

Encouragement of Home Ownership

Guide to Applying for a Withdrawal of Pension Assets

Purpose

This document, which supplements the “Application for a Withdrawal” form in connection with the law on the encouragement of home ownership, has been prepared to help you file your application and inform you of the conditions and consequences of a withdrawal.

It is your responsibility to provide the Fund with all documents needed to prove that your application falls within the scope of the law on the encouragement of home ownership. These documents must be sufficiently detailed to enable the Fund to establish that the use of the withdrawal you are requesting meets all legal requirements.

This Guide lists the main documents to be provided for different cases. You must assemble these documents and submit them to the Fund. An extract from the Land Registry is required in all cases. If you are married or registered in a civil partnership, an officially certified signature of your spouse or partner is necessary.

The procedural rules applicable to the encouragement of home ownership are established by the Fund regulations, which may provide that you have to contribute to costs.

Maximum amount

Subject to any purchases you may have made within the past three years, the maximum amount you can withdraw is equal to:

- if you are under 50 years old on the date of the withdrawal, the full regulatory vested termination benefit accrued at that date;
- if you are 50 or over on the date of the withdrawal, the vested termination benefit which you would have received at age 50 or 50% of the vested termination benefit accrued on the date of payment, whichever is higher, less any amounts already used for home ownership.

Benefits deriving from a purchase cannot be paid out in the form of capital for a period of three years after the purchase. This rule applies to all forms of capital payments, including withdrawals, which means that only pension assets accrued prior to the purchase may be used for a withdrawal. In order to ensure compliance with this rule, please inform us if you have made one or more purchases with the above-mentioned pension plan within the past three years. Purchases made in the context of a divorce or the dissolution by a court of a registered civil partnership, are not concerned by this restriction and therefore do not need to be notified.

A pledge can be made or a prepayment claimed for the active part of the insurance, up to a maximum amount, until three years prior to the normal retirement age.

Minimum amount

The minimum withdrawal is CHF 20,000. This limit does not apply to the acquisition of co-ownership of a residential property.

Date of payment

The date you indicate can only be honoured if it corresponds to the Fund's administrative and financial resources. Remember that the law provides for a period of 6 months between the application and implementation. If and for as long as the Fund is underfunded, within the meaning of the LPP/BVG, it may restrict the duration or amount of withdrawals, or refuse any withdrawals that are to be used to repay mortgage loans. Should that be the case, the Fund will notify you in writing.

Designation of residential property and form of home ownership

Residential property is understood exclusively to mean an apartment or single-family home. You can only use the withdrawal for one property at a time, which you must own. The residence must be used for your own needs, i.e. you must live in it. Using your 2nd pillar pension assets to acquire a secondary residence is not permitted.

The permitted forms of home ownership are:

Ownership

You are the sole owner of your home.

Co-ownership

The property is owned by several people, each one owning a share.

Joint ownership with spouse / partner within the meaning of the LPart/PartG

You and your spouse/partner are owners of the property as persons who form a community (by virtue of the law or a contract).

An independent and long-standing right to build a residence on leasehold property

This right allows you to build a residence on someone else's land and to live in that residence.

Repayment of a mortgage

A withdrawal can be used to repay a mortgage loan, but not to pay mortgage interest.

Interests

The withdrawal can be used to acquire shares or interests in a residential property.

Partial interest in a co-operative residential association

The shareholder may live in a residential property of the co-operative whose purpose is to enable its members to build and occupy a home.

If this applies to you, you must provide the Fund with a copy of the latest version of the co-operative residential association's regulations or statutes. One or the other of these documents must provide that if you leave the co-operative, the pension assets which the Fund paid for you to acquire the partial interest will be transferred to another co-operative, or to another residential or construction organisation in which you have your personal residence.

The co-operative must notify the Fund of any relevant changes to that document, no later than on the occurrence of an insured event that affects you.

The shares or similar ownership certificates must be deposited with the Fund.

Shares of a publicly-owned, residential rental property

Share ownership in the capital of a joint stock company whose purpose is to rent the buildings it holds to its own shareholders.

If this applies to you, you must provide the Fund with a copy of the joint stock company's articles of association. These must provide that if you dispose of your shares, the pension assets paid by the Fund to enable their purchase may only be used to purchase shares in another joint stock company with a similar purpose, or for the transfer to another residential or construction organisation in which you have your personal residence. If this is not the case, this amount of money must be returned to a pension plan.

The joint stock company must notify the Fund of any relevant changes to its articles of association, but no later than on the occurrence of an insured event that affects you.

The shares must be deposited with the Fund.

Profit-participation loans to a residential organisation

A financial interest in a non-profit residential organisation, obtained through the contribution of funds, in order to receive a share of the profits (in the form of housing) instead of interest, but without becoming a shareholder.

If this applies to you, please provide the Fund with documents concerning the organisation in question and a copy of the latest version of its governing regulations. These regulations must provide that if the member terminates the loan, the pension assets obtained from the Fund in order to pay the non-profit residential organisation will automatically be transferred either to another similar construction organisation, or to a pension plan.

