

Home ownership - Prepayments

What you need to know

<p>How does a prepayment work?</p>	<ul style="list-style-type: none"> • Part of the retirement savings is withdrawn prematurely for financing owner-occupied residential property.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.
<p>What can I use a prepayment for?</p>	<ul style="list-style-type: none"> • 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.
<p>What can't I use a prepayment for?</p>	<ul style="list-style-type: none"> • 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.
<p>What criteria do I have to meet to qualify for a prepayment?</p>	<ul style="list-style-type: none"> • 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.
<p>What is the maximum prepayment amount?</p>	<ul style="list-style-type: none"> • 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.
<p>How do I make a prepayment?</p>	<ul style="list-style-type: none"> • 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.
<p>What are the repayment terms?</p>	<ul style="list-style-type: none"> • 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 10 000.00. • If I reinvest the money in another owner-occupied property within two years, I do not have to repay the prepayment amount.

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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.
