

Promotion of home ownership

You can use the savings you have built up in your occupational pension to fund the purchase of your own home. Bear in mind, though, that early withdrawals for home ownership can leave gaps in your pension benefits. You can find answers to the most important questions below.

General questions

What does “promotion of home ownership” mean?

The Federal Act on Occupational Old Age, Survivors' and Invalidity Pensions (OPA) allows you to use money from pillar 2 to finance the purchase of a home for your own use, in two ways: **early withdrawal** and **pledge**.

What does “own use” mean?

Money from pillar 2 can only be withdrawn early or pledged to finance property which you own and use yourself and is located at your place of residence or usual abode.

What if the property is in co-ownership?

Co-ownership means that you own the property along with one or more other people. In this case, the maximum early withdrawal can only take account of your own share of ownership.

Example (co-ownership 50% / 50%)

Purchase price: CHF 1,000,000
Mortgage: CHF 700,000
Balance: CHF 300,000

Maximum possible early withdrawal: CHF 150,000 (50% of the balance of CHF 300,000)

What can the withdrawal be used for?

- Acquiring and building owner-occupied residential property
- Renovating and converting owner-occupied residential property
- Paying off mortgages
- Acquiring shares in housing cooperatives and similar holdings

What can't the withdrawal be used for?

- Financing holiday homes or second homes
- Acquiring land for building
- Maintaining a property and paying mortgage interest
- Financing notary's fees
- Financing reservation fees
- Paying the taxes incurred as a result of the early withdrawal or realisation of the pledge (exception: where applicable, withholding tax is deducted from the amount of the early withdrawal and transferred to the tax authority)

Is there a maximum amount?

Yes. Until your 50th birthday, you can withdraw or pledge any amount up to your entire pension assets. After that date, the withdrawal or pledge is limited to the vested benefits you would have been entitled to at the age of 50, or half your current vested benefits.

What is the maximum age for applying for an early withdrawal or pledge?

62.

How do I submit an application?

You can find the application forms at publica.ch > [My pension](#) > [Life events](#) > [Home ownership](#).

Please address any questions to your contact at PUBLICA. You can find their details on your personal documents and at publica.ch > [Choose employer](#).

Do I need anyone else's consent?

Active members who are married (even if living separately) require the written consent of their spouse in the form of a certified signature. For registered partnerships, the certified signature of the partner is also required.

How and where can a signature be certified?

- at PUBLICA's offices in Bern in the presence of a customer advisor (appointment with contact required), or
- by a notary at a notary's office, or
- by the commune (not available in all cantons/communes), or
- by the relevant Swiss embassy or consulate.

The person giving their consent must present a valid photo ID (passport, identity card, driving licence). The handwritten signature must be appended then and there.

How much are the processing fees?

- CHF 350 for processing an application for an early withdrawal or early withdrawal transfer
- CHF 100 for processing an application for a pledge
- CHF 400 for processing an early withdrawal application combined with a pledge application
- CHF 400 for processing an early withdrawal transfer application combined with an early withdrawal or pledge application

What happens if I get divorced or my registered partnership is dissolved by a court?

Any early withdrawal that has been made forms part of the vested benefits. Under the Civil Code (CC) and the Vested Benefits Act (VBA), these are to be divided up as instructed by the court.

In the case of a pledge, the written consent of the pledgee is required in order to transfer a share of the vested benefits following a divorce or when a registered partnership is dissolved by a court.

What happens if I leave PUBLICA?

If you join another pension institution or a vested benefits institution, PUBLICA will notify it of the early withdrawal or pledge you have made. After that time, any early withdrawal repayments must be made to the new institution. PUBLICA will notify the land register office (for an early withdrawal) or the pledgee (for a pledge) of the change of institution.

If the vested benefits are to be paid out in cash, the written consent of the pledgee is required.

Early withdrawals**Is there a minimum amount for an early withdrawal?**

Yes. The minimum amount for an early withdrawal is CHF 20,000 (exceptions: acquiring shares in housing cooperatives and similar participations).

Will my vested and pension benefits be reduced if I make an early withdrawal?

Yes. The early withdrawal leads to a reduction in your vested benefits, and therefore your pension benefits. You can create a simulation in [myPublica](#) or talk to your contact at PUBLICA. To ensure that benefits are not reduced in the event of death or disability, it is advisable to take out supplementary insurance with an insurer of your choice.

What steps are taken to ensure the funds are properly used?

When you make an early withdrawal or pledge of all or part of your vested benefits, a restriction on disposal is entered in the land register (if the property is in Switzerland). This ensures that when the property is sold or subject to an economically equivalent transaction, the money is paid back to the pension institution. Shares in a housing cooperative or similar must be deposited with PUBLICA.

When will the early withdrawal be paid out?

