

## Free movement of persons: cash payment of vested benefit

**The agreement on free movement of persons between Switzerland and the European Union (EU) also affects occupational benefits. The most important change regards the tight restriction on cash payment of the vested benefit from statutory coverage in accordance with the Occupational Pensions Act (BVG).**

### **What is the most important change?**

For those leaving Switzerland on or after 1 June 2007, cash payment only remains possible for the supplementary portion of the vested benefit. This applies to persons who move to an EU or EFTA member state, where they are subject to mandatory insurance for retirement, disability and surviving dependants' benefits. The nationality of the person filing the application is irrelevant. In Switzerland, the mandatory portion of the vested benefit must either be paid into a vested benefits account at a bank or used to finance a vested benefits policy. There is no transfer to a foreign social security scheme, except in the case of Liechtenstein.

If the insured person is no longer subject to a mandatory pension insurance system in the new EU or EFTA country of residence, the full vested benefit can still be drawn in the form of a cash payment. In this case, the person concerned must prove to the employee benefits institution that he or she is not covered by mandatory insurance in the new country of residence (e. g. written confirmation from the social security authority abroad). The supplementary part of the vested benefit is not affected by this provision and may be paid out in cash as was the case before.

### **What procedure must be followed?**

In order to pay out the **supplementary portion** in cash, Swiss Life needs official confirmation of the cancellation of registration for Switzerland, with a reference to the country of destination.

In order for individuals moving to an EU or EFTA country to receive payment in cash for the mandatory portion under the BVG, they must submit confirmation by the social security authority abroad that the applicant is not subject to compulsory state pension coverage. Persons not moving to an EU or EFTA state (but to a "third country") must present proof of residence.

The certified signatures of the insured person and the insured person's spouse or registered partner are required on all applications for cash payment, together with an official certificate of civil status or another official document confirming the civil status.

The insured person must obtain an "Application form to determine social insurance liability" from the Security Fund website ("Sicherheitsfonds BVG"/"LOB Guarantee Fund"). This form must be completed in full and returned to the BVG Security Fund. This information will be passed on to the social security authority in the country of destination (90 days after definitive departure from Switzerland), which checks whether the person in question is subject to mandatory social insurance. The social security authority abroad sends the results to the BVG Security Fund in Switzerland.

The Security Fund informs both the applicant and the employee benefits institution in Switzerland about the outcome. With this evidence and the official confirmation (original), the supplementary portion of the vested benefit can be paid out in cash.

### Age/Retirement

In accordance with the current pension fund regulations, it is still possible to request for the retirement savings to be paid out as a lump sum upon retirement or early retirement if the pension fund is informed of the applicable commutation right one year before the payment is due. Retirement pensions will be transferred abroad. Assets held at vested benefit institutions (vested benefit accounts and policies) may be paid out before the normal

retirement date in accordance with the contractual stipulations.

### Authorities responsible, information

The states involved must designate a liaison office for the implementation of these provisions. In Switzerland, this is the responsibility of the BVG Security Fund ("Sicherheitsfonds BVG"/"LOB Guarantee Fund") in Berne. Further information can be found at [www.sfbvg.ch](http://www.sfbvg.ch).

### Extract from the pension certificate

<u>Vested benefit</u>		
Vested benefit on	01.01.2010	90,000.00
of which mandatory portion in accordance with the BVG		60,000.00

This amount falls under the bilateral agreement. The difference of **CHF 30 000** (supplementary retirement savings) can be drawn in cash.

### Further information, links and addresses

- [www.verbindungsstelle.ch](http://www.verbindungsstelle.ch)
- [www.soziale-sicherheit-ch-eu.ch](http://www.soziale-sicherheit-ch-eu.ch)
- [www.sozialversicherungen.admin.ch](http://www.sozialversicherungen.admin.ch)
- [www.europa.eu.int](http://www.europa.eu.int) (general EU information)

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