

# Rules governing the encouragement of home ownership

Effective 1 January 2021

This regulations an integral part of the pension regulations. Where discrepancies may exist, the French version is authoritative

It summarises and specifies for information purposes only the arrangements applicable for encouraging home ownership through occupational benefits. In all cases, only the provisions of ZZG/LFLP, WEFV/OEPL, the CC and CO can be taken as authoritative.

## **I. GENERAL PROVISIONS**

### **1. Ways in which occupational benefits can be used**

<sup>1</sup> Members can, under the terms of these regulations:

- withdraw some or all of their vested benefit;
- pledge their entitlement to pension benefits or an amount up to their vested benefit.

### **2. Procedure and costs**

<sup>1</sup> The member must contact the Foundation directly.

<sup>2</sup> The Foundation informs the member of their options, depending in particular on how the funds are to be used, and about the documents that must be presented.

<sup>3</sup> The Foundation collects administration fees for each new request, using the appropriate fee schedule.

<sup>4</sup> Fees, taxes and other charges collected by third parties in connection with the withdrawal or pledge will be paid by the member.

### **3. Authorised uses**

<sup>1</sup> Funds in a pension account may be used for:

- buying or having built owner-occupied accommodation;
- buying an ownership interest in accommodation;
- repaying a mortgage.

<sup>2</sup> Use for other purposes, such as maintenance of the property or paying mortgage interest, is not permitted.

<sup>3</sup> Funds in a pension account may only be used for one purpose at a time.

#### **4. Home ownership**

<sup>1</sup> Eligible properties are:

- apartments;
- houses.

<sup>2</sup> The authorised forms of ownership are:

- full ownership;
- co-ownership, e.g. condominiums;
- ownership shared between member and their spouse/registered partner;
- permanent and specific land-use rights.

<sup>3</sup> The authorised interests are:

- acquisition of shares in a housing cooperative;
- acquisition of shares in a tenant-owned limited company;
- the granting of related-party loans to a non-profit residential developer.

#### **5. Personal needs**

<sup>1</sup> Personal use means the member's use of accommodation at their official or usual place of residence. For example, buying a second home using occupational benefit funds is not permitted.

<sup>2</sup> If the member proves that they can no longer use the accommodation for a certain period of time (e.g. for health or professional reasons), they may let it during this period..

#### **6. Spouse's consent**

<sup>1</sup> If a member is married or separated, withdrawal and pledges are only permitted if the spouse gives their written consent.

#### **7. Time limit**

<sup>1</sup> Members may no longer apply for withdrawal or pledging within three years of their entitlement to retirement benefits

## **II. WITHDRAWALS**

### **8. Limits**

#### **8.1 Minimum amount**

<sup>1</sup> The member's accrued assets at the time of withdrawal must be at least equal to the minimum amount under the legislation. A withdrawal below that amount is not authorised..

#### **8.2 Maximum amount**

<sup>1</sup> For members under the age of 50, the funds available cannot exceed the vested benefit accruing at the time of payment.

<sup>2</sup> For members aged 50 or over, the funds available are determined in accordance with Article 5(4) WEFV/OEPL.

### **9. Periodicity**

<sup>1</sup> A withdrawal may be requested no more than every five years.

### **10. Payment**

<sup>1</sup> The Foundation pays the withdrawal no later than six months after receipt of the member's final complete application. The amount is paid to the member's creditor. It is not possible to pay instalments or directly to the member.

<sup>2</sup> Wenn bei der Stiftung oder dem Vorsorgewerk eine Unterdeckung besteht, kann sie die Erledigung der Gesuche um bis zu 12 Monate aufschieben. Sie kann überdies den Betrag des Vorbezugs einschränken oder die Auszahlung ganz verweigern, wenn der Vorbezug der Rückzahlung von Hypothekendarlehen dient.

### **11. Reduction in pension coverage**

<sup>1</sup> Withdrawals may concurrently reduce entitlements to pension benefits depending on the pension scheme applicable.

<sup>2</sup> To compensate for the reduction in benefits in cases of death or disability, the Foundation will broker supplementary death and disability insurance with Retraites Populaires.

<sup>3</sup> These insurance costs are payable by the member.

## **12. Reimbursing the funds withdrawn**

### **12.1 Obligation to reimburse**

<sup>1</sup> The member or their heirs must repay the funds received if:

- the owner-occupied accommodation is sold;
- rights are granted to the owner-occupied dwelling which are economically equivalent to a sale;
- no pension benefits are payable in the event that the member passes away.

