Bayer Pension Fund Switzerland

Leaflet

Basic information

This information sheet serves as an overview of pension provision in Switzerland, which is based on three pillars. The **1st pillar AHV is** the state pension scheme. It is intended to ensure the minimum subsistence level in the event of a pension claim. The **2nd pillar occupational benefit plan/pension fund** is linked to employment with an employer in Switzerland. The benefits from the 1st and 2nd pillar are intended to enable the insured person to continue his or her accustomed standard of living in an appropriate manner upon retirement. The voluntary **3rd pillar (pillar 3a/pillar 3b)** closes additional gaps in provision.

// Comparison of 1st pillar, 2nd pillar and 3rd pillar a

	1st pillar AHV retirement pension	**2nd pillar retirement pension Pension fund**	**3rd pillar a**
Payment method	Only in pension form	Pension or capital form	Usually form of capital
Level of benefit	With full contribution period (status 2020): • Minimum CHF 14'220 • Maximum CHF 28'440 The sum of the two individual pensions of a married couple is 150% of the simple AHV pension, currently a maximum of CHF 42,660 (as of 2020)	Depending on the pension capital saved and the conversion rate (see pension statement)	Depending on the capital saved
Tax deductibility of contributions (employee view)	Yes, reduce the net wage	Yes, reduce the net wage. Furthermore, the following purchases are tax deductible: • Purchases for previous contribution years • Purchases for early retirement • Purchases to finance the AHV bridging pension	Yes, up to an amount of CHF 6,826 (as of 2020)
Tax treatment of the benefit	Pensions are 100% taxed as income	Pensions are 100% taxed as income Capital: taxed separately from other income, at a reduced rate	As per 2nd pillar

	1st pillar AHV retirement pension	2nd pillar retirement pension Pension fund	3rd pillar a
Tax treatment Advance withdrawals for owner-occupied housing	-	Is taxed like a capital payment. Separately from other income, at a reduced rate	As per 2nd pillar

Information sheets on AHV are available at https://www.ahv-iv.ch/de/

Note regarding purchases into the occupational pension scheme:
Purchases for early retirement and for financing the AHV bridging pension are only possible after the purchasing potential for previous contribution years has been exhausted (Pension Fund Regulations Art. 17).

// Tax aspects - staggered payments for capital benefits from the 2nd pillar and 3rd pillar a

If the lump-sum benefits from Pillar 2 and Pillar 3a are paid out in stages in different calendar years, this results in tax advantages. This is illustrated by the following example:

Example: Married couple, living in Aesch BL, lump-sum withdrawal of 2nd pillar and pillar 3a of a total of CHF 800,000.00. This is made up as follows

- Capital benefit 2nd pillar pension fund: CHF 600,000
- Capital payment 1st pillar 3a account: CHF 100,000
- Capital payment 2nd pillar 3a account: CHF 100,000

Capital payment in francs in the calendar year	CHF 800,000	1 time CHF 600,000 1 time CHF 200,000	1 time CHF 600,000 1 time CHF 100,000 1 time CHF 100,000
Withdrawal of lump-sum benefits from pension plans	All lump sum benefits in the same calendar year	Lump-sum payment from the pension fund and the two pillar 3a accounts in another calendar year	All 3 lump sum benefits in different calendar years
State and municipal taxes	49‘920.00	37‘440.00	37‘440.00
Direct federal taxes	18‘112.40	15‘424.80	13‘699.60
Total taxes	68‘032.40	52‘864.80	51‘139.60
Tax savings compared to a one-off withdrawal of all capital benefits		**15‘167.60**	**16‘892.80**

Most cantons accept staggered pay. This has a tax-optimised effect. However, for a definitive assessment, please consult the guidelines of the tax authorities, directly with the tax office or with a tax advisor.

// Cross-border commuters - tax issues

For cross-border commuters who are insured with Bayer Pensionskasse Schweiz as a result of their AHV status, a different tax situation arises. For example, voluntary purchases and pillar 3a payments are generally not tax deductible. This means that there is no possibility of tax optimisation. In Germany, for example, purchases into the pension fund (including employer's contributions for a purchase) are considered as extra-mandatory contributions and are therefore not tax-deductible.

// 2nd pillar pension fund - pension vs. lump-sum withdrawal

You have the option of receiving retirement benefits in the form of a lump sum or a pension from Bayer Pensionskasse Schweiz. A combination is also possible. The following aspects may be helpful in your decision making:

Keyword	Pension payments	Capital withdrawal
Regular income	Yes, monthly	Variable, depending on the investment strategy
Secure income	For the rest of his life. The conversion rate for the retirement pension is at least 5.4%. This corresponds to a guaranteed interest rate of around 2.75% (including consideration of the increase in life expectancy).	No, because of investment and longevity risk. In addition, the question may arise as to whether a higher performance can be achieved than the interest commitment of the conversion rate. And if so, with what investment risks?
Financial flexibility	No	Yes ("capital consumption")
Tax effects	Pensions are 100% taxed as income	Capital: Taxed separately from other income, at a reduced rate. This results in a tax advantage compared to the pension
Protection of survivors	Spousal pension 60% of the retirement pension Orphan's and retired children's pension 20% of the old-age pension	The remaining capital goes to the heirs. Inheritance can be regulated in the will.

// 2nd pillar life partner pension - It is essential to report your civil partnership during your lifetime to Bayer Pensionskasse Schweiz

Bayer Pensionskasse Switzerland provides a partner's pension for cohabiting couples. There is a risk of gaps in pension provision for cohabiting couples. Reason: No partner pensions for cohabiting couples are insured under the 1st pillar AHV. The compulsory accident insurance UVG does not provide a partner pension for cohabiting couples either. Art. 36 of the pension fund regulations of Bayer Pensionskasse Schweiz defines the eligibility criteria for a partner's pension. Particular emphasis must be placed on the obligation to register so that a duty to provide benefits can arise:

Extract from the Pension Fund Regulations Art. 36:

"The surviving life partner (same or different sex) of an unmarried insured person is treated in the same way as the surviving spouse after the latter's death, provided that the partner
- does not draw a spouse's pension or partner's pension from a 2nd pillar pension scheme;
- is unmarried;
- is neither related to the insured person nor has a stepchild relationship with her (Art. 95 paras. 1 and 2 ZGB);
- with the insured person at least for the last five years before death without interruption in the same

lived in the same household and led a life partnership or lived in the same household and led a life partnership at the time of death and was responsible for the maintenance of one or more joint children who are entitled to an orphan's pension under these Regulations;

The civil partnership must be notified to the Pension Fund in writing. The notification must be signed by both partners and sent to the Pension Fund during the lifetime of the insured person.

Therefore, please ensure that the registration of the civil partnership is made during your lifetime. If this registration is missed, there is no entitlement to a partner's pension in the event of a benefit claim in accordance with the pension fund regulations. Please complete the form entitled to a partner's pension and send it to KESSLER VORSORGE. KESSLER VORSORGE will then confirm receipt of the form. The form is available on the homepage of Bayer Pensionskasse Schweiz.