



AVENA

**Evening information session:
Key steps in retirement planning
3 December 2024**

Retirement planning

What are the key steps?

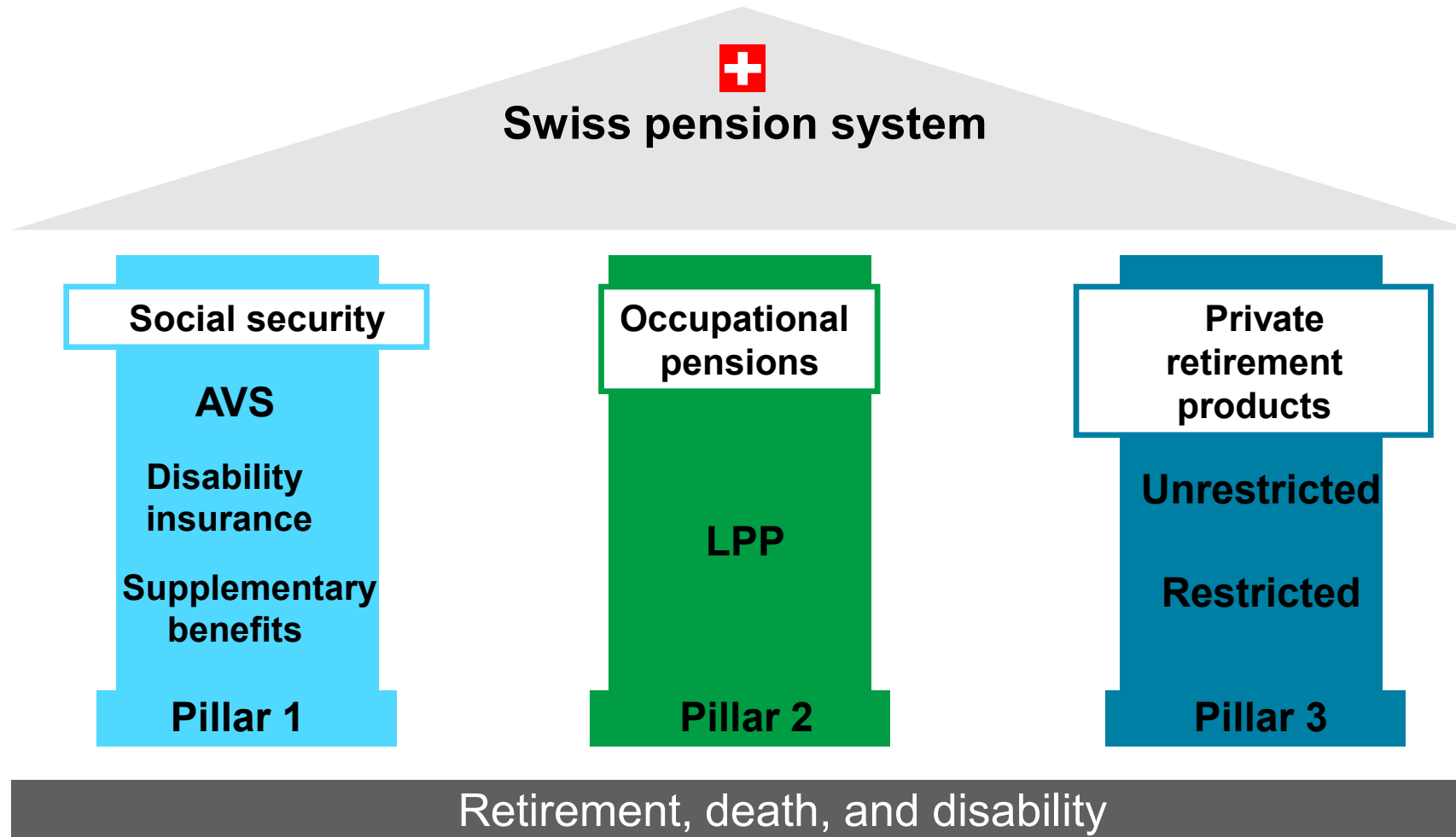
1. Draw up a pre- and post-retirement budget showing all income and expenses
2. Factor in taxes and your inheritance plans
3. Coordinate your plans with:
 - the AVS office
 - your employer
 - your pension fund
 - your Pillar 3 institution
4. Summary

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Switzerland's three-pillar system



1. Draw up a budget

EXPENSES	Comments	Total / year Before retiring	Total / year After retiring
Main residence		CHF 0	CHF 0
Rent, mortgage payments			
Utilities			
Upkeep, repairs			
Provision for renovations			
Other			
Second home		CHF 0	CHF 0
Rent, mortgage payments			
Expenses and taxes			
Taxes		CHF 0	CHF 0
Cantonal and communal taxes			
Direct federal tax			
Property tax			
Insurance		CHF 0	CHF 0
Social-security contributions up to retirement age			
Health and accident			
Household and civil liability			
Fire, home			
Vehicles			
Other			
Medical expenses		CHF 0	CHF 0
Medical expenses (medication, deductibles)			
Dentist, optician, etc.			