### **12.2 Voluntary reimbursement**

<sup>1</sup> The member may repay all or part of the funds withdrawn. The minimum repayment is CHF 10,000. If the amount withdrawn is lower than this threshold, repayment must be made in a single instalment.

<sup>2</sup> Repayment is authorised:

- up to the time at which the entitlement to retirement benefits begins;
- until the occurrence of another insured event;
- until cash payment of vested benefits.

<sup>3</sup> Repayment may lead to increased benefits.

## **III. PLEDGING OF ASSETS**

### **13. Principle**

<sup>1</sup> Members may pledge available assets as a security for a loan, which may lead to more advantageous terms on mortgages.

### **14. Maximum amount**

<sup>1</sup> For members under the age of 50, the funds available cannot exceed the vested benefit accruing at the time that assets are pledged.

<sup>2</sup> For members aged 50 or over, the funds available are determined in accordance with Article 5(4) WEFV/OEPL.

## **15. Consequences of pledging assets**

### **15.1 Agreement of secured creditor**

<sup>1</sup> The written consent of the secured creditor is required to assign the pledged amount:

- to cash payment of vested benefits;
- to payment of the retirement benefit;
- to the transfer, following a divorce or the dissolution of a registered partnership, of part of the vested benefit to the occupational benefits institution of the other spouse or registered partner.

### **15.2 Pledging the assets**

<sup>1</sup> If the terms of the loan are not upheld by the member, the creditor may, with the agreement of the member, ask the Foundation to receive direct payment of the pledged benefits.

<sup>2</sup> If the pledge is made before the occurrence of an insured event or before the cash payment of the vested benefits, points 10 to 12 above will apply.

## **IV. OTHER PROVISIONS**

### **16. Guaranteeing use of funds**

#### **16.1 Land register**

<sup>1</sup> To ensure that the funds are used properly and therefore to be informed if the property is sold, the Foundation requires the land register to record a restriction on the right to sell, when the assets are either withdrawn or pledged.

<sup>2</sup> This entry can be removed:

- at the time when the entitlement to retirement benefits begins;
- after the occurrence of another insured event;
- if there is a cash payment of vested benefits;
- after repayment of the funds withdrawn.

## **16.2 Shares and other forms of equity**

<sup>1</sup> If the member uses the withdrawal to acquire shares in a housing cooperative or takes similar forms of ownership, they must deposit them with the Foundation to guarantee that the funds have been used properly.

## **17. Divorce**

<sup>1</sup> In the event of divorce, the funds withdrawn during the marriage are treated as a vested benefit that accrued during the marriage and are taken into account in calculating the vested benefit amount that is to be divided up.

## **18. Tax considerations**

### **18.1 Notifying the Federal Tax Administration**

<sup>1</sup> The Foundation must notify the Federal Tax Administration within 30 days, using the official form, of the withdrawal or the pledging of vested benefits, and whenever repayments are made.

### **18.2 Taxation**

<sup>1</sup> The withdrawal and the income attached to the pledge are taxed immediately as a lump-sum capital benefit paid by the occupational benefits institution. The withdrawal may not be used to pay this tax.

<sup>2</sup> For persons whose official residence is not in Switzerland, the occupational benefits institution will tax this income at source, if required.

<sup>3</sup> The tax rules and practices of the Confederation, the cantons and the municipalities are expressly reserved.

### **18.3 Voluntary reimbursement**

<sup>1</sup> In the event of repayment of the withdrawal or the proceeds at the time of the pledge, the member may apply to the relevant tax authority for a refund of the tax charged on the withdrawal or the pledge. These refunds cannot be deducted when calculating taxable income.

<sup>2</sup> Entitlement to a refund of this tax expires three years after the repayment to the Foundation of the withdrawal or the income from the pledge.

## **19. Change of occupational benefits institution**

<sup>1</sup> If there is a change of occupational benefits institution, the Foundation must notify the new one if vested or retirement benefits have ever been pledged and the amount to which pledging relates. Notification must also be given of any withdrawals and the amount in question.

<sup>2</sup> The previous occupational benefits institution must also inform the land register about the new occupational benefits institution.

Profelia  
Fondation de prévoyance  
Caroline 9  
CP 288  
1001 Lausanne  
Tél. 021 348 21 11  
Fax 021 348 21 69  
info@profelia.ch  
www.profelia.ch