Fact Sheet: Use of Vested Benefit Accounts for the Encouragement of Home Ownership

Use of pension assets for the encouragement of home ownership

This Fact Sheet applies to the use of pension assets with Liberty Foundation for Vested Pension Benefits (the Foundation) for the encouragement of home ownership.

Consent of spouse or registered partner

Withdrawals are subject to the written consent of the Client's spouse or registered partner.

Tax aspects

a) Withdrawals are subject to income tax in the disbursement year.
b) Withdrawals made to finance a property abroad and withdrawals made by foreign residents are subject to both federal and cantonal withholding tax (in the case of the Foundation, canton Schwyz). The Foundation debits the withholding tax to the vested benefit account before disbursement of the pension assets.
c) Pursuant to Article 13 of the Ordinance on the Use of Pension Assets for the Encouragement of Home Ownership (WEFV/OEPL), the Foundation is required to notify the Federal Tax Office, on the appropriate form and within 30 days, of any withdrawal or repayment of withdrawals of vested pension benefits.
d) The Federal Tax Office keeps books of account on the notified withdrawals and repayments of withdrawals. At the Client's written request, the Federal Tax Office will issue a statement of the outstanding withdrawals and indicate the authorities responsible for tax refunds.
e) If a withdrawal is repaid, the taxes paid will be refunded without interest.
f) Tax refund claims have to be filed in writing with the authorities that levied the tax. The claimant must submit a certificate evidencing the repayment of the retirement savings capital invested in home ownership, and the taxes paid to the Confederation, the canton and the municipality in respect of the withdrawal (Article 14 WEFV/OEPL). The right to a tax refund expires three years after repayment of the withdrawal to the Foundation (Article 83a(3) BVG/LPP).
g) If the Client sells the property and intends to reinvest the portion of the sales proceeds corresponding to the withdrawal in a new residential property in the two years following such sale, he may transfer that amount to the Foundation (Article 30d(4) BVG/LPP).

Safeguarding pension plan objectives

By law, the Foundation is required to file the restriction on sale for recording in the relevant land register. The filing must be made simultaneously with the withdrawal. Properties subject to such a restriction cannot be sold without the Foundation's consent. The restriction on sale may be deleted:

a) three years before the beginning of the entitlement to retirement benefits;
b) upon the occurrence of another insured event;
c) in the event of a cash payment of the vested termination benefit; or
d) if it is established that the amount invested in the residential property was repaid to the Foundation.

If the Client uses the withdrawal to purchase an interest in a co-operative residential association, he must deposit the shares with the Foundation by way of security for his pension benefits.

Minimum amount and restrictions

a) The minimum withdrawal amount is CHF 20,000.
b) The minimum amount does not apply to the purchase of an interest in a co-operative residential association or a comparable form of co-ownership.
c) Account holders over age 50 may withdraw an amount up to the greater of:
   I. the vested benefit accrued at age 50, or
   II. half the total accrued vested benefit.

Multiple withdrawals

Pursuant to Article 5(3) WEFV/OEPL, a withdrawal may be claimed only once every five years.

Securities

Unless otherwise instructed, upon receipt of the signed application for filing with the land registry office, securities investments will be sold to the extent equired to cover the withdrawal.

Reference

The relevant statutory and regulatory provisions apply.

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