Information leaflet

Cash payment of occupational benefit savings capital on definitive departure from Switzerland

Pursuant to the convention on freedom of movement between the Member States of the European Union and Switzerland, Switzerland has adopted EU law in this area. The compulsory component of occupational benefits has been defined in this connection as an integral part of the Swiss social insurance schemes. The most important implication of EU law for occupational benefits concerns the transfer of vested benefits on definitive departure for an EU or EFTA Member State.
With effect from 1 June 2007, cash out payment of the compulsory part of a vested benefit will no longer be possible on definitive departure from Switzerland if the person concerned must continue to hold compulsory insurance in another EU (or EFTA) Member State. The compulsory requirement for retirement, disability and survivors pension insurance to be held will be determined by the law of each particular country.

1. Circumstances concerned

If a person has left Switzerland before 1 June 2007, the entire vested benefit could be paid out in cash according to former law. The applicability of the new law is determined by the date of the definitive departure from Switzerland.

2. Persons concerned

All persons who leave definitively for an EU or an EFTA country are concerned. The nationality of the person is irrelevant.

3. Benefits concerned

That part of the vested benefit which is derived from a compulsory occupational benefit scheme is concerned.
The component of the vested benefit which exceeds the statutory minimum benefit amounts (non-compulsory part) is not affected.

4. Clarification of the social insurance obligation

The insured person must show that the conditions for a cash payment are satisfied. To clarify the social insurance obligation in an EU or EFTA country, the person concerned may contact the LOB Guarantee Fund (LOB Guarantee Fund, Business Office, Postfach 1023, 3000 Bern 14).
The LOB Guarantee Fund has entered into agreements with the social insurance authorities of various EU countries on cooperation in determining whether social insurance is compulsory in the country concerned. If a person leaves Switzerland definitely, he may obtain an application form from the LOB Guarantee Fund to clarify the requirement for compulsory social insurance. This form must be made out in full and returned to the LOB Guarantee Fund. The personal particulars obtained will then be notified to the competent social insurance authority which will determine, with reference to a key date (90 days after the definitive departure from Switzerland), whether the person is required to have compulsory social insurance. At the same time, the LOB Guarantee Fund verifies whether further occupational benefits

savings capital has been reported for the applicant person to the second pillar central office. The foreign social insurance authority notifies the outcome of its verification to the LOB Guarantee Fund, whereupon the latter informs both the applicant person and the pension scheme.
If there is no State social insurance obligation, the pension scheme may pay out the entire occupational benefit savings capital in cash. In this connection the administrative provisions of the particular pension scheme must be noted.
If the person departs definitely for a country with which no agreement on cooperation has as yet been concluded, he may obtain a general form from the LOB Guarantee Fund to clarify the social insurance obligations in an EU or EFTA country. The completed form will likewise be forwarded by the LOB Guarantee Fund to the competent foreign authority which, after clarifying the matter, will confirm whether the individual is or is not required to have compulsory state pension insurance.

5. No cash out payment possible

If the person continues to be subject to a compulsory social insurance requirement in an EU or EFTA country, the compulsory part of his vested benefit will remain blocked in Switzerland. The insured person has the opportunity to open a vested benefit account at a bank or to set up a vested benefit policy with an insurance company. If he fails to notify the pension scheme of the destination to which the money is to be transferred, the savings capital will be transferred to the LOB Cushioning Scheme Foundation, Vested Benefit Account Administration. In a majority of cases, the savings capital cannot be withdrawn in cash as a retirement benefit less than five years before reaching the ordinary pensionable age (59 for women and 60 for men).
Transfer of the vested benefit credit balance to an pension scheme in an EU or EFTA Member State is not possible (exception Principality of Liechtenstein, see Section 6 below).

6. Definitive departure for the Principality of Liechtenstein

On the basis of a supplementary agreement concluded between Switzerland the Principality of Liechtenstein, no cash payment can be made on definitive departure for Liechtenstein. If the person concerned takes up gainful employment in Liechtenstein, the vested benefit must be paid to the new Liechtenstein-based pension benefit scheme responsible. As far as the transfer of vested benefits is concerned, Switzerland and the Principality of Liechtenstein form a single economic area.

7. EU and EFTA countries

EU countries: Austria, Belgium, Bulgaria, Denmark, Finland, France, Germany, Great Britain, Greece, Ireland, Italy,Luxembourg, Netherlands, Portugal, Romania, Spain, Sweden, Cyprus, Czechia, Estonia, Hungary, Latvia,Lithuania, Malta, Poland, Slovakia, Slovenia, (Bulgaria and Romania joined the EU on 1.1.2007 but thevested benefits agreement has not yet been extended to these countries which must for the time being continue to be regarded as third countries).
EFTA countries: Iceland, Norway, Principality of Liechtenstein and Switzerland.

8. Links and addresses

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