

INFORMATION SHEET

Termination benefits

This information sheet explains what occupational pension termination benefits are and the benefits to which you are entitled if you leave BVK.

What are termination benefits and how much are they?

Termination benefits are the savings capital that you have accumulated in your account at BVK. The amount is listed on your pension fund statement.

The amount of the termination benefits is equal to your available savings capital when you leave the pension fund. This is comprised of the employee and employer savings contributions, any personal buy-ins and the vested benefits as well as interest.

Who is entitled to termination benefits? On what conditions?

Termination benefits are generally due if the insured person has ended his or her employment relationship and therefore leaves the BVK.

Those who meet the following conditions are entitled to termination benefits:

- a) The insured person has not turned 60 before leaving the pension fund.
- b) A disability pension is not being paid.
- c) The employment relationship has ended after the insured person turns 60 – but before he or she has reached the normal AHV retirement age – and the insured person commences a new job **immediately** or registers as unemployed with the regional employment agency (RAV).

Where are the termination benefits transferred?

If the insured person changes jobs, BVK is legally obligated to transfer the full termination benefits to the pension fund of your new employer. If you do not join a new pension fund, you may either have your pension assets transferred to a vested benefits account at a bank or conclude a vested benefits policy with an insurance company.

You can also maintain your occupational pension at the BVG Substitute Occupational Benefit Institution. You can find further information at www.chaeis.net or call 044 468 22 22.

Important:

If you do not send payment instructions within six months of leaving the pension fund, BVK will transfer your termination benefits to the BVG Substitute Occupational Benefit Institution (to a vested benefits account in your name).

What is the difference between a vested benefits account and a vested benefits policy?

A **vested benefits account** is a blocked account to which your pension assets are deposited. Pension benefits are not insured. Transferring your pension assets to a vested benefits account is recommended if you plan to transfer your savings to a pension fund at a later point. You can obtain more detailed information from your bank.

With a **vested benefits policy**, the pension assets are not only deposited but also insured. So the policy can be terminated early without incurring a loss. If you plan to transfer your pension assets to a pension fund after a short period of time, a vested benefits policy is less appropriate. You can obtain information from the insurance company that maintains the policy.

Can termination benefits also be paid in cash?

Yes, under certain circumstances is this possible. A cash payment means that your termination benefits are transferred to an account that is not blocked, such as a private account. If the termination benefits are transferred to an account that is not blocked, capital taxes will be due.

A cash payment is possible if:

- a) You leave Switzerland permanently and do not live in Liechtenstein. The obligatory portion of the termination benefits («BVG retirement savings») may not be paid in cash if you continue to be required to be insured against the financial consequences of age, disability or death in an EU or EFTA member state. In this case, the obligatory portion will be transferred to a vested benefits account or a vested benefits policy in Switzerland. The non-obligatory portion can be transferred to a non-blocked account (e.g. a private account). If you are **not** required to be affiliated with the social insurance system in an EU or EFTA member state, the termination benefits may be paid out fully in cash. The insured person must present proof of this status. You can have the 2nd Pillar Central Office (www.zentralstelle.ch) clarify whether you are subject to the insurance obligation.

Important:

Cash payments are subject to withholding tax and are only made after the insured person has given up his or her Swiss residence. In all cases, confirmation of deregistration must be provided from the Residents' Registration Office.

- b) You become self-employed and are therefore no longer subject to obligatory occupational pension coverage. In this case, you must submit confirmation that you are self-employed from the AHV compensation office to BVK.

Important:

The amount corresponding to the buy-in, including interest, may not be drawn as a lump sum (advance withdrawal to purchase a residential property, lump-sum withdrawal upon retirement or cash payment of the termination benefits) for the next three years.

- c) If the termination benefit is less than one of the insured person's annual contributions.

Important:

Insured persons who are not married or living in a registered partnership must include current proof of their civil status with the request for a lump-sum payment. Insured persons who are married or living in a registered partnership need a certified signature from their spouse or registered partner.

How do I inform BVK about the desired transfer method?

Following termination, you will receive the «Personal Declaration» form from your employer. You can find this form on our website under «Services/Downloads/Formulare». You can use this form to submit binding instructions to us on how we should proceed with your termination benefits. Please answer all questions completely and send us the signed form at the latest **by the time you leave** the pension fund.

Legal notice

This information sheet is intended to provide a brief overview of the topic. No claims may be derived from it. Only the pension fund regulations and the relevant statutes are legally binding.