



AXA Foundation  
for Occupational Benefits

Occupational Benefits

## **Regulations for the Promotion of Residential Property Ownership**

AXA Foundation for Occupational Benefits, Winterthur

These regulations apply to the promotion of residential property ownership and are issued by the Board of Trustees.

**1.1**

**Use of occupational benefits funds for residential property**

Up until the retirement benefits become due, the insured person may, in accordance with the provisions of the BVG/LPP and the Swiss Code of Obligations (OR/CO),

- prematurely draw an amount up to the total amount of vested benefits;
- pledge the claim on occupational benefits or an amount up to the total vested benefits.

If the insured purchased additional benefits from the occupational benefits fund, the sum used to purchase these benefits may not be withdrawn in advance during the next 3 years.

**1.2**

**Permissible usage**

The advance withdrawal or the pledging is permissible for residential property for personal use in Switzerland or abroad, in particular for

- the purchase or construction of residential property;
- participation in residential property ownership;
- the repayment of mortgages.

Usage for other purposes, such as for normal maintenance of residential property or the payment of mortgage interest, is not permitted.

Funds from occupational benefits may only be used for one object at any one time.

**1.3**

**Permissible residential property**

The following are considered to be residential property:

- apartments;
- single family houses.

**1.4**

**Permissible forms of ownership**

The following forms of ownership are permitted:

- single ownership;
- co-ownership, i.e. ownership of a freehold apartment, in accordance with the percentage owned;
- joint ownership between spouses;
- individual and temporary building rights.

Only these four forms are permissible.

**1.5**

**Permissible forms of participation**

The following forms of participation are permitted:

- participation in a building cooperative;
- stocks in a renters' association;
- issue of a mutual loan to a non-profit building association.

Only these three forms are permissible.

**1.6**

**Personal use**

The insured person must use the residential property at his/her legal domicile or at the location where he/she usually resides. If the insured person is temporarily unable to use the residential property him/herself (i.e. due to absence because of occupation or health), the property may be rented during this time.

The use of funds from occupational benefits for the purchase of vacation homes is not permitted.

**1.7**

**Agreement on the part of the spouse**

If the insured person is married, the spouse's signature is required for the advance withdrawal or pledge.

### 1.8

#### Foundation's duty to notify

If, pursuant to Art. 40 BVG/OPA, the Foundation has a duty to notify in the event that the insured person fails to comply with his/her maintenance obligations, payment of the advance withdrawal or realization of pledge will be made – subject to any other instructions by the court – at the earliest 30 days after delivery of the notification of the lump-sum payment to the responsible debt collection assistance authority.

### 2.1

#### Minimum amount of advance withdrawal

The minimum amount of CHF 20,000 is required for the advance withdrawal. This minimum amount does not apply

- to the purchase of participation shares in building cooperatives or for other permissible participations;
- to vested benefits policies.

### 2.2

#### Maximum amount of the advance withdrawal

Before age 50, the amount up to the total vested benefits may be drawn.

After age 50, only the larger of the amounts calculated in accordance with a) and b) may be drawn:

- vested benefits at age 50,
  - increased by any repayments after this age;
  - less any previous advance withdrawals or pledges after this age;
- half of the difference between the vested benefits at the time of the advance withdrawal and any vested benefits already invested in the residential property.

### 2.3

#### Repeated advance withdrawal

The advance withdrawal may be claimed every 5 years.

### 2.4

#### Payment of the advance withdrawal

The Foundation pays the advance withdrawal within 6 months after it is claimed.

If the payment is not possible or reasonable within this time limit due to illiquidity, it is arranged in a priority order which is brought to the attention of the supervisory authorities.

In the event of a shortfall in coverage, the Foundation can place a limit on the time and amount of the advance withdrawal, or even refuse advance withdrawal altogether if its purpose is the repayment of a mortgage. If the payment is limited or refused, the Foundation will inform the insured of the duration and extent of this measure.

Payment occurs based on the pertinent documentation directly to the insured person's creditors.

### 2.5

#### Reduction of the occupational benefits

As a result of the advance withdrawal, the claim on occupational benefits is reduced correspondingly in accordance with the principles based on actuarial practice and/or the regulations. The insured person may conclude an additional insurance correcting any gaps in coverage at his/her own cost.

