

# Pensions in Switzerland

Important information on AHV, IV, BVG and UVG coverage



## Types of insurance, benefits and criteria for entitlement

	AHVG (Federal Law on Retirement and Survivors' Insurance)	IVG (Federal Law on Disability Insurance)	BVG (Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans [Occupational Pensions Act])	UVG (Federal Law on Accident Insurance)
<b>Insured persons</b>	Mandatory coverage for: All persons who are resident or working in Switzerland; persons paid by and working outside Switzerland for an employer domiciled in Switzerland can maintain their mandatory coverage on a voluntary basis with the employer's agreement. Voluntary insurance possible for Swiss nationals living abroad in non EU/EFTA states.	Insured persons same as for AHV.	Mandatory coverage for: Employees subject to AHV (with a minimum salary of CHF 21 330) insured for risks of death and disability from 1 January after reaching the age of 17; and for retirement provisions from 1 January after reaching the age of 24. Voluntary provisions possible for: Self-employed persons and employees not subject to mandatory insurance.	Mandatory coverage for: All employees working in Switzerland, including home-workers, apprentices, interns, voluntary workers, and those working in vocational training centres and workshops for the disabled. Voluntary insurance possible for the self-employed.
<b>Benefits and criteria for entitlement</b>				
<b>Retirement</b>				
<b>Retirement pension</b>	Men from age 65. Women from age 64.		Men after reaching the age of 65 and women after reaching the age of 64 or upon ceasing to work (if provided for in the regulations). Early retirement (aged 58 or more) is possible with reduction in benefits.	Accident insurance benefits are payable for life.
<b>Children's benefit</b>	Recipients of retirement pensions, for every child who could claim an orphan's benefit in the event of the pensioner's death. Entitlement as a rule up to the child's reaching the age of 18; or until the child finishes his or her education, but not beyond the child's 25 <sup>th</sup> birthday.		Recipients of retirement pensions, for every child who could claim an orphan's benefit in the event of the pensioner's death. Entitlement up to the child's reaching the age of 18; or until the child finishes his or her education; if at least 70% disabled, up to recovery of earning capacity; but in any case not beyond the child's 25 <sup>th</sup> birthday.	
<b>Death</b>				
<b>Widow's/widower's pension</b>	Childless widows who have reached the age of 45 and were married for at least 5 years, as well as widows with children. Divorced wives are regarded as having the same status as the widow after the death of the divorced husband if they have one or more children and the dissolved marriage lasted at least ten years, or if the dissolved marriage lasted at least ten years and the divorce occurred after reaching the age of 45, or if the youngest child reached the age of 18 after the divorced wife reached the age of 45. Widowers, as long as they have children under the age of 18. Surviving registered partners are treated equally to widowers.		Widows/widowers with children entitled to support as well as childless widows/widowers who have reached the age of 45 and were married to the deceased for at least 5 years. Following the death of their former spouse, the divorced wife or husband shall be regarded as having the same status as the widow/widower, if the marriage lasted at least 10 years and the divorce decree awarded the divorced partner an annuity or lump-sum settlement in place of a lifetime pension. Principle: Compensation for loss of provider. Surviving registered partners are treated equally to widowers.	Widow or widower with children entitled to pension benefits. Widow who no longer has children entitled to pension benefits or is at least 45 years of age. Surviving spouse (widow/widower) if she/he is at least twothirds disabled or becomes at least two-thirds disabled within 2 years of the late spouse's death. Divorced spouses shall be treated equally to a widow or widower on condition that the person who suffered the accident was legally bound to provide for their maintenance. Widowers, as long as they have children under the age of 18. Surviving registered partners are treated equally to widowers.
