

## Information on Encouragement of Home Ownership using retirement savings

The LPP allows insured persons to finance their home ownership with retirement savings. Two options are available for this purpose: withdrawal and pledge.

What is a withdrawal?

A withdrawal is the (partial) drawing of retirement savings. The amount withdrawn is paid out.

What is a pledge?

In the case of a pledge, the retirement savings serve as a security for the lender. The pledged amount remains in the pension fund until the pledge is realized.

	ADVANTAGES	DISADVANTAGES
<b>WITHDRAWAL</b>	<ul style="list-style-type: none"> <li>✓ Increase of the required equity capital</li> <li>✓ Decrease of the mortgage interest burden</li> <li>✓ Breaking of the tax progression if a lump-sum withdrawal is desired upon retirement</li> </ul>	<ul style="list-style-type: none"> <li>× Decrease of your retirement savings</li> <li>× Immediate taxation of the amount withdrawn</li> <li>× Lower debt interest deductible from taxable income</li> <li>× Repayment obligation in certain circumstances</li> </ul>
<b>PLEDGE</b>	<ul style="list-style-type: none"> <li>✓ Your retirement savings remain in the pension fund</li> <li>✓ Taxation only upon realization of the pledge</li> <li>✓ Higher debt interest deductible from taxable income</li> </ul>	<ul style="list-style-type: none"> <li>× Need for more debt capital</li> <li>× Higher mortgage interest burden</li> </ul>

## Process of applying for a withdrawal or a pledge

### 1. Completion of the application

You can find the application form on our website [www.pensionskasse-lonza.ch](http://www.pensionskasse-lonza.ch) or you can order it by contacting [pensionskasse@lonza.com](mailto:pensionskasse@lonza.com).

### 2. Compilation of the dossier

The application must be accompanied by all required documents according to the enclosed overview.

### 3. Payment of the processing fee

A processing fee of CHF 150.00 is due upon submission of the application.

### 4. Submission of the dossier

The dossier can be submitted to the PKL by e-mail or by post.

### 5. Examination of the dossier

The dossier is forwarded to our external administrative partner and checked.

### 6. Processing

If the documents submitted meet the legal requirements, you will receive a written confirmation of the withdrawal or pledge. The PKL will pay withdrawals promptly if possible, but has six months to do so according to the legal provisions.

Depending on the intended use, different documents must be submitted. You will find a detailed overview enclosed. Please note that only complete dossiers can be processed. Usually, the bank of your choice will assist you in compiling the dossier.

If you have any questions, please do not hesitate to contact the team of the PKL.

## Encouraging home ownership using retirement savings

### Checklist of documents to be submitted

Would you like to draw your retirement savings to finance your home ownership? If so, please submit all the documents required in accordance with the overview provided so that we can review the legal requirements.

		Withdrawal							Pledge					
		Purchase	Construction	Renovation / Conversion	Repayment of a mortgage	Acquisition of partial interest in a co-operative residential association	Acquisition of shares of a publicly-owned, residential rental property	Profit-participation loans to a residential organisation	Purchase	Construction	Renovation / Conversion	Acquisition of partial interest in a co-operative residential association	Acquisition of shares of a publicly-owned, residential rental property	Profit-participation loans to a residential organisation
<input type="radio"/>	Form "Application for a Withdrawal"	✓	✓	✓	✓	✓	✓	✓						
<input type="radio"/>	Form "Pledge"								✓	✓	✓	✓	✓	✓
<input type="radio"/>	Recent extract from the Land Registry	✓		✓	✓				✓		✓			
<input type="radio"/>	Domicile or residence certificate or an undertaking that you will live in the residential property	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<input type="radio"/>	Construction account / Builder's contract / General contractor agreement		✓	✓						✓	✓			
<input type="radio"/>	Confirmation from the bank that the pension funds will be used exclusively for the purpose declared	✓	✓	✓	✓	✓	✓	✓						
<input type="radio"/>	Fully signed purchase contract (notarized deed)	✓			✓				✓					
<input type="radio"/>	Agreement on the purchase of a partial interest					✓						✓		
<input type="radio"/>	Agreement on the purchase of shares						✓						✓	
<input type="radio"/>	Profit-participation loan contract							✓						✓
<input type="radio"/>	Building permit		✓							✓				
<input type="radio"/>	Current bank statement showing the amount of the mortgage to be repaid				✓									
<input type="radio"/>	Regulations or statutes of the cooperative residential association					✓						✓		
<input type="radio"/>	Regulations or statutes of the publicly owned, residential rental property						✓						✓	
<input type="radio"/>	Regulations of the corresponding residential organisation							✓						✓
<input type="radio"/>	Copy of the pledge agreement or security agreement								✓	✓	✓	✓	✓	✓
<input type="radio"/>	Consent of the pledgee if benefits from the pension fund have already been pledged	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