The organisation must notify the Fund of any relevant changes to its regulations, no later than on the occurrence of an insured event that affects you.

The securities or other documents representing your rights in this undertaking must be deposited with the Fund.

Use of residential property

The property for your own use, acquired with pension assets, must be located:

- at your place of domicile, in which case please provide a proof of domicile, or
- at your usual place of residence, in which case please provide a proof of residence.

Deposit of shares

The shares or similar ownership certificates purchased with pension assets must be deposited with the Fund.

If you change from one pension plan to another, the Fund will transfer these securities to your new plan.

Tax**Swiss residents**

When a withdrawal is made, it is taxable as a lump-sum pension benefit (direct federal tax, cantonal tax and municipal tax). To find out how much tax you will have to pay, you should contact your local tax administration directly.

Foreign residents

When a withdrawal is made, it is subject to withholding tax, which will be deducted directly by the Fund.

Benefits coverage

A prepayment can lead to reductions in the following:

- your retirement pension,
- insured benefits in the event of disability or death.

In order to mitigate the effects of a reduction you can conclude an insurance policy with a life insurance company, which will fully or partially cover the reduction in the benefits insured with the employee benefits institution. The decision to conclude such insurance is yours. For detailed information, please contact the insurance company of your choice. We should point out that you are responsible for paying the premiums for the risk benefit cover yourself directly to the insurance company.

Obligatory repayment by the member

The withdrawal must be repaid to the Fund if:

- the residential property is sold;
- rights are granted on the property which are economically equivalent to a sale.

The withdrawal must be paid back no later than:

- three years before entitlement to retirement benefits;
- on the occurrence of another insured event;
- on cash payment of the vested termination benefit.

If your residential property is sold, the repayment obligation is limited to the proceeds of the sale (price of the sale less mortgage loans and legal charges borne by the seller); obligations arising from loans contracted in the two years preceding the sale are not taken into consideration, unless you can prove that these loans exclusively served to finance the residential property.

Optional repayment

You can repay all or part of the withdrawal at any time, in which case the repaid amounts will increase your insured benefits with the Fund.

Repayment of the withdrawal may only be made in tranches of at least CHF 10,000 and within the same time limits as those for obligatory repayment.

If you make an early repayment of all or part of the amount, you can request a refund of the taxes you paid provided that you apply to the authority who deducted the taxes within 3 years of each repayment.

If you wish to purchase missing benefits (excluding purchases to repay an amount transferred following a divorce or court dissolution of a registered civil partnership), you may only do so after all withdrawals have been repaid.

Obligatory repayment by heirs

Your heirs must repay the withdrawal if no retirement benefit is due when you die (before entitlement to a retirement or disability pension) within the same time limits as the obligatory repayment by the member.

Registration in the Land Register (does not apply to shares or interests)

The Fund will file a restriction on sale with the Land Registry. This means that you cannot transfer ownership in your residence to any third party without proving that the withdrawal has been repaid to the Fund. By signing the withdrawal application, you authorise the Fund, once the payment has been made, to apply for registration at the competent Land Registry.

You may have to pay the registration fees, if this is stipulated in the Fund's regulations. The entry may be deleted:

- a. three years before entitlement to retirement benefits;
- b. after the occurrence of another insured event;
- c. in case of cash payment of the vested termination benefit;
- d. when the withdrawn amount has been repaid.

Documents to be provided by the employee

You must enclose all these documents with your application. The time limit for processing your application will only begin once the Fund receives all the requested documents.

Please note that if the residence is being converted or renovated, the withdrawal can only be accepted if you have not yet paid the contractors' invoices. In other words, you cannot obtain a withdrawal to cover invoices that have already been paid.

The Fund reserves the right to ask you for any other document it considers necessary. It also has sole discretion over whether or not to allow certain documents to be provided after you file your application, particularly the domicile certificate.

Payment

The withdrawal can only be made if the application can be accepted.

With respect to the amount, you should only indicate the sum required if you have chosen to withdraw a fixed amount. If you want to receive the maximum permissible amount, you cannot indicate the amount in advance because this will only be determined on the day the payment is made.

The money cannot be paid to you directly, but will be transferred in favour of the seller, lender or contractor. This is why you need to give the Fund all relevant information regarding the beneficiary of the payment and provide sufficient proof as to the right of the people or companies involved to receive such amounts.

You cannot apply for another withdrawal for the next five years.

Notarised original signatures

You must sign and date the withdrawal application form for the Fund. In addition, your signature (and if married or in a registered partnership also of the spouse or registered partner) has to be authenticated by a notary.

Consent

If you are married or registered in a civil partnership, the payment can only be authorised with the consent of your spouse or partner, within the meaning of the LPart/PartG. If such consent is withheld or is refused, you can apply to the courts.

Fees

An administrative expense fee of CHF 150.00 is due when the application is submitted. This fee must be transferred to the following account at the same time as the application is submitted:

Account details PKL

Account holder

Pensionskasse der Lonza
Münchensteinerstrasse 38
4002 Basel

IBAN number UBS:

CH66 0023 0230 4809 7401 J

If the application is not granted, the fee shall be refunded to the insured person.