

Information sheet «Purchasing occupational pension benefits»

1. Introduction

Under the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG/LPP), insured members can buy into the full benefits set out in the Pension Fund Regulations on a tax-privileged basis. This information sheet explains the form „Application to buy into the full benefits set out in the regulations“.

2. Impact of purchasing occupational pension benefits

When you purchase occupational pension benefits, it increases your pension benefits in accordance with the actuarial, regulatory and statutory provisions. Sums paid into the scheme are permanently and irrevocably allocated to the occupational pension fund and cannot be reimbursed.

Deposited amounts are tax deductible. To enable you to claim this deduction, you will receive a certified receipt of the sums you have paid in. It is required that contributions must be deposited directly by the insured persons. Insured persons are responsible for claiming the tax deduction themselves.

3. When is it possible to purchase occupational pension benefits?

There are various scenarios which allow you to purchase occupational pension benefits:

- If you are over 25 when first joining a pension scheme (e.g. after graduating from university);
- After changing to a new employer and therefore a new pension fund;
- After receiving a pay raise, after increasing your employment level (e.g. transition from part-time to full-time work) or after a modification to the pension plan;
- If you lack contribution years as a result of a sabbatical leave, unemployment or a period of time spent abroad;
- As a result of a pension settlement within a divorce agreement.

To determine the amount you are eligible to deposit, please get in touch with your contact at Profond Pension Fund.

4. Restrictions

Insured persons who have already made an early withdrawal of retirement savings in order to purchase a home of their own, must first fully reimburse the early withdrawal (without interest).

Persons who have moved to Switzerland from abroad and have previously not entered into a Swiss pension fund can only contribute up to 20% of their annual insured salary during the first 5 years.

Under pension legislation, retirement benefits acquired through purchases may not be withdrawn as a lump sum for the following three years.

However, under tax legislation, based on current legal practice, the entire retirement savings are blocked for withdrawals for three years. If a lump sum is withdrawn in spite of this, the assessments for the tax periods in which a purchase was made may be reopened and the tax-deductible status of the purchase may be revoked. When in doubt, please contact your tax authority in due time.

5. How do I proceed?

The amount of benefits you are eligible to purchase must be determined before you make a deposit. Please fill out and sign the form “Application to buy into the full benefits set out in the regulations” and send it to Profond Pension Fund. We will send you a binding purchase calculation including specifications for the deposit. Payments made without submitting an application beforehand will not be processed.

The calculated amount does not need to be made in a single deposit. To maximize tax relief it can be an advantage to split the deposits over a number of years.

This information sheet gives you only an overview. For the assessment of each individual case, only the legal and regulatory provisions are decisive.

Should legal differences arise between the original and the translated version, the German version will prevail.