

Important information on salary definition

What you need to know

What salary do I report to the AHV?

- The applicable AHV salary is the one on which AHV contributions have to be paid.
- This salary includes all remuneration paid in Switzerland or abroad to employees for work they have done. For example:
 - Hourly, daily, weekly and monthly pay etc., as well as piecework and bonus pay, including bonuses and compensation for overtime, night work and deputisation duties;
 - Residential and cost-of-living allowances;
 - Gratuities (incl. bonuses), length of service awards, loyalty and incentive bonuses, etc.;
 - Discounted employee share purchase;
 - Regular benefits in kind such as food and accommodation, private use of company cars, company housing, etc.;
 - Fees and commissions;
 - Continued salary payments following accident or illness (excluding insurance benefits);
 - Employee AHV, IV, EO or ALV contributions paid by employers, as well as taxes paid by employers;
 - Holiday and bank holiday pay;
 - Daily disability (IV) and military insurance allowances.

A detailed description of the applicable AHV salary can be found in information sheet 2.01 at www.ahv-iv.info.

What is the applicable salary for occupational benefits?

- For occupational benefits the applicable salary is generally: BVG salary = AHV salary.
This definition is used for the coordination of contributions between the first and second pillars. In principle, BVG contributions have to be paid for all salary components subject to AHV contributions.

Are there exceptions?

- Occasional salary components may be excluded.
- If salary components are to be excluded, this must be specified in the pension fund regulations (Art. 3, cl. 1a BVV2 (Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans)).
- Swiss Life recommends that no occasional salary components should be excluded for salaries up to 300% of the maximum AHV retirement pension.

What are «occasional salary components»?

- Occasional salary components are one-off or occasional temporary remuneration. They include for example: bonuses, commissions, gratuities, length of service awards, overtime pay, etc.
- They relate to financial consideration for work, which is not paid on a long-term basis and which is closely connected with the contract of employment. If occasional salary payments are not substantial, long-term or foreseeable, they may be deducted from the applicable salary in accordance with the AHVG (Federal Law on Retirement and Survivors' Insurance).

Who decides what is the applicable BVG salary?

- The Administrative Board. It decides whether and how occasional salary components are included.

Where are the «occasional salary components» recorded?

- If the Administrative Board decides on a salary definition which deviates from the AHV salary definition, the definition must be set down in writing in the pension plan. The pension plan is an integral part of the pension fund regulations.

What you need to know

What salary do I report to the BVG?

- If the pension fund regulations or pension plan does not exclude occasional salary components, then report the AHV salary.
 - If the pension fund regulations or pension plan does exclude occasional salary components, then report the AHV salary less any occasional salary components.
 - If your pension fund regulations and/or pension plan provide for extended coverage of previous salary (Art. 33a BVG), report to us your AHV salary and, separately, the voluntary salary portion in accordance with Art. 33a BVG.
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Do you have further questions?

If you have any questions, please do not hesitate to contact your insurance advisor. Visit us at www.swisslife.ch/unternehmen or arrange a personal consultation.
