

# Unpaid leave

## What happens to your occupational benefit scheme?

**Many employees consider taking time out at some stage in their professional career – perhaps to fulfil the dream of travelling or to undertake further training, or simply to have time to reflect on their personal situation and their professional career.**

These dreams can be fulfilled by taking unpaid leave. However, the repercussions for your occupational benefit scheme should be looked at closely before you embark on such leave and corresponding measures should be taken. In this way, nasty surprises during your absence and upon your return to work can be avoided.

### **What does your group Foundation understand by unpaid leave?**

Unpaid leave tends to mean a single break from work, independent of the contractual leave entitlement, which you voluntarily decide to take and during which the employment relationship continues without pay. In terms of the occupational benefit scheme, unpaid leave is limited to six months.

Regularly recurring breaks that are typical for the kind of work performed (e.g. ski instructor) or a work interruption mandated by the employer (e.g. for an internship or training abroad) is not treated as unpaid leave for occupational benefit purposes. In these and similar cases, an individual agreement is required between the employer and the group Foundation in order to cover any pension gaps that may arise.

### **How are you insured during your unpaid leave?**

In the case of unpaid leave of less than one month, you are fully insured during this period against all risks (old age, disability and death) as a result of illness or accident by law.

If your unpaid leave lasts for between one and six months and the employment relationship continues, in terms of the occupational benefit scheme you remain subject to the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (LOB) in principle, but with reduced pension benefits. Gaps in cover can also arise with respect to accident coverage and the continuation of salary payments, as the accident insurance ceases 31 days following commencement of the unpaid leave and the employer has no obligation to continue salary payment during this period.

If you are planning to take unpaid leave of more than six months, cover can no longer be granted under your occupational benefit scheme. The benefit arrangement will be terminated with effect from the commencement of leave, i.e. you and your employer will no longer pay any contributions to the occupational benefit scheme. Due to the legal period of extended cover of one month, the full benefits are still paid in the case of disability or death during the first month of leave. Following the expiration of this period, no benefits are paid apart from any restitution of contributions which may be due.

### **What can you do to close the gaps?**

To protect yourself during your unpaid leave against the disability or death risk as a result of an accident, we require you to take out LAI interim accident insurance. This can be concluded for a maximum of six months and must be requested within 31 days following commencement of the leave. For more information please contact your employer.

To ensure insurance against the disability or death risk as a result of illness, we offer you three options for the duration of your unpaid leave. The choice of continuation of benefit coverage must be agreed with your employer.

#### **Unaltered continued insurance (option 1)**

This option is not only the safest, it is also the simplest: you remain fully insured under the occupational benefit scheme. You and your dependants therefore enjoy full protection in the case of disability or death caused by illness during your leave. Also, your old-age savings continue to accrue as before.

A new arrangement can be made regarding the division of contributions between employer and employee and may differ from the provisions of the regulations that were previously valid.

In the interests of a risk-free and carefree unpaid leave, we recommend that you choose this option for continued insurance.

### Continued risk cover (option 2)

Under this option, you stop accruing further old-age savings during your unpaid leave and thus reduce your monthly pension fund expenses by the amount of the savings contributions. However, you continue to pay the risk contributions in order to fully maintain the risk cover in the case of disability or death. These risk benefits remain insured as before, only the waiting period for the disability pension and the disabled's children's pension is reduced to 12 three months in order to optimise the benefit coverage (if the waiting period was previously less than 12 months, this remains unchanged).

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This solution means that the contributions now to be paid become visibly lower. Your risk cover remains in place, only the old-age savings will be reduced by the duration of the unpaid leave, which means your retirement pension will be somewhat lower. It may be possible to pay these contributions later on in the form of a single premium and so to close the gap that has arisen.

### Suspension of the insurance (option 3)

You can also waive your insurance cover conform to the regulations for the duration of your unpaid leave. In this case, you and your employer do not pay any contributions for the duration of the leave. However, your policy remains in place and is reactivated upon your return. Should a case of disability or death occur during the period of leave, only the legal minimum benefits for the year in question will be paid, on the basis of the assumed salary subject to OASI contributions reduced by the duration of the annual leave.

If the salary thus determined is below the entrance threshold set by the LOB, in the event of a claim the policy will be cancelled retroactively with effect from the beginning of the unpaid leave (or following expiration of the period of extended cover of one month) and the termination benefit will become due. Subject to legal provisions, no further benefits will be paid.

### You have made your decision. What do you or your employer now need to do?

If you are planning on taking unpaid leave of between one and six months, prior to the commencement of such leave please notify us and your employer of the start date and duration and of your chosen option using the «Notification of unpaid leave» form (on the internet at [www.swisscanto-foundations.ch](http://www.swisscanto-foundations.ch) ▶ Downloads ▶ Forms).

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