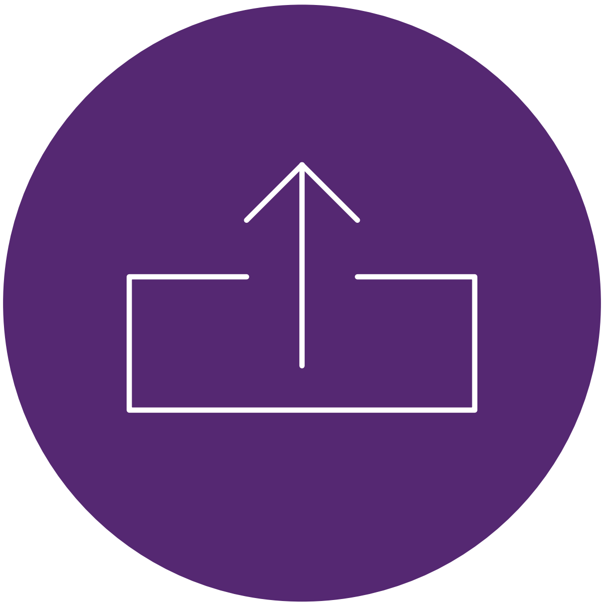
sve BESSER VORSORGEN



Information sheet

Retirement / retirement benefits

For your social security

Regular retirement

In its regulations the SVE defines the regular retirement age as 65 years. This is the age at which the obligation to provide insurance ends.

The following benefits fall due on retirement: the retirement pension and maybe also one or more pensioner's child's pensions. You can also opt for a lump-sum payment of your retirement assets or the lump-sum payment of part of your retirement assets plus a partial retirement pension. The amount of the retirement pension depends on the accrued retirement assets at retirement. The annual pension is calculated using the applicable conversion rate. Currently, the SVE applies a conversion rate of 5.05% at the age of 65 (starting from 1.1.2020).

Example

	CHF
You are 65 in December 2020	
Your retirement assets as at 31 December 2020 amount to	500,000
Your annual retirement pension:	
CHF 500,000 multiplied by the conversion rate of 5.05% (age 65)	25,250
Your monthly pension (CHF 25 250 : 12 = 2,105)	**2,105**

Early retirement

You can take early retirement from the age of 58. The conversion rate depends on the insured's age and is reduced if you take early retirement. The earlier you retire, the less retirement assets you will have and the lower the age-dependent conversion rate (see actual SVE regulations).

Retirement after the regular retirement age

An insured member may request to continue receiving insurance cover and take retirement after the regular retirement age of 65. This will be possible provided he/she continues to work without interruption and provided the affiliation contract which his/her employer has concluded with SVE permits continued insurance. Continued insurance may not extend beyond the insured member's 70th birthday. After age 65 savings contributions only have to be paid, but no longer risk contributions. The conversion rate is correspondingly higher after age 65.

Flexible retirement

If the employer agrees, the insured can also retire in stages from the age of 58. Partial retirement can take place in up to three stages, with the proviso that the level of employment is reduced by at least 30% for at least one year, while still amounting to at least 30%. A lump sum benefit can be taken in up to two stages. The flexible retirement can only be undertaken if the part-time employment remains insured under the mandatory occupational benefits insurance.

Example 1

You work 50% from the age of 60 and draw 50% of your pension (in the form of a pension, a lump-sum withdrawal or part pension/part lump-sum withdrawal).

Age 60	Work	50%
	Partial pension	50%

Example 2

You work 70% from the age of 60 and draw 30% of your pension; from the age of 63 you reduce your working hours by a further 30% and draw a further partial pension of 30%. At the age of 65 you retire totally.

At age 65 you retire from remaining 40% workload.

Age 60	Work	70%
	Partial pension	30%
Age 63	Arbeit	40%
	Partial pension	30%

Pensioner's child's pension

The pensioner also receives a pensioner's child's pension amounting to 20% of the retirement pension for every child under the age of 18 (or 25 if the child has not yet finished his/her schooling) who would be entitled to an orphan's pension under the SVE regulations in the event of the insured's death.

Bridging pension

If the insured retires early, an application for a bridging pension payable until the regular AHV retirement age is reached can be submitted to the SVE. The bridging pension may not be higher than the maximum single AHV retirement pension (2020: CHF 2,370 per month). In this case the accrued retirement assets are reduced by the amount required to finance the bridging pension.

As the «risk factor death» is taken into account, the financing costs are a little less than the actual amount of the monthly bridging pension paid out during the agreed period. However, if the insured dies before the end of the agreed period, this pension lapses immediately, even though the capital reserved for the financing of this pension has not yet been used up. The insured must decide for themselves whether they are prepared to accept this «risk», or whether they want to play safe and finance their living costs with monthly withdrawals from their own bank account (if necessary with a partial lump-sum withdrawal).

Purchase of full retirement pension

Insured who retire early can purchase the full pension that will fall due at the age of 65. The amount required to finance this purchase can be paid into the pension fund at the earliest one month before the first pension payment falls due. This amount is credited to the retirement account without interest. Attention should be paid to the statutory and regulatory provisions on exceptions. Purchases after age 65 are permitted up to the amount of the target benefit at regular retirement age.