### 2.6

#### Repayment of the advance withdrawal

The insured person or his/her heirs must repay any amount drawn if

- the residential property is sold;
- rights are given on the residential property which are economically similar to a sale;
- no occupational benefits become due upon the death of the insured.

The transfer of the residential property to a beneficiary is not considered to be a sale. The same sales limitations apply to these persons as to the insured.

When the residential property is sold, the amount which must be repaid is limited to the profits. The profits are considered to be the sale price less the mortgage debt plus the fees legally required for the seller. Any loan agreements made in the 2 years preceding the sale will only be taken into account if the insured person can prove that they were needed to fund the residential property.

If the insured wishes to use the profits gained from the sale of residential property up to the amount of the advance withdrawal within 2 years for another residential property, he/she may transfer this amount to a vested benefits institution.

In addition, the insured person may repay the amount voluntarily.

Repayment is permissible until

- entitlement to regulatory retirement benefits commences;
- another insured event occurs;
- the cash payment of the vested benefits is made.

The minimum amount for repayment is CHF 10,000. If the amount due is less than this amount, the entire sum becomes due in one installment.

Upon repayment, the occupational benefits are restored in accordance with actuarial bases and/or the regulations.

## Pledging

# 3

### 3.1

#### Maximum sum for pledging

Before age 50, the amount up to the total vested benefits may be pledged.

After age 50, only the larger of the amounts calculated in accordance with a) and b) may be pledged:

- vested benefits at age 50,
  - increased by any repayments after this age;
  - less any previous advance withdrawal or pledges after this age;
- half of the difference between the vested benefits at the time of the pledging and any vested benefits already invested in the residential property.

There is no limit on the pledging of occupational benefits.

### 3.2

#### Agreement on the part of the creditor

To the extent of the pledged amount, the creditor must agree in writing to the following transactions:

- cash payment of the vested benefits;
- payment of occupational benefits;
- transfer of a part of the vested benefits to the occupational benefits institution of the divorced spouse as the result of a divorce settlement.

If the creditor does not agree, the Foundation retains the amount in escrow. The courts decide on the claims of the creditor.

### 3.3

#### Claiming of the pledge

If the pledge is claimed before occupational benefits become due or before vested benefits are paid in cash, the stipulations for advance withdrawal apply (see par. 2).

## Guarantee of the Aims of the Occupational Benefits Insurance

# 4

### 4.1

#### Entry in the book of deeds

The insured person or his/her heirs may only sell the residential property within the reservations in par. 2.6. These sale limitations must be entered in the book of deeds. The Foundation notifies the registrar of deeds for entry at the time of advance withdrawal or when a pledge is claimed.

The insured person may request that the limitation entry be deleted

- when entitlement to regulatory retirement benefits commences;
- after the occurrence of another insured event;
- when the vested benefits are paid in cash;
- after the prematurely drawn amount has been fully repaid.

### 4.2

#### Participation shares or similar participations

The purchase of participation shares in a building cooperative with occupational benefits assets is only permissible if the by-laws of the cooperative foresee that upon withdrawal, any occupational benefit funds which an insured invests in the cooperative be transferred to another cooperative or another public building society where the insured resides, or be transferred to an occupational benefits carrier. This provision applies analogously for shares in a renters' association or for a public building society.

If the insured purchases shares from a building cooperative or similar shares with the advance withdrawal, these must be deposited with the Foundation.

## Claim and Proof

# 5

### 5.1

#### **Claim on the advance withdrawal or pledge**

The insured must file a request with the Foundation in good time and in writing if he/she wishes to make an advance withdrawal or to realize a pledge.

### 5.2

#### **Proof**

The insured person must provide adequate proof of the purpose for which funds from occupational benefits are used and that they are invested in residential property which he/she uses personally. He/she must provide all documentation required for examining the claim (e.g. purchase contract, mortgage contract, confirmation from a notary public for the purchase of residential property abroad).

