

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. The pension assets are not subject to inheritance law. 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 regulations (beneficiary order)?

- a. or children in education up to the age of 25 (incl. foster children if the deceased was responsible for their maintenance).
- b. Natural persons who have been supported to a considerable extent by the Contracting Party or the person who has lived with the Contracting Party continuously for the last five years up to his death or who is responsible for the maintenance of one or more joint children.

Persons who have received substantial support are only entitled to claim if they were notified to the Foundation in writing during the lifetime of the Contracting Party. If, at the time of the decease of the Contracting Party, persons in category b. are present and have not been notified to the Foundation, the Foundation shall assume that no cohabitation exists.

- c. Children who do not fall under category a.,
- d. the parents,
- e. the siblings,
- f. Other legal heirs, to the exclusion of the community.

Benefit under category f. is limited to the other legal heirs. It is therefore not permissible to make other persons beneficiaries who do not have a legal inheritance relationship with the Contracting Party. The other legal heirs are the grandchildren and great-grandchildren, the grandparents and/or their descendants.

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

- The Contracting Party may not exclude persons in category a.
- The Contracting Party may include persons in category b. in category a.

Example: The Contracting Party is married and has two minor children. He pays for the living expenses of his mother, who is in need of care. He now wants to make his mother a beneficiary to some extent in the first rank as well. He grants his mother additional benefit and designates the shares of his spouse, his minor children and his supported mother as a percentage of his pension assets.

- The Contracting Party may specify the entitlements of individual persons within categories a. to d. in more detail. The entitlement of individual persons may be reduced by a maximum of 70%.

Example: The Contracting Party has three adult children. His two sons are very successful in their jobs. The daughter has difficulty gaining a foothold in the labour market due to her mental health being impaired to a certain extent. He makes all of them his beneficiaries, with his two sons each receiving at least 10% of his pension assets $((100\%-70\%)\times \frac{1}{3})$ and his daughter receiving a maximum of 80% thereof.

- The Contracting Party may indicate the beneficiaries in the categories c., d. and e. in more detail. He may extend the group of beneficiaries of category c. by adding beneficiaries of categories d. and e. Additionally, the Contracting Party may extend the group of beneficiaries of category d. by including beneficiaries of category e.

Example: At the time of his death, the Contracting Party leaves an adult daughter and his parents. Since his parents are struggling financially and since his daughter, in contrast, is enjoying financial security, he intends to make his parents his beneficiaries for them to receive the amount of 20% of his vested pension benefits.

Important 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 leaves three siblings and has failed to inform the Foundation about any changes to the order of beneficiaries while he was still alive. The Foundation pays $\frac{1}{3}$ of the lump-sum death benefits to the three siblings of the deceased.

- 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 Freizügigkeitsstiftung must be used for any change in the beneficiary order. The Foundation is not bound by any other types of declaration to make individuals beneficiaries, e.g. in the form of last wills and testaments.

What are the rules on beneficiaries if the Contracting Party closes the savings account for vested pension benefits?

Upon leaving the Foundation, the beneficiary regulations 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 (<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 by the Beneficiary within three years.
- Pension assets are outside the law of succession and do not form part of the estate/inheritance.

Processing duration

The money will generally be paid out to the beneficiaries by the Zugerberg Freizügigkeitsstiftung within 25 working days after all the necessary documents have been submitted.

Please note that

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

Contact

Zugerberg Freizügigkeitsstiftung
Freizügigkeitsstiftung Wildspitz
Lüssiweg 47, CH-6302 Zug

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