

1e Pension Provision Solutions



New Wealth Accumulation Opportunities

Customized 1e pension provision solutions allow entrepreneurs to take full advantage of the current changes in employee benefits insurance.

Advantages of Wealth Accumulation in the 2nd Pillar

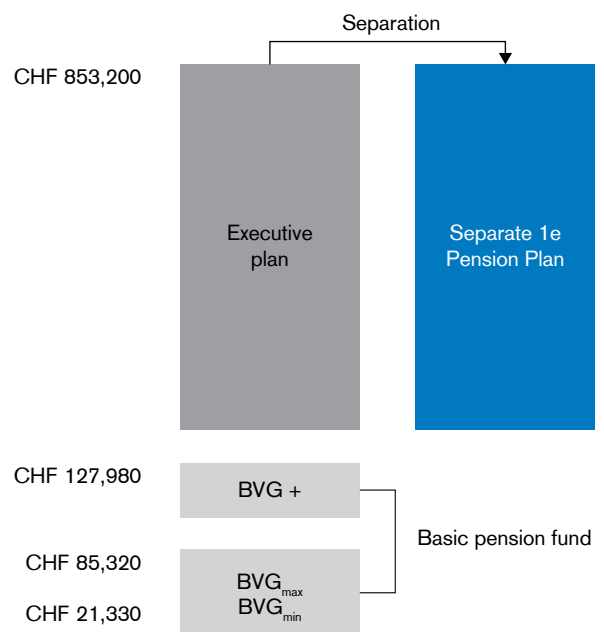
The assets in employee benefits insurance are the entrepreneur's **most privileged assets**:

- 1. Tax-privileged deposit
- 2. Tax-free savings (incl. compound interest effect)
- 3. No wealth tax
- 4. Privileged in the event of corporate bankruptcy

Challenges in the BVG 2nd Pillar

- There is a redistribution effect incompatible with the system from extra-mandatory insurance to basic provision owing to:
 - Insufficient income (particularly due to the current interest rate situation)
 - The minimum rate of return on mandatory insurance prescribed by law
 - The demographic trend in Switzerland
- Insured persons have no influence on the investment of assets
- The investment income in extra-mandatory insurance from full insurance solutions is currently very low (approx. 0.25% p.a.)

Solution: Separate 1e Pension Plan



Advantages for Companies:

Benefits achievable through 1e for companies reporting according to IFRS, US GAAP or Swiss GAP FER result in a lower burden on equity capital:

- No provisions for longevity risks required
- No provisions for minimum interest payments required
- No provisions for pension plan shortfalls required

The design of the pension plan is also very flexible (definition of participant groups, plan contents and benefits).

Advantages for Insured Persons:

- No adverse redistribution
- Management of pension fund assets with individually selectable investment strategy
- Greater flexibility than in basic pension provision
- Directly visible personal investment success
- Cost transparency

Why a 1e Pension Provision Solution with a Bank?

A complete solution from a single source offers the company and the insured persons the following benefits:

1. Customized complete solution based on individual needs
2. **Investment advice** for insured persons from private banking advisors for the entire assets (free private assets **and** pension assets)
3. **Financial and tax planning** for insured persons from our experts to **optimize** purchases into 1e pension provision solutions

What Do Companies and Insured Persons Need to Bear in Mind:

Since October 1, 2017, Art. 19a of the Vested Benefits Act has stipulated that pension funds exclusively offering 1e plans can pay out the effective countervalue of the retirement savings to insured persons at the time of withdrawal. In contrast to conventional second pillar pension solutions, the following must be borne in mind:

- Insured persons bear the investment risks themselves but also benefit directly from the investment gains
- The insured person thus has no minimum entitlement to the vested benefits brought into the fund on joining and the contributions.

Four Use Cases of Purchases into 1e Pension Provision Solutions for Wealth Accumulation

Insured persons can benefit in different situations from targeted purchases into 1e pension provision solutions:

1. Withdrawal strategy
Objective: Reduction of tax burden through targeted purchases into the 1e pension provision solution
2. Preparation of business transfer
Objective: Withdrawal of liquidity not required for operational purposes combined with purchase into 1e pension provision solution
3. Continued work after sale of business
Objective: Income tax reduction through regular purchases into 1e pension provision solution using funds from proceeds on disposal
4. Variable compensation of management
Objective: Creation of additional purchasing potential for flexible purchases into 1e pension provision solution with funds from variable compensation

Contact Us

We will be happy to arrange a personal consultation. Please call us on +41 (0)848 880 840¹.

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¹ Telephone conversations can be recorded.



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