## Tax Considerations

# 6

For the tax treatment of the advance withdrawal for financing residential property ownership, the legal provisions and the tax practices of the tax authorities are definitive. The insured person is responsible for clarifying the tax consequences of an advance withdrawal. The Foundation rejects all liability.

### 6.1

#### **Notification to the federal tax authorities**

The Foundation notifies the federal tax authorities of the advance withdrawal or the pledge of the vested benefits as well as of the repayment of these amounts.

### 6.2

#### **Immediate tax liability**

The advance withdrawal and any yield from the claim on a pledge on the occupational benefits are subject to immediate taxation. The tax due may not be paid out of or charged to the advance withdrawal; in other words, the insured person must pay the tax due from other funds.

### 6.3

#### **Reimbursement of the tax**

In case of repayment of the advance withdrawal or the claim on a pledge within 3 years, the insured person may request reimbursement of the amount which he/she paid as tax on the capital payment. The tax paid is reimbursed without interest.

After 3 years have passed, the claim on reimbursement lapses.

For the repayment of the tax, a written request must be placed with the tax authorities which levied the tax. Confirmation must be submitted on the following:

- the repayment;
- the occupational benefits assets which were invested in the residential property;
- the amount of tax paid to the Confederation, canton, and town due to the advance withdrawal or the claim on the pledge.

### 6.4

#### **Accounting**

The federal tax authorities keep accounts of advance withdrawals, claims from pledges, and repayments which are disclosed to them. On written request, they provide insured persons with information on the state of the occupational assets they have invested in residential property and inform them of the authorities responsible for the reimbursement of taxes paid.

## Information

# 7

### 7.1

#### **Basic information**

The Foundation informs the insured person, upon written request or at the time of an advance withdrawal or pledge, of

- the occupational benefits assets available for residential property;
- the modalities of the advance withdrawal or pledge;
- the reductions in benefits due to an advance withdrawal or the claim on a pledge;
- the possibilities for closing the gap in occupational benefits coverage following an advance withdrawal;
- the tax liability in case of an advance withdrawal or the claim on a pledge;
- the claim on reimbursement of taxes paid in case of a repayment of the advance withdrawal and the associated payment deadlines.

### 7.2

#### **Further advice**

The Foundation provides the insured person with the most important basic information, permitting a rational decision concerning the use of occupational benefits for residential property.

The insured person can consult his/her bank or tax advisor for further individual information on the purchase and funding of residential property as well as tax considerations.

## Share of the Costs

# 8

### 8.1

#### Fees

The insured person bears all fees, expenses, and other costs associated with the advance withdrawal or the pledge which are payable to third parties (e.g. for entries in the book of deeds, deposit of participation shares, etc.).

### 8.2

#### Cost contribution

The Foundation charges the insured person an administrative fee of CHF 500 for an advance withdrawal and a fee of CHF 300 for a pledge.

## Consequences of Advance Withdrawal or Pledge

# 9

The insured person's decision to use occupational benefits funds for the purchase of residential property should be carefully considered.

The advance withdrawal permits the insured person to invest more private capital into the residential property. The necessary private capital may thus be accrued and the amount of the mortgage and interest payments may be reduced. Pledging usually permits a higher mortgage and the waiver or delay of the repayment of the mortgage or a reduction of interest in a second or higher mortgage.

The advance withdrawal or the claim on the pledge results in a reduction of the occupational benefits. This means that the insured person or his/her family members will receive considerably less money from the occupational benefits plan in case of retirement, disability or death. The insured person should therefore only use funds from the occupational benefits insurance if a continuation of his/her previous standard of living is guaranteed in other ways or if he/she can compensate for the loss of benefits with another scheme. In addition, the occupational benefits capital which is invested in residential property is associated with a higher risk than are the assets that are invested by the Foundation in a diversified portfolio. Finally, the insured person may be subject to tax liabilities in case of an advance withdrawal or the claim on a pledge.

## Registered Partnership

# 10

Within the meaning of the Federal Law on the Registration of Partnerships for Same-Sex Couples of June 18, 2004, registered partnerships and partners are given equal status as marriages and spouses.

## Entry into force

# 11

These regulations enter into force on January 1, 2023 and replace the version of January 1, 2022.