



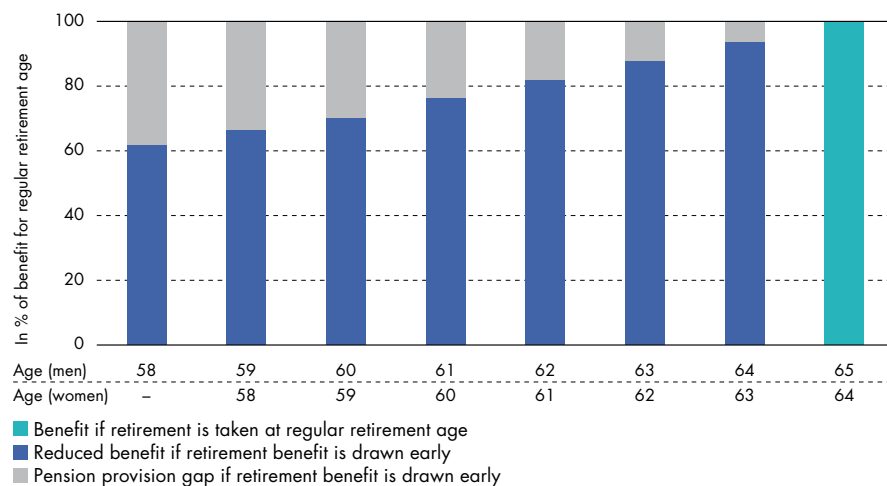
## Early retirement. What you need to know.

### What does early retirement mean?

The regulations of your pension fund define the regular retirement age. This normally corresponds to the regular AHV retirement age (65 years for men, 64 years for women). In the case of early retirement, the insured retires before this regular retirement age in accordance with the provisions of the pension fund regulations.

### What are the consequences of early retirement?

When early retirement is taken, the retirement benefit under the occupational benefits insurance (2<sup>nd</sup> pillar) is lower than when regular retirement is taken. This is firstly due to the shorter saving phase and, secondly, because a lower conversion rate is applied to the retirement pension drawn to account for the longer payment period.



The first pillar pension (AHV) can be drawn two years before the regular retirement age at the earliest. In this case, the pension is reduced in accordance with statutory provisions. The obligation to pay AHV contributions continues until the statutory retirement age.

### How can you bridge the gap in the occupational benefits insurance?

The pension gap resulting from the pension reduction in the occupational benefits insurance can be eliminated by making voluntary contributions to the pension fund, provided that this is possible under the pension fund regulations.

### **What contributions can be made?**

The extent to which the pension is reduced depends, in particular, on the retirement credits. The pension fund regulations stipulate the maximum amount for which additional benefits to eliminate the gap in pension cover can be purchased. Such voluntary contributions can be made from the age of 45 at the earliest and with the proviso that the potential for purchase in the full benefits conform to the regulations (purchases pursuant to Art. 79b BVG) has been fully exhausted.

### **What are the advantages of voluntary contributions?**

Your current retirement assets are increased by the additional contributions, thereby narrowing the pension gap.

In tax terms, contributing to the pension fund on a voluntary basis can be very attractive, as such purchases can be deducted from the taxable income.

The insured person is responsible for declaring contributions for tax purposes. The decision regarding allowable tax deductions rests with the relevant tax authority. The employee benefits institution cannot assume responsibility for this matter.

### **What statutory restrictions must be taken into consideration?**

If you have made contributions to fund retirement at a particular age but subsequently do not stop working at this age, the employee benefits institution must examine whether, taking account of the voluntary contributions, the benefit exceeds the legal limits. In such cases, by law the total benefit conform to the regulations may exceed the regular retirement benefit by 5% at most. The employee benefits institution must ensure that this regulation is observed. The corresponding provisions are included in the pension fund regulations.

If voluntary contributions have been made, the benefits may not be withdrawn in lump-sum form in the following three years.

### **What else needs to be taken into consideration?**

Early retirement leads to a reduction in the retirement benefit from both the 1<sup>st</sup> pillar as well as from the 2<sup>nd</sup> pillar. To compensate for the resulting pension gaps, you should plan ahead for your retirement. Before you make contributions to narrow the pension gap in the occupational benefits plan, you need to let us know. Related forms can be found on the internet at

► [www.helvetia.ch/geschaeftskunden/berufliche\\_vorsorge/formulare\\_bvg.htm](http://www.helvetia.ch/geschaeftskunden/berufliche_vorsorge/formulare_bvg.htm)

Our advisors will be pleased to help you.

**So simple. Just ask us.**

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