

## What you need to know

<b>How do purchase options arise?</b>	<ul style="list-style-type: none"> <li>• The regulations must contain provisions regarding purchases.</li> <li>• Gaps in coverage can arise in particular due to missing insurance years, salary increases or following pension plan improvements.</li> </ul>
<b>How are purchase sums calculated?</b>	<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>
<b>I have other pension plan savings (e.g. a vested benefits account).</b>	<ul style="list-style-type: none"> <li>• I have to disclose my other pension plan savings. The purchase sum is generally reduced by these amounts.</li> </ul>
<b>I have built up assets in pillar 3a from self-employment.</b>	<ul style="list-style-type: none"> <li>• I must disclose these assets. They are taken into account in the calculation of the purchase sum.</li> </ul>
<b>What advantages do I have with a purchase?</b>	<ul style="list-style-type: none"> <li>• My retirement savings increase and thus also my retirement benefits.</li> <li>• My tax burden is reduced.</li> </ul>
<b>What is the tax situation?</b>	<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>• If a lump-sum withdrawal is made within three years of the purchase, current tax authority practice is not to recognize the tax deductibility of the purchase for income tax purposes. A lump-sum payment within three years of a purchase can therefore be disadvantageous from an income tax perspective.</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>
<b>I have withdrawn a prepayment for home ownership.</b>	<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>
<b>What is the situation upon divorce?</b>	<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. This also applies in relation to income tax purposes, i.e. a lump-sum withdrawal within three years of a repurchase following divorce is not disadvantageous.</li> </ul>
<b>I am about to retire.</b>	<ul style="list-style-type: none"> <li>• I can purchase benefits up to one month before 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>
<b>What is the taxation situation upon retirement?</b>	<ul style="list-style-type: none"> <li>• Lump-sum withdrawals are taxed separately from other income at a reduced rate, provided no purchases were made in the last three years.</li> <li>• Pension benefits are taxed at the normal rate with other income.</li> </ul>
<b>I moved to Switzerland within the last five years.</b>	<ul style="list-style-type: none"> <li>• If I have not belonged to a Swiss employee benefits institution before, I can make an annual purchase in the first five years of a maximum of 20% of my insured salary.</li> </ul>

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### What else should I note when making a purchase?

- A purchase of benefits in the employee benefits institution is irreversible.
  - 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 (please note bank holidays).
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