<b>Orphan's benefit</b>	Half-orphan's benefit: Children who have lost one parent. Upon the death of both parents, the orphan's benefit is capped to 60% of the maximum AHV pension. Entitlement up to the child's reaching the age of 18; or until the child finishes his or her education, but not beyond the child's 25 <sup>th</sup> birthday.		Children of the deceased as well as foster children for whom the deceased was responsible for their support. Entitlement up to the child's reaching the age of 18; if in education, up to the completion of education; if at least 70% disabled, up to recovery of earning capacity; in any case not after reaching the age of 25, at the latest.	Half-orphan's benefit: Children who have lost one parent. Full orphan's benefit: Children who have lost both parents, as well as those who stood in a child-parent relationship only with the deceased parent. Entitlement as a rule up to the child's reaching the age of 18; or until the child finishes his or her education; but, at the latest, not beyond the child's 25 <sup>th</sup> birthday.
<b>Widow's/widower's pension</b>			Widows/widowers who do not meet the conditions for a widow's/widower's pension.	Widows who do not meet the conditions for a widow's pension. Divorced women who meet the conditions for being given equal treatment to the widow (man's responsibility for support) but otherwise do not meet the conditions for entitlement to a widow's pension. No widower's settlement.
<b>Disability</b>				
<b>Disability income</b>		Individuals who have not been able to work for more than 30 days due to illness or an accident are covered by federal disability insurance (IV). The IV office implements early intervention and integration measures to ensure that the health problems do not lead to disability. The insured person is entitled to a pension if he/she remains at least 40% disabled or was 40% incapable of working, on average, over a 12-month period without any significant interruptions.	Persons who are at least 40% disabled within the meaning of the IVG and were already insured at the onset of the incapacity to work. Special regulations in the case of congenital disability or disability before reaching adulthood.	Applies if, as the result of an accident, the insured suffers a degree of disability of 10% or more and the loss of earning capacity is likely to be permanent or to last for a considerable period of time (i. e. no significant improvement to health can be expected and any rehabilitation measures in accordance with the IVG have been concluded).
<b>Disabled person's children's benefit</b>		Recipients of disability income, for every child who could claim an orphan's benefit in the event of the recipient's death. Double children's benefit: when both parents are disabled. Entitlement up to the child's reaching the age of 18; or until the child finishes his or her education, but not beyond the child's 25 <sup>th</sup> birthday.	Recipients of disability income, for every child who could claim an orphan's benefit in the event of the recipient's death. Entitlement up to the child's reaching the age of 18 or until the child finishes his or her education; but, at the latest, not beyond the child's 25 <sup>th</sup> birthday.	
<b>Daily benefit</b>		Under certain conditions, while any rehabilitation measures are in progress; the payment of daily allowances rules out entitlement to pension benefits for the same period.		Entitlement to replacement of earnings lost due to an incapacity to work which was wholly or partially the result of an accident (lapses upon commencement of disability income).
<b>Compensation for permanent bodily and/or mental injury</b>				Entitlement in the case of severe permanent impairment to physical or mental health (independent of the granting of disability income).
<b>Attendance allowances</b>	Pensioners resident and domiciled in Switzerland who are helpless to a significant, average or low level and are not entitled to claim an attendance allowance under the UVG.	Recipients of disability income domiciled or residing in Switzerland, who are 100% incapacitated, if they have no entitlement to an attendance allowance under the UVG.		Entitlement of a person who requires long-term assistance from third parties (supplementary to disability income).

