

Novartis Pension Funds

Information Leaflet on the promotion of Home Ownership*

In application of the laws on the "promotion of home ownership using Funds from the occupational benefits scheme" and the provisions set forth in Art. 25 of the Pension Fund 1 regulations, Art. 22 of the Pension Fund 2 regulations and Art. 25 of the Management Pension Fund regulations, all insured members can **pledge** or make an **early withdrawal** of benefit entitlements for home ownership.

Who? All active insured members of the Pension Funds who have not yet reached the age of **62 years** (men and women).

In the case of married insured members, the written consent of the spouse is required (authenticated signature).

How much? **Until** the age of 50, up to a maximum sum corresponding to the vested benefits.
After reaching the age of 50, not more than the sum corresponding to the entitlement to vested benefits at the age of 50 or half the current entitlement to vested benefits

What for?

- For the purchase and construction of **owner-occupied property** (house or apartment) in the insured member's place of residence. Permissible forms of property are in particular sole ownership and condominium ownership. Joint ownership is only permissible for married persons.
- For the repayment of mortgages.
- For investments in owner-occupied property to increase or preserve the value.
- For the acquisition of shares in a building cooperative or similar participation.

However not for building loans, acquisition of building land, holiday homes, or second homes!

Further information on early withdrawal:

What is the minimum amount that must be withdrawn? The minimum amount by law is fixed at CHF 20'000, except for the acquisition of shares in building cooperatives. An early withdrawal can only be claimed every 5 years.

What documents must be submitted to the Pension Funds?

- Documents and records that provide adequate evidence of the intended purpose of the early withdrawal (e.g. purchase, loan agreement, notarization etc.)

- Signed agreement on the early withdrawal (the document are drawn up by the Pension Funds)

The Pension Funds transfer the early withdrawal on behalf of the insured member directly to the vendor, builder, lender or other authorized persons not later than six months after receipt of the full application.

Reduction of benefits:

The insured old age benefits are reduced according to the actuarial principles of the Pension Funds. The applicant is notified in writing of the scale of the reduction. The insured survivors' and disability benefits are not affected by this withdrawal.

Securing:

The Pension Funds register early withdrawal with the responsible land registry. Security is provided in the form of a restraint on sale (note) in the land register. Any fees are charged to the insured member. Shares and similar participation certificates are to be filed with the Pension Funds.

Tax:

The early withdrawal is immediately liable for tax; the Pension Funds report the early withdrawal to the responsible tax authority. The tax burden will vary depending on your canton, since methods and rates of taxation differ from one canton to the next. Information can be provided by the tax authorities in your place of residence.

For insured members who live abroad (cross-border commuters) the Pension Funds withhold the relevant sum for taxation at source. If Switzerland has a double taxation agreement with the country concerned (e.g. Germany or France), the insured member may reclaim the tax paid at source.

Voluntary extra contributions:

If voluntary extra contributions have been paid in, the benefits resulting from these contributions may not be withdrawn from the pension Funds in the form of capital within the next three years. If early withdrawals have been made in the context of home ownership promotion, the voluntary extra contributions may not be paid until the withdrawn sum has been completely repaid.

Repayment and its consequences:

A voluntary repayment is possible until the occurrence of an insured event (retirement, disability, death) but no longer than age 65. On the other hand, the early withdrawal must be repaid by the insured member or his or her heirs if the property is sold, rights to this property are granted that are economically equivalent to a sale (e.g. right of residence or building lease) or if no benefit payments fall due on the death of the insured member.

The minimum sum of a voluntary repayment amounts to CHF 10'000 (less only if the outstanding amount is smaller).

The insured member's entitlement to benefits increases on a pro rata basis according to the actuarial principles of the Pension Funds. The note in the land register is adjusted or

cancelled. The repayment is certified in a written note to the insured member. The insured member can reclaim the tax amount (without interest) within 3 years.

Further details on pledging benefits

The Pension Funds do not grant additional mortgage loans based on the pledging of benefit entitlements.

If an insured member pledges his or her benefit entitlements, e.g. with a bank or an insurance company, the Pension Funds must be notified of the pledge in writing.

The level of the envisaged benefit payments remains unchanged.

In the event of the pledge being realized, the effects of the early withdrawal apply.

Early withdrawal and pledging may be combined.

If you are interested in an early withdrawal, please contact the Pension Funds beforehand for personal consultation:

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The above information only covers the most important points. Further details can be found in the Act and the Ordinance on promotion of home ownership with Funds from the occupational benefit scheme.