

Home Ownership Encouragement Implementing Regulations

1. Use of funds

Occupational pension assets may be used to:

- a) purchase or build a residential property,
- b) purchase shares in a housing cooperative, and
- c) repay mortgage loans,

either by pledging the assets or through an early withdrawal.

2. Authorized forms of ownership

The following forms of property ownership are allowed:

- a) ownership
- b) co-ownership (particularly for condominiums)
- c) joint ownership by the member and their spouse
- d) independent and long-standing right to build a residence on leased property.

To qualify, the property must be for the member's own use, which means that the member uses the property as their place of domicile or usual place of residence. Secondary residences do not qualify.

Members who live outside of Switzerland may also use their occupational pension assets, provided that they can clearly demonstrate, before making an early withdrawal or pledge, that the assets will be used to finance their primary residence.

3. Amount available

Members under 50 can pledge or withdraw up to the amount of the vested termination benefit accrued at the time of the pledge or the withdrawal.

Members over 50 can pledge or withdraw up to the higher of the following two amounts:

- the vested termination benefit they were entitled to at age 50, plus any repayments made after age 50, less any early withdrawals or income earned on pledges made after age 50, or
- half of the difference between the vested termination benefits available at the time of the early withdrawal and the vested benefits already used toward home ownership at the time of the early withdrawal.

Married members must have the consent of their spouse in order to make an early withdrawal or pledge assets.

4. Pledge

Members may pledge the pension benefits to which they are entitled, in accordance with the above provisions.

5. Early withdrawal

Members may, no later than three years before they become entitled to retirement benefits, exercise their right to use their pension assets to purchase property for their own use.

The minimum early withdrawal amount is CHF 20,000, except if the assets are used as set forth in section 1b.

The minimum amount does not apply to vested benefits accounts.

Members can only request an early withdrawal once every five years.

6. Voluntary contributions

Benefits resulting from a voluntary contribution cannot be paid in the form of a lump sum for a period of three years after the contribution was made. Voluntary contributions can only be made once all early withdrawals for the financing of home ownership have been repaid.

7. Timetable for early withdrawals

- A. Members must submit a written request for early withdrawal, with supporting documentation.
- B. The Fund will make its decision and, if it accepts the request, will transfer the amount to the designated creditor no later than six months after the initial request. Paragraph C and section 12 remain applicable.
- C. If requests for early withdrawals submitted by members in a given calendar year exceed the Fund's available cash, withdrawals will be granted in the following order:

Group 1: To be used as set forth in sections 1a and 1b

Group 2: To be used as set forth in section 1c.

Group 1 has priority over group 2. Within each group, priority will be given in the order the requests were received. Requests that are not granted in a given year have priority over those made the following year.

The Pension Board shall decide in special cases.

8. Maintaining the same level of insured benefits

The Fund can act as a member's intermediary for entering into a supplementary insurance policy for death and disability benefits in order to maintain the same level of death and disability coverage as before an early withdrawal or after enforcement of a pledge. Premiums for such insurance are paid by the member.

9. Taxation

Early withdrawals are considered a lump-sum pension benefit and are therefore taxable. The enforcement of a pledge is treated like an early withdrawal.

When repaying an early withdrawal, members can request a refund of the tax paid at the time of the withdrawal or the pledge. To do this, they must send, within three years, a request to the authority that levied the tax.

10. Repayment

Members or their heirs must repay the amount received from the Fund if:

- the property concerned is sold,
- rights economically equivalent to an alienation are granted for the property concerned, or
- the member dies and no pension benefits are due.

Voluntary repayment is permitted up until:

- the member's entitlement to retirement benefits begins,
- another insured event occurs, or
- their vested termination benefit is paid in cash.

The minimum repayment amount is CHF 10,000. If the outstanding balance of an early withdrawal is less than this amount, it must be repaid in one installment.

The amount repaid serves as a one-off contribution to increase the member's insured benefits.

11. Ensuring the proper use of pension assets

Pension assets invested in a residential property must remain in the pension system. Consequently, when a property is financed, a restriction on the right of alienation is recorded in the land registry.

This restriction can be removed when:

- a) the member's entitlement to retirement benefits begins,
- b) another insured event occurs (death or disability),
- c) the vested termination benefit is paid in cash, or
- d) the early withdrawal is repaid to the Fund or to another vested benefits institution.

If the member acquires shares in a housing cooperative using an early withdrawal, they must deposit the shares with the Fund until one of the above cases occurs.

12. Administrative fees and taxes

All taxes, charges, and other fees generated by an early withdrawal or pledge (e.g. land registry fees) will be borne by the member.

The Fund will charge CHF 400 in administrative fees for early withdrawals.

The Fund will charge CHF 200 in administrative fees for pledges.

These implementing regulations will take effect on 1 January 2022 and form an integral part of the Pension Fund Regulations.

AVENA - Fondation BCV 2e pilier

Place Saint-François 14
Case postale 300
1001 Lausanne



www.lpp-avena.ch/en