

Home ownership - Prepayments

What you need to know

How does a prepayment work?

- Part of the retirement savings is withdrawn prematurely for financing owner-occupied residential property.
- The prepayment reduces the retirement savings and often results in a change in risk coverage in the case of death or disability.
- A restriction on sale is noted in the land registry. This is to ensure that the proceeds of a sale are still used for occupational benefit purposes.
- The employee benefits institution pays the prepayment amount directly to the seller, constructor or lender.

What can I use a prepayment for?

- For buying/building my own apartment or single-family house.
- For renovating or extending rooms used for living space.
- For repaying mortgage loans.
- For participating in a housing cooperative or similar housing institution.

What can't I use a prepayment for?

- For a holiday home or second home.
- For purchasing a property without any intention of building.
- For pure maintenance or repair work.
- For renovating or extending rooms not used for living space.

What criteria do I have to meet to qualify for a prepayment?

- I have to live in the property.
- I have to be the sole owner or co-owner, or the property must completely belong to me and my spouse / registered partner.
- I am only allowed to finance one property.
- I must be at least partly able to work.
- I must be more than one month away from retirement (in the case of vested benefit policies it must be more than three years before retirement).
- My last prepayment must be at least five years ago.
- The prepayment must be at least CHF 20 000.00.

What is the maximum prepayment amount?

- My employee benefits institution calculates the maximum prepayment amount for me.
- If I am younger than 50, the amount is the same as my vested benefit assets.
- If I am aged 50 or older, the amount corresponds to my vested benefit assets at age 50, but at least half of the current vested benefit assets.
- The possible prepayment amount is reduced by any insurance year purchases made less than three years ago.

How do I make a prepayment?

- I ask for an offer from my employee benefits institution.
- I fill out the application forms in full, sign them and send them with all the required enclosures to my employee benefits institution.
- After review of the documents, I receive the money.

What are the repayment terms?

- I can repay the money voluntarily at any time up to one month (with vested benefit policies up to three years) before my retirement, provided that no insurance event has occurred.
- I must pay back the prepayment amount before I can purchase insurance benefits.
- I must repay the amount if I buy my own home more than three years before the normal retirement age.
- The minimum repayment amount in each case is CHF 20 000.00.
- If I reinvest the money in another owner-occupied property within two years, I do not have to repay the prepayment amount.

What you need to know

What is the tax situation with a prepayment?

- My prepayment is treated as a lump-sum payment.
 - Lump-sum payments are taxed at a reduced rate, separate from other income.
 - The tax rate is set by the local authorities in my place of residence. I can contact my local tax office for more details.
 - If I am resident abroad, I have to pay tax at source.
 - If I repay the prepaid amount, I can ask within three years the relevant tax authorities to repay the tax paid.
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What costs are involved?

- A fee of CHF 500 is charged for the prepayment process.
 - I have to transfer this charge to the employee benefits institution before the prepayment is given.
There is no charge for prepayments made from vested benefit policies.
 - A separate invoice is received for the entry of the property sale restriction.
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Who can I contact if I have additional questions?

Your Swiss Life insurance advisor would be happy to visit you at home or another convenient location to discuss the following topics:

- Attractive terms and conditions for mortgage financing at Swiss Life
- Possibility of indirect repayment
- All other insurance issues

Visit us at www.swisslife.ch/private and arrange a consultation.
