

# Financing early retirement

## What you need to know

<p><b>When is it possible to make purchases to finance early retirement?</b></p>	<ul style="list-style-type: none"> <li>• My regulations (pension plan) must contain provisions regarding financing early retirement.</li> <li>• I have fully exploited all other purchase options.</li> <li>• I have repaid all transferred vested benefits as a result of divorce/dissolution of a registered partnership.</li> <li>• I notify the employee benefits institution of my planned retirement age.</li> <li>• I inform the employee benefits institution of my percentage level of early retirement.</li> <li>• The employee benefits institution opens a special account for purchases for me.</li> </ul>
<p><b>How are purchase sums calculated?</b></p>	<ul style="list-style-type: none"> <li>• The provisions contained in the regulations apply.</li> <li>• My employee benefits institution calculates the possible purchase sum for me.</li> </ul>
<p><b>What advantages do I have with a purchase?</b></p>	<ul style="list-style-type: none"> <li>• The gap in retirement benefits which arises upon early retirement is fully or partially bridged.</li> <li>• My tax burden is reduced.</li> </ul>
<p><b>What is the tax situation?</b></p>	<ul style="list-style-type: none"> <li>• I must be able to prove that I am financing the purchase with my private income.</li> <li>• I deduct the purchase sum from my taxable income in my tax declaration.</li> <li>• From a tax point of view, the purchase and the deduction must take place in the same tax year.</li> <li>• The relevant tax authority rules assesses the tax deductibility. The employee benefits institution has no influence on this decision and assumes no liability in this regard.</li> </ul>
<p><b>What happens if I retire after the specified retirement age?</b></p>	<ul style="list-style-type: none"> <li>• I receive a maximum of 105% of the retirement benefits which are specified at normal retirement age.</li> <li>• I may lose all or part of the money in the special account.</li> <li>• I can find detailed provisions in the appendix to the Basic Provisions.</li> </ul>
<p><b>I have withdrawn a prepayment for home ownership.</b></p>	<ul style="list-style-type: none"> <li>• Until three years before normal retirement age, I can only make a purchase if the prepayment has been repaid in full.</li> </ul>
<p><b>What is the situation upon divorce?</b></p>	<ul style="list-style-type: none"> <li>• In the event of divorce/dissolution of a registered partnership, purchases are shared according to the law, if necessary.</li> <li>• No limitations apply to a repurchase of transferred vested benefits as a result of divorce/dissolution of a registered partnership until normal retirement age.</li> </ul>
<p><b>I am about to retire.</b></p>	<ul style="list-style-type: none"> <li>• I can make a purchase up until one month before normal retirement age, however at the latest until early retirement.</li> <li>• If I make purchases in the last three years before retirement, the resultant benefits will always be paid out as a pension.</li> <li>• Tax deduction may not be permitted.</li> </ul>
<p><b>What is the taxation situation upon retirement?</b></p>	<ul style="list-style-type: none"> <li>• Lump sums are taxed at a reduced rate, separate from other income.</li> <li>• Pension benefits are taxed at the normal rate with other income.</li> </ul>
<p><b>I moved to Switzerland within the last five years.</b></p>	<ul style="list-style-type: none"> <li>• If I have not belonged to a Swiss pension fund before, I can purchase an annual maximum of 20% of the insured salary during the first five years.</li> </ul>

## What you need to know

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**I have other pension plan savings (e.g. a vested benefits account).**

- I must give details of other pension plan savings. They will be taken into account when calculating the purchase sum.
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**I have built up assets in pillar 3a from self-employment.**

- I must give details of these assets. They will be taken into account when calculating the purchase sum.
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**What else should I note when making a purchase?**

- I can no longer cancel a transfer to the employee benefits institution from private assets.
  - For a period of three years, I am not able to make a lump-sum withdrawal of benefits from the purchase (e.g. prepayment for home ownership).
  - For the purchase to be taken into account in the current tax year, the payment must reach the employee benefits institution by 31 December at the latest.
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