

# Financing home ownership

**You can make use of your second pillar vested pension capital before you retire: it can either be drawn upon in advance (prepayment) or pledged in order to finance your own home.**

## What does the law say?

- Prepayment and pledging are permitted to facilitate the buying or building of owner-occupied residential property of which you will be the sole owner or co-owner or which you will own jointly with your spouse or registered partner. They may not be used for holiday homes or second homes or to buy a plot of land upon which you have no intention to build.
- Investments to maintain or increase the value of your own home are permissible.
- Use of the funds to pay back a mortgage loan is likewise allowed.
- Participation in a housing cooperative or similar housing institution is also approved.
- Prepayment and pledging may only be used to finance a single property.
- Maximum funding:  
up to age 50: equal to the amount of vested benefit  
from age 50: amount of vested benefit at age 50  
or half the current vested benefit  
(whichever is higher)

## What do I need to know about prepayments?

- Your employee benefits institution will pay the required amount to the seller, builder or mortgage lender directly from your retirement savings.
- To ensure that your vested pension capital cannot be used for any other purpose an entry will be made in the land register placing a restriction on the sale of the property.
- The prepayment must amount to at least CHF 20 000 (except from vested benefit policies or if the money is to be used to acquire participation certificates in a housing cooperative).

- You can only claim a prepayment every five years, and no later than three years before you retire.
- Your prepayment counts as a lump-sum withdrawal and will be taxed at a reduced rate upon payout. The amount of this tax will depend on the rates levied in the municipality where you live. A repayment of the amount drawn in advance must be notified to the competent tax authorities within three years in order to obtain a refund of the tax paid on the prepayment.
- If you go on to sell your home, the amount of capital drawn in advance must be repaid. This provision does not apply if you then reinvest your capital in a new owner-occupied home within two years.
- Voluntary repayments can be made at any time up to three years before you retire, provided no claim to benefits has arisen. The minimum amount that can be repaid is CHF 20 000.

## What do I need to know about pledging?

- The post-employment benefits to which you are entitled are pledged to the mortgage lender as collateral.
- Like a prepayment, a pledge can only be made every five years and no later than three years before you retire.
- No taxes will generally become due so long as you meet your obligations under the terms of the mortgage. If however the pledge has to be realised, this will count as a prepayment and the lump-sum amount will be subject to tax.

### **How do I apply for a prepayment or pledge?**

For a **prepayment** send the following documents to Swiss Life before the 20th of the month, in order that the payout can be effected quickly and smoothly on the first day of the following month:

- “Application for prepayment” form, completed in full and duly signed by both you and your spouse/registered partner if you are married or living in a registered partnership. You can request either of the above forms from your employer or you can download them at **[www.swisslife.ch/formulare](http://www.swisslife.ch/formulare)**.
- “Application to enter in the land register a restriction on the sale of the property”, completed in full and duly signed by both you and your spouse/registered partner if you are married or living in a registered partnership. You can request either of the above forms from your employer or you can download them at **[www.swisslife.ch/formulare](http://www.swisslife.ch/formulare)**.
- Current extract from the land register. If not available, a copy of the officially certified purchase agreement (not more than one year old) or of the construction contract.
- Copy of the loan agreement, if you want to pay back your mortgage.
- Copy of participation certificates if you intend to join a housing cooperative.

For a **pledge** please send the following documents to Swiss Life:

- “Application for pledge of pension fund savings”, completed in full and duly signed by you and your spouse/registered partner if you are married or living in a registered partnership. You can receive the form from your employer or you can download it at **[www.swisslife.ch/formulare](http://www.swisslife.ch/formulare)**.
- Copy of the signed pledge contract.
- Current extract from the land register if you intend to buy residential property. If not available, a copy of the officially certified purchase agreement (not more than one year old) or of the construction contract.
- Copy of participation certificates if you intend to join a housing cooperative.

### **How can I plug any gaps in coverage arising from prepayments?**

Pledging will have no effect on your benefits coverage. But each prepayment means a reduction in retirement benefits. These benefits can only be raised again by repaying the amount drawn. Your Swiss Life insurance consultant will be happy to discuss your options with you and to work out a solution tailored to your needs. You can find further information in the Internet at **[www.swisslife.ch/unternehmen](http://www.swisslife.ch/unternehmen)**.