

# Paying out vested benefits in cash

The law permits vested benefits (termination benefit) to be paid out in cash in certain cases. This information leaflet explains when this applies and what you need to note.

## 1. Cash payment on leaving Switzerland permanently

### 1.1. Taking up residence and gainful activity outside the EU or EFTA

You are entitled to the entire vested benefits amount as of your departure date. Please complete the “Departure” form and the “Application for cash payment of vested benefits” form. Both forms may be found on our website [www.pk-siemens.ch](http://www.pk-siemens.ch) → Infocenter/Forms.

### 1.2. Taking up residence and gainful activity in an EU or EFTA country

Since 1 June 2007 there has been a **prohibition on cash payment** of the **mandatory portion of BVG vested benefits** following the entry into force of the bilateral agreement between Switzerland and the EU. This prohibition applies to all insured persons (irrespective of nationality) who leave Switzerland permanently and emigrate to an EU or EFTA country where they continue to be subject to mandatory insurance for old age and the risks of death and disability. Special rules apply to emigration to the Principality of Liechtenstein (see section 1.2.4).

#### 1.2.1 Mandatory and extra-mandatory portions of the vested benefits

The Occupational Pensions Act (BVG) lays down the minimum legal requirements; each pension fund must, at a minimum, provide the statutory benefits. The statutory minimum requirements are referred to as the mandatory portion of the vested benefits, or the “mandatory portion” for short. If the benefits provided by the pension fund exceed these, the extra portion is referred to as the “extra-mandatory portion”.

#### Example

Termination benefit (see pension certificate)	CHF 220,000
of which BVG savings capital (mandatory portion)	CHF 90,000
Extra-mandatory portion	CHF 130,000

The *extra-mandatory* portion can be paid out in cash. The *mandatory* portion must be transferred to a vested benefits institution in Switzerland in your favour.

#### 1.2.2 Providing evidence of social insurance obligations

EU and EFTA countries do not have a unified social insurance system. The requirement to pay mandatory social insurance contributions is subject to different conditions in each country.

If the departing person is **no longer** subject to mandatory social insurance in the EU or EFTA country, a certificate for this purpose may be requested from the LOB Guarantee Fund. Please contact the LOB Guarantee Fund at → [www.verbindungsstelle.ch](http://www.verbindungsstelle.ch).

### 1.2.3 List of EU and EFTA countries including the United Kingdom

**EU countries:** Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom

**EFTA countries:** Principality of Liechtenstein, Iceland, Norway, Switzerland

A list of all EU and EFTA countries may also be found at [www.verbindungsstelle.ch](http://www.verbindungsstelle.ch)

### 1.2.4 Emigration to the Principality of Liechtenstein

Three different scenarios are possible:

- You take up **non-self-employed** work in the Principality of Liechtenstein: the entire vested benefits are transferred to the occupational benefits institution of the Liechtenstein employer.
- You take up **self-employed** work in the Principality of Liechtenstein: Only the extra-mandatory portion of the vested benefits may be paid out in cash. The remainder of the vested benefits (mandatory BVG portion) must be transferred to a vested benefits institution in Switzerland in your favour.
- You do **not** take up any gainful employment: the entire vested benefits are transferred to a vested benefits institution in Switzerland.

### 1.2.5 Transfer to a foreign occupational benefits institution

Vested benefits may not be transferred to a foreign occupational benefits institution. Liechtenstein is an exception to this rule.

### 1.2.6 Tax provisions

Vested benefits paid out in cash are taxable. We are required to report the payment to the Federal Tax Administration in Bern. Withholding tax is deducted directly from the amount paid out, provided that the payment is made after the date of deregistration.

### 1.2.7 Documentation required

- “Application for cash payment of vested benefits” form. This may be found on our website at [www.pk-siemens.ch](http://www.pk-siemens.ch) → Infocenter/Forms. If married: officially authenticated signature of the spouse or registered partner.
- Written confirmation from the residents’ registration authority of permanent deregistration in Switzerland
- Confirmation from the foreign residents’ registration authority of registration, or other document, e.g. rental or purchase agreement, work permit, employment contract
- For cross-border commuters: written confirmation that the cross-border commuter permit has been given up
- For persons not gainfully employed: full and documented evidence. The “Application form to determine social insurance liability” may be found at [www.sfbvg.ch](http://www.sfbvg.ch) → Cash payment on departure abroad

## 2. Cash payment after taking up self-employment

Please complete the “Application for cash payment of vested benefits” form. This may be found on our website at [www.pk-siemens.ch](http://www.pk-siemens.ch) → Infocenter/Forms. We also need a copy of the contribution ruling for self-employed people from the AHV compensation office. A cash payment is permitted only at the time when self-employment commences.

Cash payments are taxable. We are required to report the payment to the Federal Tax Administration in Bern.

## 3. Cash payment of small pension pots

If the vested benefits are less than one annual contribution (savings contribution) by the employer, a cash payment may be requested. Please complete the “Application for cash payment of vested benefits” form. This may be found on our website at [www.pk-siemens.ch](http://www.pk-siemens.ch) → Infocenter/Forms.

Cash payments are taxable. We are required to report the payment to the Federal Tax Administration in Bern.

## 4. Important information

Cash payment is not possible if you stop being gainfully employed between the earliest possible statutory retirement age (58 years old) and your 65th birthday. In this case, retirement benefits (pension or lump sum) are paid.

Cash payments require the officially authenticated written consent of the spouse or registered partner.

If additional benefits have been purchased within the last three years, these may not be withdrawn in cash. The Siemens Pension Fund accepts no liability for any tax implications.

### **Information**

Please contact the person responsible for your pension account. To find out who is responsible for your account, check on our website at [www.pk-siemens.ch](http://www.pk-siemens.ch) or consult your personal pension certificate.

### **Disclaimer**

No legal claims can be derived from this information sheet.

The current provisions of the law and the Pension Fund Regulations are binding.