1. Draw up a budget

Medical expenses		CHF 0	CHF 0
Medical expenses (medication, deductibles)			
Dentist, optician, etc.			
Household		CHF 0	CHF 0
Food, drink, housekeeping			
Eating out, social activities			
Clothes			
Beauty treatments (haircuts, etc.)			
Newspapers, magazines			
Phones (landline, mobile), TV, radio, internet			
Other (e.g., pets)			
Transport		CHF 0	CHF 0
Public transport, passes			
Vehicle tax			
Leasing, fuel, repairs, parking			
Leisure and travel		CHF 0	CHF 0
Hobbies, sport, gym			
Cultural activities, cinema, theatre			
Excursions			
Travel			
Memberships			
Training		CHF 0	CHF 0
Courses, books			
Other		CHF 0	CHF 0
Child maintenance			
Gifts, donations			
Emergency savings			
Other			
TOTAL EXPENSES		CHF 0	CHF 0

1. Draw up a budget

INCOME	Total / year Before retiring	Total / year After retiring
Salary		
Other gainful employment		
Social-security payments in or outside Switzerland		
Occupational pension (retirement, disability)		
Life insurance payments		
Net income from securities (interest, dividends)		
Property income		
Other income		
TOTAL INCOME	CHF 0	CHF 0
CAPITAL		Total / year
Current accounts, savings		
Investments (e.g.,)		
Pillar 2 (LPP) Lump sum (instead of pension above)		
Pillar 3 (a or b) Lump sum		
TOTAL CAPITAL		CHF 0
SUMMARY	Total / year Before retiring	Total / year After retiring
Total income	CHF 0	CHF 0
Total expenses	CHF 0	CHF 0
Difference (surplus + / deficit -)	CHF 0	CHF 0

Download the budget worksheet

The screenshot shows the AVENA website interface. At the top, there is a navigation bar with the AVENA logo on the left and several menu items: 'Assurés Se connecter', 'Entreprises Se connecter', 'Rechercher', 'Nos solutions', 'Nos actualités', 'La Fondation', 'Documentation', 'FAQ', and 'Contact'. The main heading is 'Mon budget pour la retraite - feuille de calcul'. Below this, there is a breadcrumb trail: 'Home > Pratique > Mon Budget Pour La Retraite - Feuille de Calcul'. A large green banner contains the text 'Mon budget pour la retraite'. The main content area is divided into two columns. The left column has the heading 'Feuille pratique' and a button 'Télécharger le fichier' which is circled in green. Below this is the 'Formulaires' section with a button 'Adhésion portail en ligne (courtiers)'. The right column features a large QR code, which is also enclosed in a green border. A green arrow points from the QR code to the 'Télécharger le fichier' button.

<https://www.lpp-avena.ch/fr/pratique/mon-budget-pour-la-retraite-feuille-de-calcul>