PUBLICA will pay out the early withdrawal within six months of receiving the complete application (including all the necessary documentation). We recommend timing your application to ensure that you can make any necessary payments when they fall due. If a pledge has already been made at the time when the early withdrawal is requested, the written consent of the pledgee is required in respect of the pledged sum before the withdrawal is paid out.

You will be charged the processing fees as soon as PUBLICA receives the complete application.

The early withdrawal will not be paid to you, but directly to your pledgee (e.g. the seller or lender). Once the payment has been made, you will receive a pension certificate from PUBLICA containing your updated insurance information.

When can I make another early withdrawal?

You cannot make another early withdrawal until at least five years after the last one.

Can I make an early withdrawal after I have made a buy-in to PUBLICA?

In principle, yes, but bear in mind that the benefits resulting from the buy-in cannot be withdrawn early during the three years after it is made. Moreover, buy-ins made less than three years before the early withdrawal are not tax-deductible.

Do I have to pay tax on the early withdrawal?

Yes. PUBLICA is required to notify the Federal Tax Administration of the early withdrawal within 30 days of it being paid out. Based on this notification, the tax authorities will assess the taxes due to the Confederation, canton and commune. It is your responsibility to pay the taxes due on the early withdrawal.

The tax rate will depend on where you are domiciled for tax purposes. Please contact your tax authority for further information.

If you live outside Switzerland, PUBLICA will deduct withholding tax directly from the early withdrawal and forward it to the tax authority.

When do I have to repay my early withdrawal? Are there any exceptions?

You will have to repay the early withdrawal in the following cases:

- If you sell the property (the amount you have to repay is limited to the proceeds, which normally means the sale price less the debt secured by the mortgage and any duties imposed on the seller by law)
- If rights to the property that are economically equivalent to a sale are granted (such as a right of use or exclusive right of residence)
- If the insured person's death does not result in an entitlement to survivor's benefits

You will not have to repay the early withdrawal in the following cases:

- If the property is sold and the proceeds up to the amount of the early withdrawal are reinvested in owner-occupied residential property within two years (the amount concerned can be transferred to a vested benefits institution for this period)
- If the insured person's death results in an entitlement to survivor's benefits

Until when can I repay the early withdrawal voluntarily?

- Until you reach the reference age
- Until an insured event (old age, disability or death) occurs
- Until the vested benefits are paid out in cash

The minimum repayment is CHF 10,000 (if the outstanding early withdrawal is less than CHF 10,000, the repayment must be made in a single sum). Repayments cannot be made in monthly instalments.

What impact does the repayment have on my pension?

Repaying the early withdrawal increases your vested and pension benefits.

What impact does the repayment have on my taxes?

PUBLICA is required to notify the Federal Tax Administration of the repayment within 30 days. PUBLICA will confirm to you in writing that the early withdrawal has been repaid. You can use this confirmation to reclaim from your tax authority the tax you were required to pay when the early withdrawal was paid out. This entitlement lapses three years after the early withdrawal is repaid. You cannot offset the repayment against your taxable income.

Pledge**What effect does a pledge have?**

Pledging money from pillar 2 may enable you to take out a bigger mortgage or pay lower interest. In the first instance, a pledge does not reduce your vested and/or pension benefits, and it does not give rise to a tax liability. These consequences will only occur if the pledge is realised.

What different types of pledge are there?

There are two types of pledge, which can also be combined:

- Pledge of the entitlement to pension benefits (in the event of old age, disability and death): The pledge can only be realised after an insured event has occurred, and only if pension benefits are due;
- Pledge of all or part of the vested benefits: The pledge can be realised as long as vested benefits are available, i.e. provided no insured event has occurred.

How do I notify PUBLICA of the pledge?

You must submit the pledge application form (publica.ch > My pension > Life events > Home ownership). PUBLICA can only decide whether the pledge is permissible once it has received the completed application.

Is a further pledge possible?

In principle, yes.

When is the written consent of the pledgee required?

Where the sum pledged is involved, the pledgee's written consent is required:

- for cash payment of vested benefits;
- for payment of pension benefits;
- for the transfer of part of the vested benefits following divorce or the dissolution by the court of a registered partnership;
- for payment of an early withdrawal where there is already a pledge in place.

If the pledgee refuses their consent, PUBLICA is required to secure the amount concerned. In this event, a court may be required to rule on the use of the amount secured.

What are the consequences of realising a pledge?

As with an early withdrawal, realising a pledge gives rise to a tax liability. The impact on your pension differs as follows:

- If a pledge of some or all of the vested benefits is realised, the vested benefits are reduced by the amount realised (the proceeds of realisation). The pension benefits are reduced accordingly. A restriction on disposal is recorded in the land register (for properties in Switzerland). The comments on repayment of the early withdrawal also apply to the repayment of the realisation proceeds, subject to the necessary changes.
- If a pledge of the entitlement to pension benefits is realised, the pension benefits are reduced by the amount of the proceeds of realisation. No restriction on disposal is recorded in the land register, because the insured event means that the proceeds of realisation can no longer be repaid.