## Extract from the pension fund regulations of the PKL

### Art. 46 Home-Ownership Assistance Programme

- 1 In accordance with the statutory provisions on the home-ownership assistance programme using occupational pension assets, insured persons who are able to earn a living may pledge their entitlement to retirement, disability and death benefits or an amount up to the amount of their termination benefit for the following purposes or withdraw the separation benefit or a portion thereof in advance (subject to Art. 5):
  - a) for the purchase or construction of a condominium or a single-family home
  - b) for a share in a housing cooperative, tenant corporation or non-profit housing developer
  - c) for the repayment of mortgage loans.

This is conditional on the insured person using the condominium, single-family home or co-financed home (share) at their domicile or habitual residence.

If the insured person is fully disabled, pledging and prepayment is not possible; if they are partially capable of working, pledging and prepayment is possible for the portion of the employee pension scheme relating to gainful employment.

If the insured person is married, the written consent of their spouse is required for a pledge or an advance withdrawal. The spouse's signature must be officially authenticated or confirmed by the residents' registration office. The certification or confirmation must not be older than 6 months. If the consent cannot be obtained or is withheld, the insured person may apply to the civil court. The pledge must be reported to PKL in writing.

If the insured person has made an additional buy-in, they may make an advance withdrawal in cash of the portion of the benefit financed by such buy-in at the earliest three years after the relevant buy-in. The portion of the benefit financed by this buy-in shall equal the amount of the purchase plus interest at the time.

- 2 The pledge and the right to make an advance withdrawal may be exercised up to three years before normal retirement age, up to a maximum amount.

#### **Maximum amount up to age 50:**

This amount shall be equal to the termination benefit specified in Art. 43 on the date of the pledge or advance withdrawal.

#### **Maximum amount after reaching age 50:**

This amount shall be equal to the termination benefit specified in Art. 43 upon reaching age 50 or, if this amount is higher, half of the termination benefit on the date of the pledge or advance withdrawal.

The minimum amount for the advance withdrawal is CHF 20,000. The foregoing shall be without prejudice to the relevant statutory provisions. The amount withdrawn in advance or the proceeds from the realisation of the pledged benefit entitlements shall be taxed at the time of payment. PKL shall report the advance withdrawal and the realisation of the pledge to the Swiss Federal Tax Administration.

An advance withdrawal may be requested every five years.

- 3 The amount withdrawn in advance shall be debited from the retirement account maintained individually for the insured person. This results in lower retirement benefits as well as lower disability and death benefits, provided that their determination is based on the amount of retirement assets.

In the event that there is a gap in the pension cover for disability and death benefits, supplementary insurance may be taken out. The costs of supplementary insurance shall be borne by the insured person.

- 4 The insured person may repay the advance withdrawal or the proceeds from the realisation of the pledge in one or more instalments up to the reference age, the occurrence of another insured event or their termination from PKL.

The minimum repayment amount is CHF 10,000. The insured person must repay the advance withdrawal in a lump sum if they sell the residential property or grant rights to the residential property that are economically equivalent to a sale.

Repaid amounts shall be allocated to the retirement assets pursuant to Art. 15 OPA and the extra-mandatory pension assets in the same proportion as for the advance withdrawal.

In the event of full or partial repayment of the advance withdrawal or of the proceeds from the realisation of the pledge, the insured person may, within three years of repayment, reclaim the amount of tax paid thereon, without interest, by submitting a written request to the authority of the canton that charged the tax. PKL shall notify the Swiss Federal Tax Administration of the repayment.

- 5 If the insured person has made advance withdrawals made under the home-ownership assistance programme, the contributions paid into PKL by the insured person or by the employer shall be used to repay the amount withdrawn in advance. Purchases are only possible after full repayment of the amount withdrawn in advance.
- 6 PKL may invoice the insured person for their administrative expenses associated with an advance withdrawal or a pledge.
- 7 If the insured person dies and no pension benefits are payable as a result of the death, PKL may reclaim the portion of the advance withdrawal not repaid by the date of death.

The extract shown is for illustrative purposes only and is not binding. In the event of any discrepancies, the official pension fund regulations of the PKL shall prevail.