Retirement planning

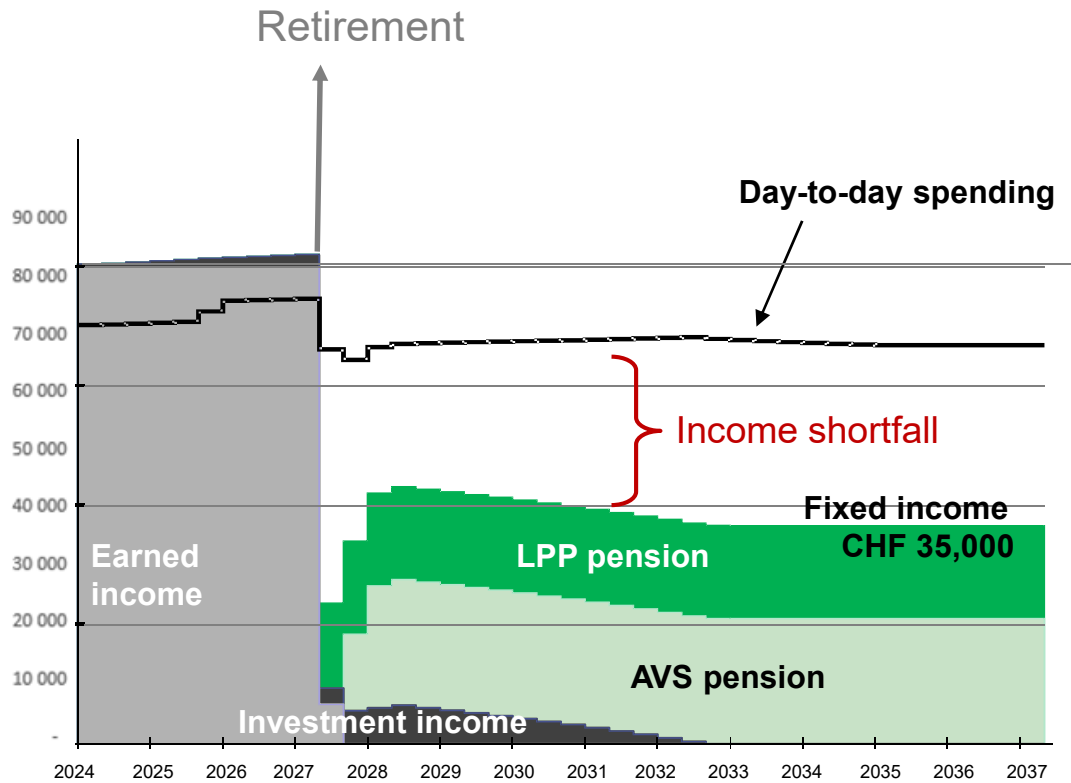
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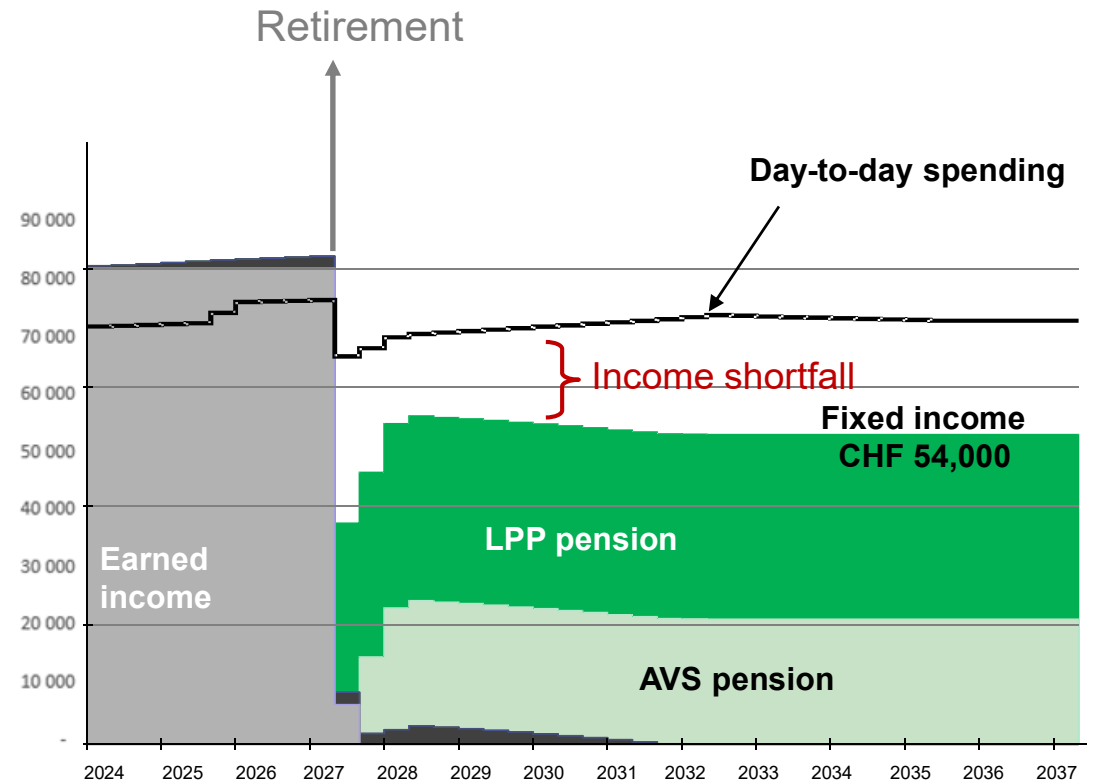
2. Factor in taxes and your inheritance plans

