

10 FAQs about Liberty 3a retirement savings accounts

Status as of 1 January 2011

1) How much can an employee (with a pension plan) pay in per year?

Employees with a pension plan have a maximum pay-in allowance of CHF 6'682 per year. For part-time employees who are not members of a pension plan, the maximum allowance is equal to 20% of their annual earnings. Persons registered as unemployed with the RAV/ORP also have an allowance of CHF 6'682.

2) What about the self-employed?

Persons who are self-employed are free to decide whether or not to join a pension plan. If they are members of an occupational pension plan, they are subject to the same contribution limits as normal employees. If they are not, they may contribute 20% of their earnings into a 3rd pillar savings scheme up to a maximum yearly limit of CHF 33'408.

3) How long can you continue paying in?

As a rule, once you reach the normal retirement age (AHV/AVS: men 65, women 64), you are no longer allowed to contribute – unless of course you continue working. In that case, you can continue paying in until you stop being gainfully employed – but not longer than 5 years after you reach the normal retirement age.

4) Can you have several 3a accounts?

Yes. Liberty allows you to open and hold up to five 3a accounts. Having several accounts enables you to withdraw your retirement savings in several instalments when you reach retirement age. This can maximise your tax savings.

5) Are regular payments necessary?

No, Liberty does not require you to make regular payments. Contributions to your 3a pillar are voluntary. There is no obligation to make payments.

6) If a payment is not made one year, can it be carried forward to the next?

No. If you do not pay in the maximum allowance in any given year, you cannot make up the shortfall in the following years. Not even if you withdraw your 3a funds for the purchase of a home.

7) Can you transfer the account to another bank?

Yes. At any time, provided the funds are again placed on a 3rd pillar account.

8) When can you normally withdraw your retirement savings capital?

Normally, you may withdraw your retirement savings capital at the earliest five years before you reach the normal retirement age: in other words at age 60 for men and age 59 for women. Unless you continue to be gainfully employed, you must withdraw your full retirement savings capital at the normal AHV/AVS retirement age.

9) Are withdrawals otherwise permitted?

You may make withdrawals for the purchase of a residential property for your own use (this includes an interest in a cooperative residential association), for investments increasing the asset value of your home or to repay your mortgage. You may also withdraw your retirement savings if you emigrate or leave the country permanently or if you become self-employed. Under certain conditions, a withdrawal is also possible in case of a 70% disability.

10) Does the 3rd pillar involve any tax benefits?

Yes. The amounts paid into a 3a pillar scheme are deductible from your income tax. The amounts do not have to be declared as assets, and any accrued interest, compound interest or capital gains are exempt from income and withholding tax. 3a retirement savings are only taxed when they are cashed in.