

## Cash Payment upon Departure Abroad

### Restrictions under the Agreement on the Free Movement of Persons, effective 1 June 2007

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Article 5 of the Federal Act on Vesting in Occupational Old-Age, Survivors' and Disability Benefit Plans provides, among other things, the option to withdraw the vested benefits in cash when permanently leaving Switzerland. This option is **significantly restricted as of 1 June 2007** due to the entry into force of the Agreement on the Free Movement of Persons with the EU.

### Provisions applicable as of 1 June 2007

- **A cash payment of the vested benefits from the mandatory occupational pension scheme is prohibited** if an employed person leaves Switzerland permanently and becomes subject to mandatory insurance for old age, death, and disability in an EU or EFTA member state. In this case, the mandatory portion of the vested benefits must be transferred to a vested benefits account in Switzerland, chosen by the insured person. The pension coverage therefore remains intact, and pension benefits will be paid out at a later stage.
- The **non-mandatory** (extra-mandatory) portion of the vested benefits is **not affected** by this restriction and may still be paid out in cash.
- Anyone who, after leaving Switzerland, is not subject to mandatory insurance in an EU or EFTA country may continue to request a cash payout when permanently leaving Switzerland.
- Other reasons for a cash payout before reaching retirement age are not affected by this regulation - such as taking up self-employment or using the pension assets to finance residential property.
- **Proof of insurance status.** It is the responsibility of the insured person to prove to the pension fund that they are not subject to mandatory insurance for old age, death, or disability in the country to which they are relocating or have already relocated. It should be assumed that obtaining such proof may take several months.
- **Liechtenstein** The Principality of Liechtenstein is treated the same as Switzerland in terms of occupational pension law. Pension assets held with a Swiss pension fund can be transferred without issue to a Liechtenstein pension fund. For insured persons residing in Liechtenstein, pension assets can never be paid out in cash when permanently leaving Switzerland.
- EU member states: Belgium, Bulgaria, Denmark, Germany, Estonia, Finland, France, Greece, Republic of Ireland, Italy, Croatia, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Austria, Poland, Portugal, Romania, Sweden, Slovakia, Slovenia, Spain, Czechia, Hungary, and Cyprus
- EFTA member states: Iceland, Norway