, i.e. you must use your private funds to cover them. Where members have no fiscal residence in Switzerland, withholding tax is deducted from the advance withdrawal.

Safeguarding of providential purpose

To safeguard the providential purpose of the withdrawn assets, the pension fund is obliged to enter a sales restriction in the land register specifying that the advance withdrawal must be repaid to the pension fund in the case of a sale. A sale as defined by the law also includes the granting of rights which are economically equivalent to a sale.

Voluntary repayment

The minimum repayment amount is CHF 10,000. If the outstanding withdrawal amount is lower than the minimum amount, the repayment must be effected in one single instalment. Voluntary repayments may be effected as follows:

- until retirement age is reached
- until a benefit claim arises (early retirement, death, disability)
- until a vested benefit is paid out in cash (in case of a permanent departure from Switzerland or the commencement of self-employment)

Mandatory repayment

Members, or their heirs, are obliged to repay the advance withdrawal:

- if the property is sold before a benefit claim arises
- in the event of death if no pension benefits are due

Main pros and cons of advance withdrawals

Pros	Cons
More equity capital	Reduced pension after retirement
Lower mortgage interest payments	Immediate taxation of withdrawn amount

Costs

- The member is responsible for covering the cost of notarisation of the notarised signature.
- The member is responsible for covering the cost of entering the notation in the land registry.
- The advance withdrawal application will be processed free of charge.

Other

No claims may be made on the basis of this factsheet. In individual cases, the provisions of the regulations and the relevant legal bases serve as the definitive criteria. In this case, these are Art. 30a–f and 83a OPA, the Ordinance on the Promotion of Home Ownership using Occupational Pension Benefits (PHOO), and Art. 331d f. CO.