How your income will change

SCENARIO 1
50% as a lump-sum payment

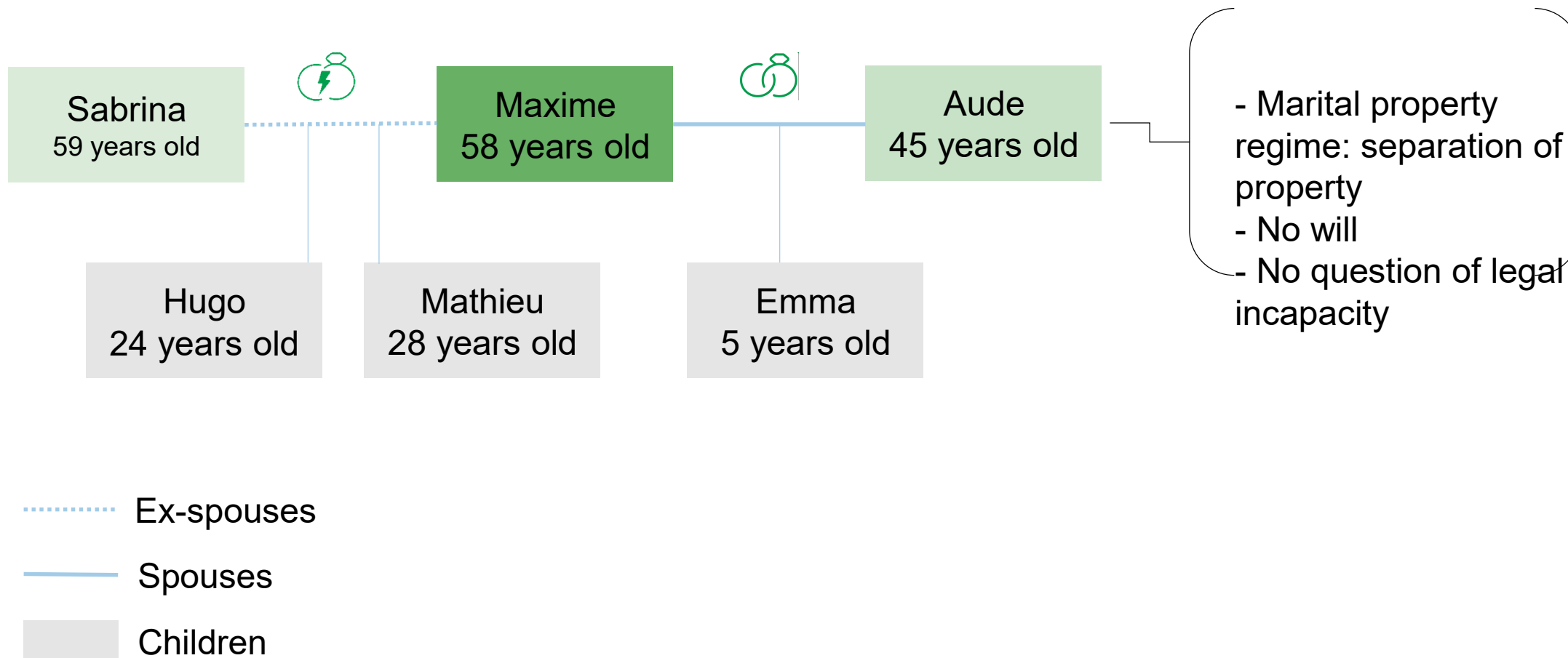


SCENARIO 2
100% as monthly pension



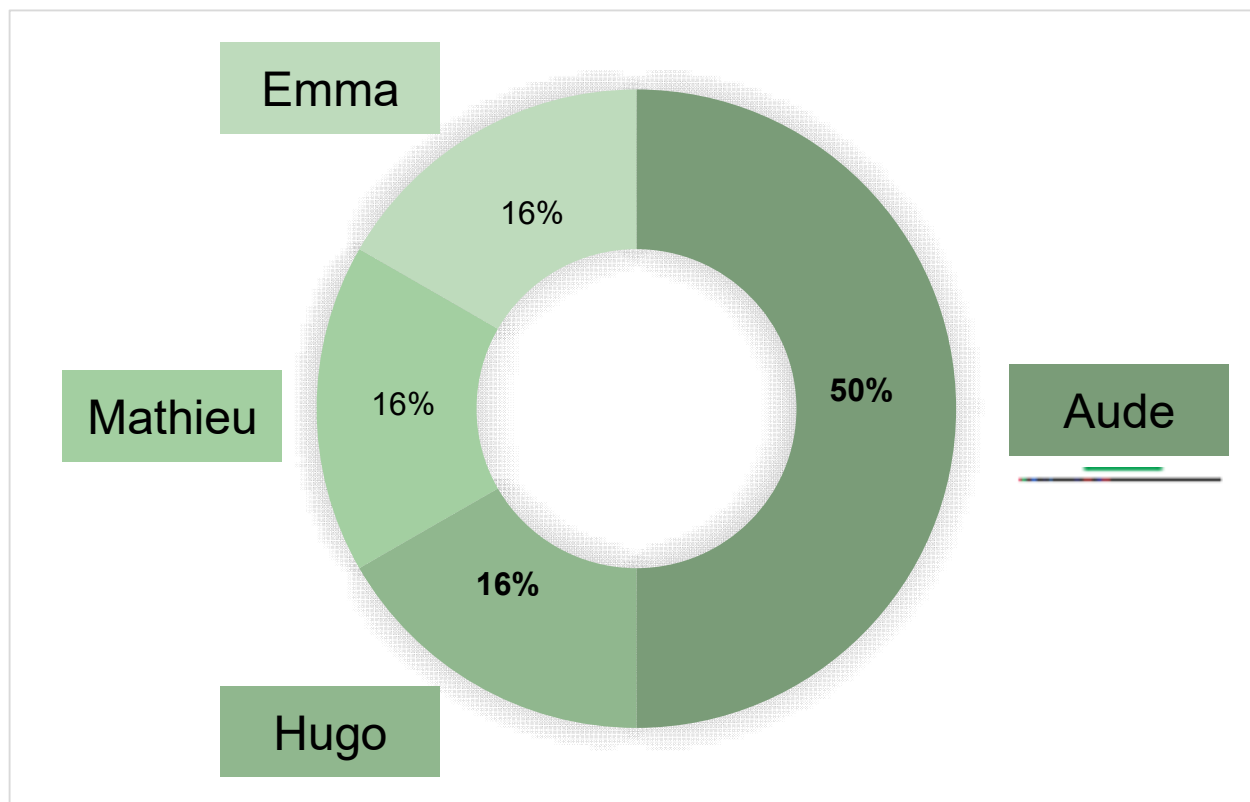
2. Factor in taxes and your inheritance plans

