



Occupational benefits

**Cash payment  
of vested benefits**



**Swisscanto**

Stiftungen/Fondations/Fondazioni

# Cash payment of vested benefits

## Occupational benefits

**In principle, vested benefits must remain in the second-pillar cycle until they are taken when retirement age is reached, and therefore they must usually be transferred to a new pension institution or a vested benefits institution. Subject to certain conditions, however, vested benefits can be paid out early, in cash.**

If the vested benefits balance cannot be redeposited into a pension institution (pension fund) during working age, it will generally be due for payment upon reaching the OASI reference age (or at the earliest five years before that). This information sheet explains the main prerequisites, what they mean, and the things to note and action to be taken with regard to cash payment.

### Vested benefits can be paid out in cash in these situations

According to the law, an insured person may request payment of vested benefits in cash if:

- they take up self-employment as their main occupation in Switzerland or the Principality of Liechtenstein and are no longer subject to compulsory occupational benefits insurance;
- the vested benefits are less than their annual contribution to the last pension fund;
- they leave the economic area of Switzerland/Principality of Liechtenstein permanently.

Find out how this might specifically affect you in this information sheet:

#### **a) You are planning to take up self-employment**

You can request cash payment of vested benefits if you become self-employed in Switzerland or the Principality of Liechtenstein in your main occupation and are no longer subject to compulsory occupational benefits insurance.

You must submit your request of dissolution within one year of taking up self-employment as a main occupation.

If you take up self-employment in the EU, Norway or Iceland, this alone does not entitle you to a cash payment. In this case, however, the cash payment can be requested due to your leaving Switzerland permanently, see c).

**b) If the vested benefits are negligible, the following applies**

Cash payment on the grounds of negligibility can be requested if your vested benefits are less than the annual contribution you made to the last pension institution in Switzerland.

However, if negligibility has arisen, for example, due to an advance withdrawal for home ownership or an increased divorce settlement, there is no entitlement to cash payment.

**c) You plan to leave the economic area of Switzerland/Principality of Liechtenstein permanently**

If you leave the economic area of Switzerland/Principality of Liechtenstein permanently, you can likewise withdraw your vested benefits early.

You must provide proof of definitive departure. Documentary proof in English, French, German and Italian is accepted without translation. For documents in other languages, a certified translation is required.

Depending on the destination country, different rules apply to the cash payment of vested benefits:

**Departing for the EU or Norway/Iceland**

The compulsory portion of the vested benefits may only be paid out early if you prove that you are no longer subject to compulsory insurance in the country of domicile. Proof can be requested via the Liaison Office at the LOB Guarantee Fund in Bern.

The supplementary portion of the vested benefits may be paid out in cash.

It is not possible to transfer vested benefits to a pension institution in the destination country.

**Departing for a third country**

If you settle outside the EU/EFTA, the full vested benefits can be taken in cash, unless you are subject to compulsory insurance in an EU/EFTA state.

**Special case: relinquishing cross-border commuter status**

In this case, official confirmation must be provided that there is no work permit for the economic area of Switzerland/Principality of Liechtenstein.

This does not apply to cross-border commuters who live in the Principality of Liechtenstein and work in Switzerland – or vice versa. If the residence or employment relationship remains in one of these two countries, a cash payment is not legally permissible.

**EU countries**

Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden.

**EFTA countries**

Switzerland, Principality of Liechtenstein, Iceland and Norway.

## The following must be noted with regard to a cash payment

### Taxes

The cash payment is taxed separately from other income at a reduced rate.

The tax authorities may view the withdrawal of capital (for the promotion of home ownership, when taking up self-employment, upon emigration or in the case of disability or retirement) as tax evasion if purchases were made within the three years preceding the withdrawal of capital. They can view all of a person's second-pillar benefit arrangements as a whole and do not usually accept the deductibility of purchases made during this period. This can lead to supplementary tax proceedings.

The foundation has a duty of notification to the tax authorities. We therefore recommend that you clarify the question of tax treatment with the relevant tax authority in advance. You bear sole responsibility for tax implications.

In addition, the following applies to payments to persons domiciled outside Switzerland:

The portion of the vested benefits that is paid out early is subject to tax at source. The tax will be deducted directly from the amount paid out. The Swisscanto Vested Benefits Foundation is subject to the withholding tax rate applied by the Canton of Basel-Stadt.

Depending on the country, the tax at source can be claimed back after the capital contribution has been notified to the competent tax authority of the new country of residence.

### Marital status and documents

For married persons or persons living in a registered partnership, officially certified proof of consent from the spouse or registered partner is required for any cash payment. The necessary officially certified signature will be requested before payment is made.

For non-married persons, a current proof of marital status is required.

Details of the documents to be submitted can be found in the "Request of dissolution" form. The link is given at the end of this information sheet.

### Payment method

Payment is made in Swiss francs (CHF) and normally to an account in Switzerland. If payment can only be made to your account in the country of domicile, you may incur additional charges.

### How to make the cash payment request to us

Any payment must be requested using our "Request of dissolution" form.

### Further information and links

- You can find information about the LOB Guarantee Fund at [sfbvg.ch](https://www.sfbvg.ch).
- The "Request of dissolution" form can be found at [swisscanto-fzs.ch](https://www.swisscanto-fzs.ch) ► All documents.

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