

Vesting

What does the term «vested benefit» mean?

The vested benefit is the sum an insured person is entitled to upon termination of the employment relationship and withdrawal from the employee benefits institution, in the form of a withdrawal benefit. In this connection the law speaks of a "case of vesting" and stipulates that it may not be preceded by a claim to retirement, disability or death benefits.

Since 1995 the Federal Law on Vested Benefits (FZG) has regulated vesting rights. Among other things, the law says

- that if you change jobs, the withdrawal benefit to which you are entitled must be transferred to the employee benefits institution of your new employer;
 - that - if you do not take up a new position after an employment relationship ends - your entitlement to withdrawal benefit must be made available in the form of a vested benefit policy or vested benefits account.
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When can I have my vested benefit paid out in cash?

You can draw your vested benefit in cash under the following circumstances:

- When you leave Switzerland permanently without taking up residence in the Principality of Liechtenstein. Please note: As of 1 June 2007, vested benefits can no longer be paid out in cash if you move to an EU country where you are subject to mandatory retirement, death and disability insurance.
A list of all EU and EFTA states is available under:
www.sfbvg.ch » Liaison office » Basics » List of EU and EFTA states.
 - When you become self-employed as your main occupation and are no longer subject to mandatory occupational benefits coverage (confirmation is required from the AHV administration office).
 - if your vested benefit is lower than your own annual contribution.
 - In the context of encouraging home ownership, insured persons who are capable of earning a living can use their retirement savings, in whole or in part, to finance their own home in the form of a prepayment or pledge. You can find further information in our information sheet on *Financing home ownership*
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What should I do if I want the vested benefit paid out in cash?

- The amount of vested benefit to which you are entitled is listed on your personal pension certificate.
 - Complete the form *Notification of withdrawal* and enclose the documents listed under Point 3.
 - Under no circumstances can a cash payout of the vested benefit be made without written consent from your spouse / registered partner, with the signature being authenticated.
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What is the best way for me to invest my vested benefit?

Your freedom to invest your vested benefits is restricted by law: If your vested benefit is larger than the amount required to purchase the full employee benefits specified in the regulations of your new pension fund, or if you do not join a new pension fund, you basically have two options:

- you can take out a **vested benefit policy** with benefits coverage
- you can open a **vested benefits account** with or without a safekeeping account

The ideal solution for you very much depends on your personal goals and individual needs:

- A vested benefit policy is suitable for closing gaps in insurance coverage if you have sufficient capital and are intending to make a long-term investment.
- If the sums involved are relatively small and the investment horizon is very short, a vested benefits account without risk coverage, which works like a passbook, can be appropriate.
- If you intend to invest a more sizeable vested benefit without insurance coverage for a longer period of time, then it's worth looking into a vested benefits account which is invested in securities.

The right investment for a vested benefit depends on the insurance cover and available capital as well as investment horizon and risk tolerance.

When can I cash in my vested benefit policy or close my vested benefits account?

A vested benefit policy or vested benefits account may be drawn no more than five years before reaching normal retirement age, provided that no insured event has occurred earlier. The same conditions apply to cash payouts as apply to drawing the vested benefit itself in cash. In addition, a policy or account can also be cashed in or closed prematurely in the following cases:

- if you are entitled to a full pension under disability insurance (IV) and no benefits are insured for disability.
- when you reach normal retirement age, or no earlier than five years prior to reaching normal retirement age, or no later than five years after reaching normal -retirement age.

Your Swiss Life insurance advisor is certain to find the best possible solution for you. Why not arrange a consultation. Further information can be found at **www.swisslife.ch/en/wings**.