Inheritance example

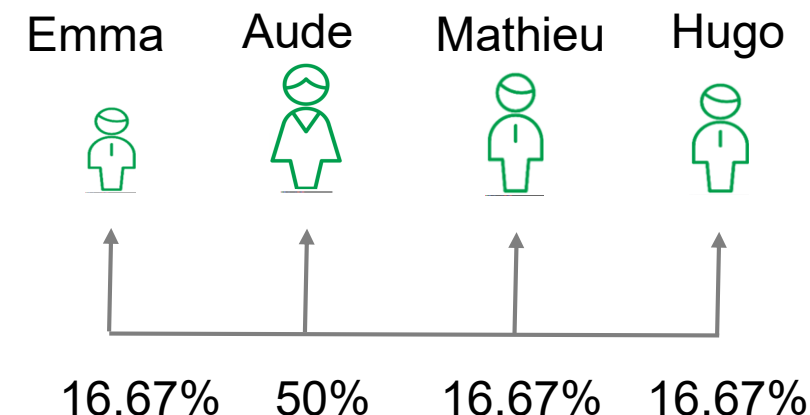


2. Factor in taxes and your inheritance plans

Inheritance example



Impact on inheritance of assets



Division of personal assets

Aude : 50%
 Emma : 16.67%
 Hugo : 16.67%
 Mathieu : 16.67%



Since Maxime did not leave a will with specific instructions on how to divide up the assets, all assets will be divided as above, in accordance with Swiss inheritance law. This includes the home, which will require the approval of all owners to be sold.

Maxime was unable to protect Aude and Emma's interests in this way.

Disputes will inevitably arise.

Retirement planning

What are the key steps?

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3. Coordinate with the AVS office

AVS

These two websites provide useful information on AVS pensions:

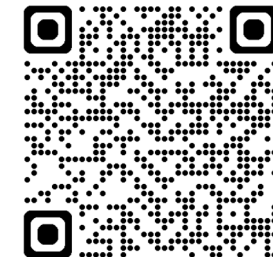
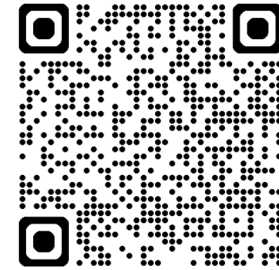
www.acor-avs.ch

You can use the ESCAL online calculator to estimate the amount of your future AVS pension.

www.ahv-iv.ch/en/

Forms and leaflets

(e.g., pension estimate request form, form to request pension payments, information on contributions if you're not gainfully employed)

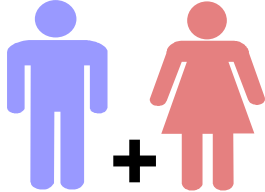
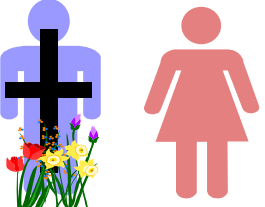

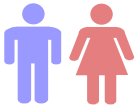


3. Coordinate with the AVS office

Reference age for women

Year of birth	Reference age
1960 or before	64 years
1961	64 years 3 months
1962	64 years 6 months
1963	64 years 9 months
1964 or after	65 years

3. Coordinate with the AVS office Benefits (2024)

		Max. monthly amount
Social security AVS Disability insurance Suppl. benefits Pillar 1		Retirement pension 2 retirees = capped CHF 2,450 CHF 3,675
		Widow/widower's pension (80%) CHF 1,960
		Disability benefits (100%) CHF 2,450
		Child's/surviving child's pension (40%) CHF 980

3. Coordinate with your employer

Your employer

Check the employee regulations and retirement-related rules (reference age, early retirement, late retirement).

Inform the AVS office of your decisions.

What the law says (Article 13 of the LPP):

- ¹ For occupational pensions, the reference age corresponds to the reference age stipulated in Article 21 (1) of the Federal Act on Old-Age and Survivors' Insurance.*
- ² The insured member may receive early retirement benefits starting at the age of 63, or postpone the payment of retirement benefits until the age of 70 at the latest.*
- ³ Pension funds are allowed to stipulate a lower age at which benefits may be paid out, within the limits set out [by the Federal Council].*

3. Coordinate with your pension fund

Your pension fund

If you don't know where your occupational pension savings are held, you can ask the 2nd Pillar Central Office, which is part of the LOB Guarantee Fund:

<https://sfbvg.ch/en/tasks/enquiry-about-occupational-benefit-credit-balances>

Fonds de garantie LPP
Centrale du 2^{ème} pilier

Formulaire de demande

**Recherche d'avoirs
de la prévoyance professionnelle**



Key figures on your own Pillar 2 savings can be found on your pension statement.