**Basis for calculation, level of benefit, contribution rates and funding (status 2019)**    *Note: Bear in mind that coordination of benefits applies not only between the different segments of the “future provisions industry”, but also within the same insurance or pensions segment.*

	AHVG (Federal Law on Retirement and Survivors' Insurance)	IVG (Federal Law on Disability Insurance)	BVG (Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans [Occupational Pensions Act])	UVG (Federal Law on Accident Insurance)																				
<div>Basis for calculation</div>	In calculating retirement pensions, the contributions years, earned income and child-rearing or care-giving credits of the person entitled to draw benefits are taken into account (half in the case of married persons). Income accumulated in the course of the couple's marriage is split and exactly half is credited to each spouse. The income is divided if: a) both spouses are entitled to draw benefits; b) the widowed person is entitled to a retirement pension; c) the marriage is dissolved as a result of divorce.  The calculation of surviving dependants' benefits is based on the undivided income of the deceased person, while the calculation for retirement pensions is based on splitting that person's income for the years of the marriage and adding a supplement of 20%.	Basis for calculation: same as for AHV. Pension brackets determined by degree of disability: ≥ 70% = ⅓ pension ≥ 60% = ¾ pension ≥ 50% = ½ pension ≥ 40% = ¼ pension	Basis for calculation: The retirement pension is calculated as a percentage of the retirement savings (conversion rate). The retirement savings are the sum of all the retirement savings up to retirement, without interest. The same conversion rate is used to calculate the disability income as for the retirement pension in the 65 <sup>th</sup> year of age. The retirement savings on which the calculation is based are the sum of all the retirement savings received by the insured since the date the entitlement to disability income was acquired, plus the sum of all the retirement savings for the remaining years until normal retirement age, minus interest.	Basis for calculation: insured annual income, but up to maximum of CHF 148 200. Pensions scaled according to degree of disability.																				
<div>Level of benefit</div>																								
<div>Retirement</div> <div>Retirement pension</div>	With full contribution years: minimal monthly pension CHF 1 185 (CHF 14 220/year), maximal CHF 2 370 (CHF 28 440/year). Married couple with both entitled to pensions: Total of both individual pensions, not to exceed 150% of the maximum pension (taking into account an average of any gaps in contributions).		Women 6.8 %, men 6.8%																					
<div>Children's benefit</div>	40% of the retirement pension (minimal CHF 474/month; maximal CHF 948/month). At most 60% of maximum retirement pension if both parents are entitled to the children's benefit.		20% of retirement pension.																					
<div>Death</div> <div>Widow's/widower's pension</div>	80% of the retirement pension (minimal CHF 948/month; maximal CHF 1 896/month).		60% of full disability income or of retirement pension. <sup>1)</sup> <sup>1)</sup> For BVG coverage with Swiss Life, the same conditions apply to surviving opposite-sex and same-sex partners as for married couples. The unmarried partner's pension is subject to the provisions of the pension fund regulations that are valid at the time of death.	40% of the insured annual income (also applies to widower).																				
<div>Orphan's benefit</div>	Half-orphan's benefit: 40% of the retirement pension (minimal CHF 474/month; maximal CHF 948/month). Full orphan's benefit: limited to 60% of the maximum retirement pension (minimal CHF 711/month; maximal CHF 1 422).		20% of full disability income or of retirement pension.	15% for half-orphans/25% for full orphans. For surviving dependants (widow's pension and/or orphan's benefits) maximal 70%; all dependants' benefits as well as pension for divorced spouse, maximal 90%.																				
<div>Widow's/widower's pensions</div>			3 times annual widow's/widower's pension.	1, 3 or 5 times annual widow's pension, depending on length of marriage.																				
<div>Disability</div> <div>Disability income</div>		With full contribution years: minimal monthly pension CHF 1 185 (CHF 14 220/year), maximal CHF 2 370 (CHF 28 440/year) (income supplements and minimum guarantees for early disability). Married couple with both entitled to pensions: Total of both individual pensions, not to exceed 150% of the maximum pension (taking into account the average of any gaps in contributions).	Total accumulated retirement savings including interest and projected (future) retirement savings excluding interest multiplied by applicable conversion rate (women 6.8 %, men 6.8%).  N. B.: degree of disability below 40% does not give rise to any entitlements in accordance with the BVG. Swiss Life, however, grants pension entitlement from a degree of disability of 25%.	For total disability, 80% of insured annual income for life; commensurately reduced for partial disability.																				