Lump-sum option

Instead of a lifelong pension, the insured can also draw all or part of their retirement benefits in the form of a lump sum.

Those insured who wish a (partial) lump-sum payment instead of a pension must inform the SVE at **least three months before retirement** by completing and signing the form «Application for the cash payment of retirement assets on retirement». Unmarried insured who wish to draw a lump sum must submit an up-to-date certificate of marital status, while married insured need the written consent of their spouse (certified signature).

The decision to opt for a lump sum is serious and cannot be revoked three months or less before retirement.

Insured who retire at short notice for economic reasons (less than three months notice) must submit their application as soon as they are informed that they must retire.

Pension or lump sum – what is the best choice?

There are many advantages and disadvantages that must be considered carefully. Factors influencing your decision include your family circumstances, state of health or personal objectives.

Pension

A retirement pension provides you with a great deal of security. You know how much money you will have every month until the end of your life. If you are in good health and can expect to live to an above-average age, you can benefit from a pension until you are very old.

In the event of death, the surviving spouse will be entitled to survivors benefits which depend on the option chosen by the insured at the time of retirement.

Examples

	CHF monatlich
60% of the spouse's pension expectancy	2,105
Retirement pension at age 65 pursuant to calculation on page 2	
Pension claim of surviving partner: 60%	
of retirement pension of CHF 2,105	1,263
100% of spouse's pension expectancy	
Pension conversion rate at age 65, 2020: 4.51% (instead of 5.05%)	
Retirement pension if accrued retirement assets equal CHF 500,000:	
(CHF 500,000 multiplied by a conversion rate of 4.51%	
divided by 12 = 1,879)	1,879
Pension claim of surviving partner:	1,879
Unchanged retirement pension (100% of CHF 1,879)	

The same provisions as for spouses apply if the insured lives together with an unmarried and unrelated partner, provided that the regulatory conditions are fulfilled
(see SVE Pension Fund Regulations, art. 38 and appendix 2a).

Lump sum

If a lump sum is chosen, the insured accepts a great deal of responsibility for the future. With a lump-sum withdrawal, the insured has many options on how to use the assets and the resulting income, but this «independence» means that the risk of longevity is greater and must be borne entirely by the insured.

Partial pension/partial lump-sum withdrawal

It is possible to mix the two options, which could be a very sensible solution. While a lump-sum withdrawal reduces the retirement pension, the insured will still receive a regular monthly income. At the same time you are free to dispose of the cash withdrawal.

Tax

The retirement pension must be taxed in full as income. A lump-sum withdrawal is taxed on a one-off basis at a reduced tax rate and separate from your remaining income. Depending on your canton of residence, the tax burden can be higher or lower. Thereafter your capital is subject to wealth tax, and earnings on your capital must also be taxed as income.

The SVE cannot provide you with tax advice. We advise the insured person to investigate their tax position, in particular before making a large lump-sum withdrawal. You can calculate your tax burden provisionally on the websites of several cantonal tax departments. For the Canton of Zurich: **steueramt.zh.ch**

It must be noted that under a ruling of the Swiss Federal Supreme Court purchases of additional occupational pension benefits may only be deducted from income tax if no lump-sum withdrawal is made for a period of three years following such a purchase. If any such purchases are made during the three-year qualifying period, income tax savings made on the basis of these purchases must be paid back retroactively. You bear the responsibility of possible tax debts.

If you are resident abroad for tax purposes when you retire, the lump-sum payment is subject to withholding tax. However, in most cases the withholding tax can be reclaimed (provided that there is a double taxation agreement between Switzerland and your country of residence). The Swiss tax authorities will require proof that the foreign country has been notified of the lump-sum payment. Pension payments to a pensioner living abroad are only subject to withholding tax if there is no double taxation agreement between Switzerland and the country of residence.

What else must be kept in mind?

Payment address/number of accounts

The retirement pension is paid into the account designated by you. It is essential that the payment address is complete (IBAN No. including the name of the accountholder). Lump-sum payments are usually also paid into your bank or post office account. By way of exception the amount can also be divided between two different accounts.

Prior calculation of your retirement benefits

The closer the calculation is done to your retirement, the more precise it will be with regard to the retirement benefits. Due to the differences in interest rates, calculations done at year end or even earlier will deviate to a certain extent from the effective future amounts, depending on the time left until you retire. When the benefits are calculated, the current savings interest rate is applied for the current year of calculation, while the «technical interest rate» is applied to the remaining years until retirement. The technical interest rate is a purely mathematical interest rate that tries to map the investment income that can be expected in the long term.

Calculator of retirement benefits

You can calculate your retirement benefits yourself with our calculator on **sve.ch.** For this purpose, you need your insurance certificate.

Additional information

The name of the person in charge of your affairs is given in your personal insurance certificate or on our website. It is important to us that you are familiar with the advantages and disadvantages of a (partial) lump-sum withdrawal.

Contact your customer advisor for more information.

The name of the person in charge of your affairs is given in your personal insurance certificate.

Visit our website: **sve.ch**
This website contains interesting information on the SVE.

Sulzer Pension Plan (SVE)
Your customer advisor team

Sulzer Vorsorgeeinrichtung
Zürcherstrasse 12
Postfach
8401 Winterthur
Schweiz

Telefon +41 52 262 43 00
Fax +41 52 262 00 87

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