3. Coordinate with your pension fund

Pension certificate at 1 January 2024

Member information **Personal / Confidential**

Last name
 First name
 AVS No.
 Date of birth 09/05/1961
 Sex
 Membership date
 Legal retirement date 31/05/2026
 Marital status
 Contract No.
 Employer

Administrative section

Annual salary information **CHF**

Annual reference salary 81,300.00

For risk	For savings
81,300.00	81,300.00

Annual salary information

Monthly/annual contributions **CHF**

	Member	Employer	Member	Employer
Contributions for retirement savings	609.8	609.8	7,317.00	7,317.00
Contributions for death and disability benefits, fees, and the Security Fund	84.7	84.7	1,016.20	1,016.20
Total contributions	694.5	694.7	8,333.20	8,333.20

What you and your employer pay

3. Coordinate with your pension fund

Benefits	CHF	Benefits in case of <ul style="list-style-type: none"> • termination • retirement • disability • death
Termination Regulatory termination benefits at 01/01/2024 (of which minimum LPP benefits: 127,700.00)	380,700.00	
Retirement at age 65 Projected retirement capital with 1.25% interest (1.25% for the current year) or annual retirement benefits Annual child's benefits for a retired member	420,691.00 29,900 5,976.00	
Disability Annual disability benefits (after a 24-month waiting period) Annual child's benefits for a disabled member Contribution waiver (after a 3-month waiting period)	42,800.00 8,570.00 -	
Death before retirement Surviving spouse's annual benefits Surviving child's annual benefits Lump-sum death benefit	25,700.00 8,570.00 As per Fund regulations	
Death after retirement Surviving spouse's annual benefits Surviving child's annual benefits	11,500.00 5,976.00	

3. Coordinate with your pension fund

Conversion rate: This rate is used to convert your retirement savings at your date of retirement into an annual pension.

Example:

A Fund member retires with CHF 420,000 in Pillar 2 retirement savings.

The conversion rate used by their pension fund is 5.75%.

So their annual retirement pension will be:

$$\begin{array}{r} 420,000 \\ \times 5.75\% \\ \hline \text{Annual retirement pension: CHF } 24,150 \end{array}$$

 Once the first pension payment is made, the conversion rate cannot be changed.

3. Coordinate with your pension fund

Savings	CHF
Savings at 01/01/2024	380,700.00
Transferred/voluntary contributions, reimbursements, withdrawals	0.00
Contributions allocated to savings	14,634.00
Total interest (1.25% in 2024)	4,760.00
Savings at 31/12/2024	400,100.00
(of which minimum LPP benefits)	139,300.00

What makes up your savings

Projected savings and annual retirement pension					
Date (age)	Conversion rate (%)	Projected retirement capital		Retirement pension	
		Without interest	With 1.25% interest	Without interest	With 1.25% interest
01/06/ 2024 (63 years)	5.45	387,300	390,763	21,108	21,297
01/06/2025 (64 years)	5.60	395,334	401,044	22,139	22,458
01/06/2026 (65 years)	5.75	409,968	420,691	23,573	24,190
Projected retirement capital at 01/06/2026 with 1.25% interest (1.25% for the current year)					420,691

Your projected pension

Other information	CHF
Amount available to finance the purchase of a home	380,700.00
Maximum possible voluntary contribution (subject to legal and regulatory provisions)	74,700.00
Voluntary contributions over the past three years (including interest)	0.00
Vested termination benefit at the age of 50	Unknown
Vested termination benefit on the date of marriage	Unknown

Important: figures for voluntary contributions and financing the purchase of a home

Requests to make voluntary contributions must be approved by the Fund.

In the event of a discrepancy between the information above and the pension fund regulations, the pension fund regulations shall take precedence.

The pension fund regulations are available on the Fund's website.

3. Coordinate with your pension fund

What are voluntary contributions?

Voluntary contributions allow you to make up for gaps in your occupational pension coverage.

Contribution gaps can exist if, for example:

- you did not contribute for the total number of years possible
- you received a pay raise
- your pension plan becomes more comprehensive

Remarks (Art. 79b(3) LPP)

- Benefits resulting from a voluntary contribution cannot be paid out by pension funds as a lump sum for a period of three years after the contribution was made.
- If you withdrew retirement savings under the home ownership encouragement initiative, you must repay this amount before you can make a tax-deductible voluntary contribution.

3. Coordinate with your pension fund

Voluntary contributions

Example: voluntary contribution of CHF 10,000

Married employee, living in Lausanne (2024)

Voluntary contribution		CHF 10,000
Taxable income	CHF 100,000	CHF 90,000
Taxable assets	CHF 0	CHF 0
Total tax	CHF 17,942	CHF 15,430
Annual tax savings		CHF 2,512

Advantages

- Increased benefits for the insured member
- Lower federal, cantonal, and municipal tax bill
- Interest on voluntary contributions
- Contributions returned in full in the event of death in addition to the lump-sum death benefit

3. Coordinate with your pension fund

Pension or lump-sum payment?