<div>Disabled person's children's benefit</div>		Disabled person's children's benefit: 40% of disability income. Double children's benefit: limited to 60% of maximum disability income.	20% of disability income.																					
<div>Daily benefit</div>		Daily allowance depends on level of income, marital status, number of children (maximum CHF 407/day). Only paid while rehabilitation measures are in progress.		For total disability, maximal of 80% of insured salary from 3 <sup>rd</sup> day after accident until recovery of full capacity to work or payment of disability income.																				
<div>Compensation for permanent bodily/mental injury</div>				One-off lump-sum benefit to a maximum of the annual insured earnings (maximal CHF 148 200), scaled according to degree of injury.																				
<div>Attendance allowance</div>	Low level of helplessness: 20% of minimum retirement pension. Medium level of attendance required: 50% of minimum retirement pension. High level of attendance required: 80% of minimum retirement pension.	Low level of attendance required: 20 % of max. retirement pension. Medium level of attendance required: 50 % of max. retirement pension. High level of attendance required: 80 % of max. retirement pension.  Stay in nursing home Low level of attendance: 5,0% of max. retirement pension. Medium level of attendance: 12,5 % of max. retirement pension. High level of attendance: 20,0% of max. retirement pension.		Depending on degree of incapacity (required attendance): monthly 2–6 times the daily benefit. Daily income: CHF 406 (corresponds to CHF 148 200 ÷ 365) Low degree of incapacity (2 times): CHF 812 Medium degree of incapacity (4 times): CHF 1 624 High degree of incapacity (6 times): CHF 2 436																				
<div>Contribution rates</div>	Persons in employment pay together with their employer: <div><div><div>for AHV 8,40%</div><div>for IV 1,40 %</div><div>for EO<sup>1</sup> 0,45 %</div></div><div>} of earned income</div></div> Self-employed individuals and those whose employers are not required to make contributions pay: <div><div><div>for AHV 7,80 %</div><div>for IV 1,40 %</div><div>for EO<sup>1</sup> 0,45 %</div></div><div>} of earned income</div></div> <div><sup>1</sup>EO: compensation pay</div> Unemployed persons depending on their financial situation; every year: minimal CHF 478 maximal CHF 23 900  for people with no gainful employment who own assets and receive a pension, 20 times the annual amount of the pension is added as imputed assets.	<div><div><div>for AHV 8,40%</div><div>for IV 1,40 %</div><div>for EO<sup>1</sup> 0,45 %</div></div><div>} of earned income</div></div> <div><div><div>for AHV 7,80 %</div><div>for IV 1,40 %</div><div>for EO<sup>1</sup> 0,45 %</div></div><div>} of earned income</div></div> <div><sup>1</sup>EO: compensation pay</div>	Contributions as % of coordinated salary: Age on entry: <table><tr><td>Men</td><td>Women</td><td>Retirement credits</td><td>Risk contributions</td></tr><tr><td>25–34</td><td>25–34</td><td>7 %</td><td></td></tr><tr><td>35–44</td><td>35–44</td><td>10 %</td><td></td></tr><tr><td>45–54</td><td>45–54</td><td>15 %</td><td></td></tr><tr><td>55–65</td><td>55–64</td><td>18 %</td><td></td></tr></table> <div>} approx. 2–6%</div> Cost of living contribution: 0,03% Security fund: 0,1% of coordinated salaries plus 0,005% of total vested benefits in accordance with the regulations and 10 times current benefits received.	Men	Women	Retirement credits	Risk contributions	25–34	25–34	7 %		35–44	35–44	10 %		45–54	45–54	15 %		55–65	55–64	18 %		Employees are divided into risk classes for occupational and non-occupational accidents.
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<div>Funding</div>	Dependent employees and employers each pay 50% of the contributions.		Employer and employees share costs. Employer's share: at least half of total costs.	Costs of mandatory insurance for occupational accidents and illnesses borne by employer; costs of non-occupational accident insurance borne by employees.																				