

## Pension or lump-sum payment

**Before retiring, the question arises of whether you should draw a lifelong pension or have your capital paid out as a single lump sum. It is a decision with far-reaching implications and depends to a large extent on your specific financial situation and personal goals.**

### Pension or lump-sum payment: what are the advantages and disadvantages?

	Pension	Lump sum
<b>Advantages</b>	<ul style="list-style-type: none"> <li>Regular income for the rest of your life (security)</li> <li>Surviving dependants' benefit (spouse's and orphan's pensions for survivors)</li> <li>Swiss Life unmarried partner's pension for unmarried/unregistered couples</li> <li>Long-term benefit: the older you become, the longer you receive your pension payments, which together may amount to more than a lump sum</li> </ul>	<ul style="list-style-type: none"> <li>Financial flexibility</li> <li>Opportunity for higher investment returns</li> <li>Option to arrange prepayments of inheritance</li> <li>Your heirs receive the remaining capital</li> <li>Option for (partial) repayment of your mortgage</li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>In the event of death, any capital not required for the spouse's pension accrues to the employee benefits institution</li> </ul>	<ul style="list-style-type: none"> <li>Administrative cost and investment risk</li> <li>Loss of guaranteed lifelong annuity</li> <li>Uncertainty regarding life expectancy and associated capital requirements</li> </ul>
<b>Taxes</b>	<ul style="list-style-type: none"> <li>Annuity is 100% taxable as income</li> </ul>	<ul style="list-style-type: none"> <li>Reduced tax rate separate from income upon payment, after which wealth tax becomes due</li> <li>Income tax on investment income</li> </ul>

### Help with decision-making: What do I want?

	Reasons for drawing a pension	Reasons for the lump-sum payment
<b>Your life circumstances</b>	<ul style="list-style-type: none"> <li>You are healthy and have a long life expectancy</li> <li>You are somewhat older than your partner</li> <li>You have no heirs</li> </ul>	<ul style="list-style-type: none"> <li>You have children or other people who would like to support you financially</li> <li>You want to bequeath your pension fund capital to others one day</li> </ul>
<b>Know-how</b>	<ul style="list-style-type: none"> <li>You have little experience with managing money or investments</li> <li>You aren't keen on funds/single allocations</li> <li>You have additional assets that you would like to invest flexibly</li> </ul>	<ul style="list-style-type: none"> <li>You want uninterrupted and flexible access to your capital</li> <li>You have experience with money and/or investments</li> <li>You have no qualms about investing in funds</li> </ul>
<b>Income</b>	<ul style="list-style-type: none"> <li>The annuity is your only income</li> <li>You want a regular, guaranteed income for the rest of your life</li> <li>The tax burden on a lump-sum payment is too high for you</li> </ul>	<ul style="list-style-type: none"> <li>You are thinking of a single premium and would like, for example, to purchase insurance benefits (life annuity)</li> </ul>

### How can I reinvest withdrawn capital?

- Purchase of securities with staggered maturities
- Investment in equities/funds
- Conclusion of an insurance solution with guaranteed and lifelong annuity benefit and staggered durations
- Combination of the above solutions

### What should I pay attention to in particular?

- In accordance with legal stipulations, as an insured person you are entitled to receive at least one quarter of the mandatory portion of your retirement savings upon retirement as a one-off lump-sum settlement. Swiss Life's pension fund regulations even allow you to draw the entire retirement savings as well as mixtures of lump-sum payments and pensions.  
Note: Following a purchase in your pension fund, the lump-sum payment for the paid-in portion is ruled out for the following three years.
- At the age of 55 at the latest, you should begin looking into whether your accumulated retirement savings should be paid out as a pension, a lump sum or a combination of the two.
- The decision in favour of the lump-sum payment calls for a high level of personal responsibility as it has far-reaching implications and is irrevocable.

### How do I register for a lump-sum payment?

- If you would like a lump-sum payment, you must normally inform Swiss Life one month prior to retirement or early retirement.
- Written consent from your spouse or registered partner is required for the lump-sum payment.
- The "Kapitaloption" (lump-sum payment) form is available for download at [www.swisslife.ch/forms](http://www.swisslife.ch/forms). Complete the form and send it to Swiss Life.

There is no standard solution that can be applied to all insured persons. In many cases, the best solution is neither a pure annuity or lump-sum payment solution, but a combination of the two. Your Swiss Life insurance advisor would be happy to discuss the possibilities with you and work out a customised and tax-optimised solution for you. Further information and the possibility to arrange an appointment can be found at [www.swisslife.ch/individuals](http://www.swisslife.ch/individuals).