	Advantages	Disadvantages
Pension	<ul style="list-style-type: none">• Regular income for life• Surviving spouse's pension paid until the death of the spouse (no uncertainty around life expectancy)• Child/surviving child's pension (until the child turns 20 years old, or 25 years old if they're in training or school)	<ul style="list-style-type: none">• Pension payments are fully taxable• Taxed along with other income (subject to progressive taxation)• Capital cannot be transferred to heirs

3. Coordinate with your pension fund

	Advantages	Disadvantages
Lump-sum payment	<ul style="list-style-type: none">• The capital can be invested, and there are tax advantages• Significant financial flexibility• Can be passed on to heirs as an advance on inheritance or a gift• Remaining capital can be left to heirs• Taxed independently of other income (4% to 9.5% depending on the amount)	<ul style="list-style-type: none">• Capital subject to wealth tax• The personal risk inherent in managing/investing the money• Return on invested retirement capital will vary• Uncertainty around life expectancy and financial needs



The tax treatment of capital is under discussion.

3. Coordinate with your pension fund



Request for payment of retirement benefits in the form of capital

EMPLOYER

Policy No.:
 Company name:

MEMBER

Last name: First name:
 AVS No.: Date of birth: / /
 Marital status: single married registered civil partnership divorced* widowed*
* applies analogously to registered partners
 Home address:

BENEFIT PAYMENT OPTIONS

- Upon retirement, I would like my retirement benefits to be paid as follows:
- the full amount of the benefits in the form of a lump-sum capital payment.
 - % of my retirement savings capital in the form of a lump-sum capital payment.
 - CHF....., deducted from retirement savings capital, in the form of a lump-sum capital payment.
 - one-quarter of the minimum legal retirement savings capital in the form of a lump-sum capital payment.

The portion of the retirement savings capital not paid in the form of a lump-sum capital payment shall be converted into a retirement pension.

By signing, I acknowledge that:

- for the portion of retirement benefits paid out as a lump-sum retirement capital, the Fund is released from payment of any other benefit.
- for three years following the date of the purchase, retirement benefits resulting from a pension purchase can only be paid in the form of a retirement pension.
- once the regulatory deadline for opting for payment in the form of capital has passed, the option selected in this document shall become irrevocable.

Payment of retirement benefits in the form of a full or partial lump-sum capital payment is only possible if the spouse or registered partner gives written consent when the member reaches retirement age.

Place and date:

.....
 Member's signature

.....
 Signature of spouse or registered partner

This document is a translation of the original French document. Only the French version is authoritative.

Lump-sum payment

When do you need to make this request?

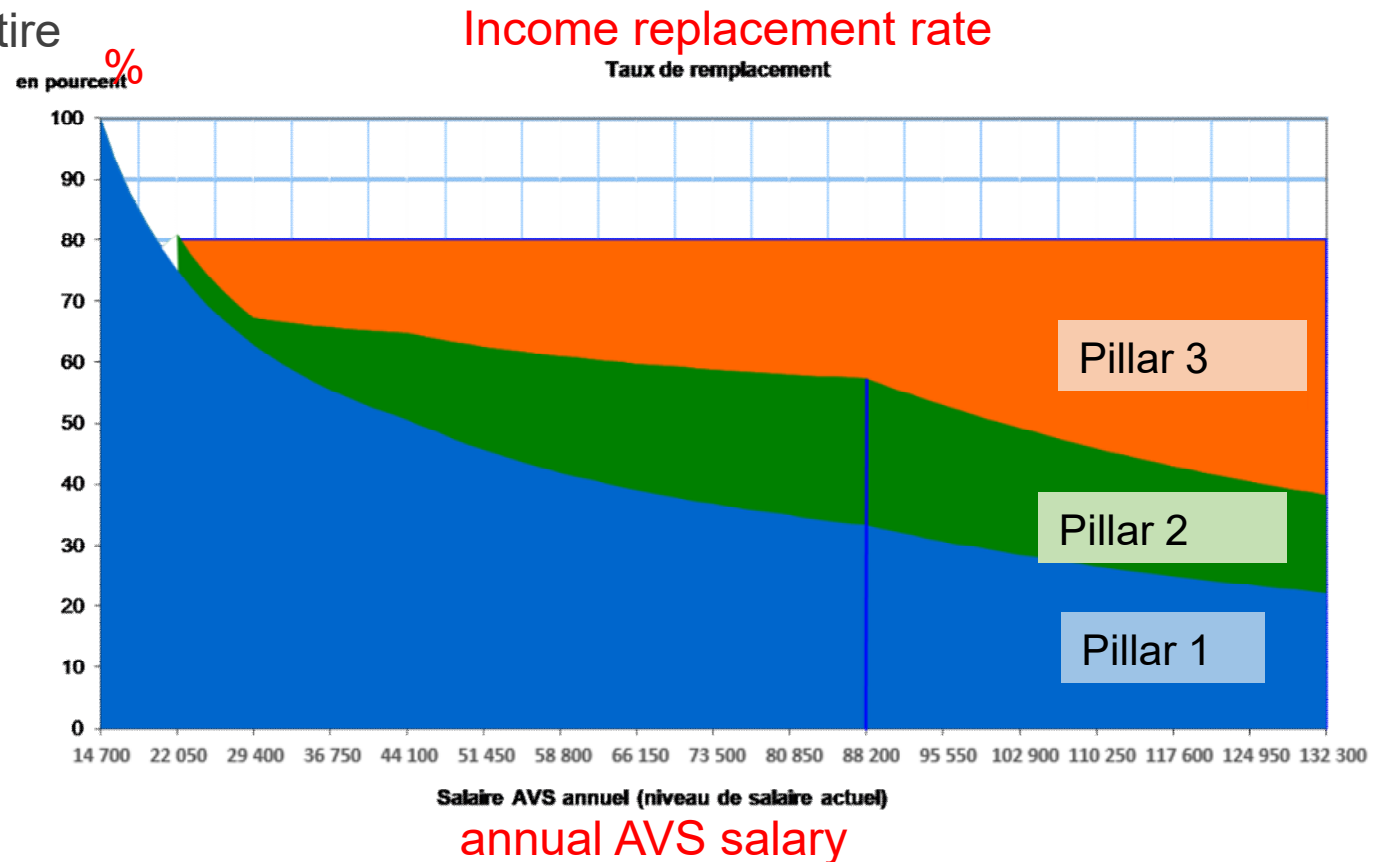
You don't need to decide in advance!

