

“Cash payment of termination benefits” information sheet

Under the Federal Act on the Vesting of Occupational Old Age, Survivors' and Invalidity Benefits (FZG), the insured person leaving the fund is entitled to a termination benefit. This benefit must generally be forwarded to one of the following institutions, depending on the pension:

- to the departing insured person's new pension fund;
- to a vested benefits institution so that a vested benefits account can be opened or a vested benefits policy concluded.

The law only allows for a cash payment in the following cases.

1. If the insured person leaves Switzerland/Liechtenstein permanently

You leave Switzerland/Liechtenstein permanently. Depending on your destination country, there are different provisions regarding cash payment of the vested benefits.

a) Emigration to an EU/EFTA country:

- The supplementary portion of the termination benefit may be withdrawn in cash. We need your bank or postal account information to pay out the supplementary portion of your termination benefit.
- The statutory portion of the termination benefit (retirement assets in accordance with BVG) must remain in Switzerland. For this portion of the termination benefit, please communicate a vested benefits institution of your choice to us.

If you are not subject to a compulsory social insurance obligation in your new country of domicile, you may subsequently request cash payment of the statutory termination benefit from the vested benefits institution. The form required as proof that you are no longer subject to a social insurance obligation in your new country of domicile can be accessed on the website of the Liaison Office for the BVG Guarantee Fund (www.verbindungsstelle.ch).

b) Emigration to another country:

If you emigrate to a country outside the EU/EFTA, you can draw the entire termination benefit in cash, unless you remain subject to compulsory insurance in an EU/EFTA country.

c) Cross-border commuters must provide official confirmation that they do not have a work permit.

Proof/documents

- Please provide us with official confirmation that you have moved permanently away your official municipality.
- For cash payments of less than CHF 5,000 we need the written consent of the spouse for insured persons who are married, incl. a copy of the spouse's valid official ID. For cash payments of CHF 5,000 or more, in addition to the written consent of the spouse, we also need the spouse's notarised signature. This provision also applies for those living in a registered partnership as well. Insured persons who are not married or living in a registered partnership must instead provide proof of their current marital status (not more than six months old).

Tax treatment

The portion of the termination benefit that is to be paid out in cash is subject to withholding tax. Depending on the destination country, it may be possible to reclaim withholding tax that has been deducted in Switzerland after you have declared the lump-sum payment to the competent tax authority in your new country of domicile.

2. Commencement of self-employment

You become self-employed and are no longer subject to the compulsory insurance obligation in accordance with BVG. The cash payment may only be requested when you become self-employed.

Proof/documents

- Profond needs the fully completed “Questionnaire for cash payment of termination benefits for self-employed persons” (this form can be downloaded at profond.ch/downloads). Calculations of contributions are generally not considered sufficient proof of self-employment, as they do not indicate whether the calculations are for a main or a secondary occupation.
- We also need the written consent of the spouse from married insured persons, incl. the spouse's notarised signature. This provision also applies for those living in a registered partnership as well. Insured persons who are not married or living in a registered partnership must instead provide proof

of their current marital status (not more than six months old).

Tax treatment

The lump-sum payment is taxed at a reduced rate and separately from income subject to tax.

3. Insignificance of the termination benefit

If the termination benefit is less than your annual contribution to the staff pension scheme, you can also request cash payment.

Proof/documents

Married insured persons must submit the written consent of their spouse as well as a copy of their valid official ID. This provision also applies for those living in a registered partnership as well. Insured persons who are not married must instead provide proof of their current marital status (not more than six months old).

Tax treatment

The lump-sum payment is taxed at a reduced rate and separately from income subject to tax.

4. Exceptions to the cash payment option

If you or your employer have made purchases in the occupational pension within the previous three years, this amount, the interest paid on it and the compound interest are subject to a three-year payout block. Therefore, you cannot have this amount paid out in cash. It does not matter whether the purchase was made with Profond or a previous insurer. At the end of the three-year blocking period, you can request cash payment to the vested benefits institution of your choice.