

Benefit in the event of death

In the event of the death of the Contracting Party before reaching retirement age, his/her survivors receive his/her pension capital as a lump-sum death benefit. It is advisable to clarify the beneficiary options in detail in advance so that the lump-sum death benefit is paid out in accordance with the wishes of the Contracting Party.

Who is the beneficiary in the event of the death of the Contracting Party according to the pension provision regulations (beneficiary order)?

- a. The surviving spouse or surviving registered partner
- b. The direct descendants as well as the natural persons who were supported to a considerable extent by the deceased person, or the person who has lived with the deceased person in a common household without interruption for the last five years up to his/her death or who is responsible for the maintenance of one or more common children.
- c. Parents
- d. Siblings
- e. The other heirs

What changes in the beneficiary order can the Contracting Party make?

- The Contracting Party may not exclude persons in category a. This means that if the Contracting Party is survived by persons in category a., they receive the pension capital in the event of death.
- The Contracting Party may not expand the group of persons in category a. This means that a married but separated Contracting Party with a life partner cannot benefit the latter as long as the spouse is alive and no legally valid divorce has been executed.
- The Contracting Party may designate one or more persons in category b. and specify their entitlements in more detail.

Example: The Contracting Party is single and has two children. Since one child is much less financially secure, the Contracting Party decides that this child should receive the entire pension assets in the event of his or her death (compulsory portion is regulated elsewhere).

- The Contracting Party may change the order of beneficiaries in categories c. to e. and specify their entitlements in more detail.

Example: The Contracting Party is single and wishes that in the event of his death his single sister should receive the entire pension assets and that his parents who are still alive should not be taken into account.

Remarks and notes

- If there are several persons of one category and the claims of the individual persons were not specified during their lifetime, the division shall be made in equal parts according to the number of persons.

Example: The deceased was single and is survived by two children, his mother and three siblings. He did not notify the Foundation of any change in the beneficiary order during his lifetime. In this case, the Foundation pays out 1/2 of the lump-sum death benefit to each of the deceased's two children.

- The eligibility of the persons designated by the Contracting Party is only checked when the benefits are paid. The personal circumstances and the statutory and regulatory provisions at the time of the Contracting Party's death are decisive.
- The Contracting Party must notify the Foundation of changes to the beneficiary order during his or her lifetime. The corresponding form of the Zugerberg 3a Vorsorgestiftung must be used for any change in the beneficiary order.

How are the beneficiaries regulated if you dissolve your 3rd pillar with the Zugerberg 3a Vorsorgestiftung?

Upon leaving the Foundation, the beneficiary order filed with the Foundation shall lapse.

Tax and inheritance law aspects

- The Foundation must report each individual payment to the Federal Tax Administration. The lump-sum death benefit must be taxed in the year of payment (separately from income). The tax rates for the capital payment tax vary from canton to canton.
- If the beneficiary lives abroad, a withholding tax is levied. This is calculated according to the withholding tax rate of the canton in which the Foundation is domiciled see (<https://steuerrechner.zg.ch/cgi/quellkapin.cgi>) and deducted directly from the amount paid out. Depending on the country of residence, the withholding tax can be reclaimed within 3 years.
- Pillar 3a pension assets must be taken into account in property law and thus also in inheritance law disputes. There is currently legal uncertainty on this point. In the event of the death of the Contracting Party, the situation with regard to beneficiaries in accordance with the pension provision regulations and legal heirs must be clarified before their pension assets are paid out.

Processing duration

The money will be paid out to the beneficiaries by the Zugerberg 3a Vorsorgestiftung within 25 working days **after all the necessary documents have been submitted.**

Please note that

- the forms of the Zugerberg 3a Vorsorgestiftung must be used for the registration of beneficiaries and for any changes to the beneficiary order.

Contact

Zugerberg 3a Vorsorgestiftung
Lüssiweg 47
CH-6302 Zug

+41 41 769 50 10
info@zugerberg-finanz.ch
www.zugerberg-finanz.ch

Contact

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