

Financing and purchasing an AHV bridging pension

What you need to know

When is it possible to finance the AHV bridging pension?

- My regulations (pension plan) must provide for the financing of an AHV bridging pension.
- I have exhausted all other BVG purchasing possibilities.
- I have repaid all transferred vested benefits as a result of divorce/dissolution of a registered partnership.
- I notify the employee benefits institution of my planned retirement age.
- I inform the employee benefits institution of my percentage level of early retirement.
- The employee benefits institution opens a special account for me to finance the AHV bridging pension.

How long will the AHV bridging pension be paid out?

- From the time of early retirement as communicated until the reference age (64/65) is reached.

Can a lump sum be withdrawn in lieu of a pension?

- No, a lump-sum payment of the AHV bridging pension is not possible.

How is the purchase sum calculated?

- You determine the purchase sum yourself.
- The regulatory provisions apply, including maximum¹ amount indicated. My employee benefits institution will provide me with a calculation of the purchase sum possible.

¹ Maximum = number of years until normal retirement x max. normal AHV pension

What sorts of financing are available?

- Full financing via single premiums (SP) by you as employee.

How is interest paid on the AHV bridging pension special account?

- Interest is paid on the balance in the special account as on the supplementary retirement savings. The interest rate depends on the pension solution selected.

What advantages do I have with a purchase?

- I can retire early and receive the AHV pension, which is paid out two years before the reference age (64/65) at the earliest, sooner from the 2nd pillar.
- The gap in the AHV pension arising from early full or partial retirement (6.8% for each year of early withdrawal) is entirely or partially closed.
- My tax burden is reduced.

Are the purchases tax deductible?

- Buying into the AHV bridging pension is normally tax free.
- Tax deductibility is determined by the responsible tax authorities. Your pension fund has no influence on this decision and assumes no liability in this regard.

What happens if I do not withdraw until after the expected retirement age?

- If I waive early retirement, the AHV bridging pension will not be paid out. The payout occurs following retirement and always in the form of a pension.
- The AHV bridging pension is normally paid out until the reference age (64/65). If the original time of early retirement is delayed, the AHV bridging pension is paid out beyond the reference age.
- Please consult your employer and your insurance advisor in good time when planning early retirement.

I have received a prepayment for home ownership (WEF). Will the AHV bridging pension be reduced as a result?

- In the case of a prepayment, the mandatory and the supplementary retirement savings are always proportionally reduced first.
- Within the supplementary retirement savings, the special account for financing the AHV bridging pension is reduced first, followed by the special account for early retirement.
- In the case of a repayment, the WEF prepayment is embedded in reverse order.

What happens in the event of divorce?

- Same process as with a WEF prepayment.

What you need to know

How long can I draw an AHV bridging pension?

- From the time of early retirement until the final age is reached.
-

What happens to the special account in the event of death?

- In the event of death before the AHV bridging pension is drawn, the balance on the special account for the AHV bridging pension is paid out to the survivors as a supplementary lump-sum death benefit.
 - In the event of the death of an insured person during receipt of the AHV bridging pension, the present value of the as yet unpaid AHV bridging pension is paid out to the survivors as a supplementary lump-sum death benefit (refund).
-

What happens to the special account in the event of disability?

- In the event of full disability, the balance remains on the special account. When the normal retirement age is attained, the balance is paid out in one sum as a retirement benefit.
-

What happens if I change employers and my new pension fund does not offer an AHV bridging pension?

- This is a case of vesting. The balance on the special account for financing the AHV bridging pension is transferred to the new pension fund with the other vested benefits.
-