⇒ You have until the day before you retire to make your request to take all or part of your retirement savings as a lump-sum payment.

3. Coordinate with your Pillar 3 institution

Pillar 3 savings:

- can make up for any shortfall left by the first two pillars
- help you maintain your lifestyle when you retire
- meet your personal needs
- offer tax advantages



3. Coordinate with your Pillar 3 institution

Pillar 3a (restricted)

Contributions are tax deductible

- CHF 7,056 (if member of Pillar 2 pension fund), or
- 20% of income, but maximum of CHF 35,280 (if not member of Pillar 2 pension fund)

Capital is taxed when paid out

Early withdrawal possible if, for example:

- you leave Switzerland permanently
- you buy a home
- you become self-employed

Pillar 3b (unrestricted)

Contributions are not tax deductible

Not generally taxed when paid out

Withdrawal conditions vary by product

3. Coordinate with your Pillar 3 institution

Restricted personal retirement accounts (Pillar 3a)

Tax deductions

For people who are members of a Pillar 2 pension fund: max. CHF 7,056 per year (2024)

Married employee, living in Lausanne

Taxable income: CHF 100,000

Taxable assets: CHF 0

Annual Pillar 3a payment		CHF 7,056
Taxable income	CHF 100,000	CHF 92,944
Taxable assets	CHF 0	CHF 0
Total tax	CHF 17,942	CHF 16,141
Annual tax savings		CHF 1,801
as % of annual payment		25.5%

3. Coordinate with your Pillar 3 institution

Restricted personal retirement accounts (Pillar 3a)

Withdrawing your savings

You can withdraw your savings no earlier than five years before normal retirement age (reference age) and no later than five years after that age.

You can withdraw your savings early if:

- you make voluntary contributions to your pension fund
- you are recognized as fully disabled by Swiss disability insurance
- you become self-employed
- your self-employed activity changes
- you leave Switzerland permanently
- you buy a home

3. Coordinate with your Pillar 3 institution

Staggering your Pillar 2 and Pillar 3a withdrawals

Example: Married couple, living in Lausanne

Withdrawal	Year	Age	Lump-sum payment	Amount	Taxes	
One-off	2027			650,000	52,785	
Staggered	2024	63	Partner 1's Pillar 3a	75,000	2,412	
	2025	64	Partner 1's vested termination benefits	200,000	10,933	
	2026	64	Partner 2's Pillar 3a	75,000	2,412	
	2027	65	Partner 2's pension capital	300,000	19,539	
					35,296	52,785
Savings achieved by staggering capital					17,489	

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Summary

INCOME

Salary
Other gainful employment
Social-security payments in or outside Switzerland
Occupational pension (retirement, disability)
Life insurance payments
Net income from securities (interest, dividends)
Property income
Other income

TOTAL INCOME

CAPITAL

Current accounts, savings	
Investments	(e.g.,)
Pillar 2 (LPP)	Lump sum (instead of pension above)
Pillar 3 (a or b)	Lump sum

TOTAL CAPITAL

SUMMARY

Total income
Total expenses
Difference (surplus + / deficit -)



AVENA

Looking ahead with confidence

www.lpp-avena.ch