

# Unemployment



**Unemployment is either caused by external factors or is voluntary. Individuals are considered to be unemployed if they are not in an employment relationship and are looking for a part-time or full-time occupation. Unemployment could result in unwelcome gaps in insurance coverage.**

**What insurance cover is available to the unemployed under the 2<sup>nd</sup> pillar?**

- The unemployed are insured against the risks of death and disability in terms of mandatory occupational benefits for the length of time they draw unemployment benefits from the unemployment insurance (ALV) in accordance with the Federal Law on Mandatory Unemployment Insurance (AVIG) and Insolvency Compensation (ALE). However, a prerequisite is that the daily unemployment benefit exceeds the minimum salary determined for one day.
- Half the contributions for these benefits are borne by the insured person and half by the unemployment insurance.
- However, benefits are covered only to the extent of the minimum legal requirements, and only for the risks of death and disability. More extensive insurance benefits must be covered by private (3<sup>rd</sup> pillar) insurance.

**For what period of time is an unemployed person entitled to unemployment benefits?**

If insured persons paid contributions for a specific period of time before becoming unemployed as per the following table, they are entitled to daily allowances. The number of daily allowances depends on age, contribution period, any receipt of disability income and whether they have any maintenance obligations towards children:

<b>Age</b>	<b>Contribution period (months)</b>	<b>Daily allowances</b>
<b>Up to age 25 without dependants</b>	12 to 24	200
<b>From age 25 or with dependants</b>	12 to < 18	260 <sup>1)</sup>
<b>From age 25 or with dependants</b>	18 to 24	400 <sup>1)</sup>
<b>From age 55</b>	22 to 24	520 <sup>1)</sup>
<b>From age 25 or with dependants</b>	22 to 24	520 <sup>1) 2)</sup>
<b>Persons exempt from the duty to make contributions</b>		90

<sup>1)</sup> These insured person categories are entitled to an additional 120 daily allowances if they became unemployed within the four years immediately preceding normal AHV retirement age.

<sup>2)</sup> Only applies if disability income is being received for a degree of disability of at least 40%.

**What must be kept in mind in terms of occupational benefits?**

Anyone out of work for more than 30 days should consider the following points:

**AHV/IV**

After their 20th birthday, unemployed persons are automatically required to make contributions to the AHV (old age and surviving dependants insurance), the IV (disability insurance) and the EO (ordinance on indemnity for loss of earnings) until normal retirement age. For as long as unemployed persons draw unemployment benefits, first pillar (AHV/IV) contributions are deducted directly from the benefits. When the benefit payments are discontinued, unemployed persons are required to pay contributions in accordance with their social means, regardless of their employment situation. More information on this is available from the AHV administration office in the canton of residence. If the spouse or registered partner is employed and pays at least twice the minimum amount, the duty to pay contributions is deemed to have been met.

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<b>BVG</b>	<p>In the event of unemployment, the insured persons withdraw from the employee benefits institution of their former employer. The accumulated vested benefits from the 2<sup>nd</sup> pillar are maintained as retirement provisions in a vested benefit policy or a vested benefits account with no further contributions. To maintain the benefits coverage, the unemployed persons are accepted into the Foundation of the BVG Contingency Fund from the first day the daily unemployment benefits are paid. For as long as unemployed persons receive daily unemployment benefits, they are insured for the risks of death and disability under mandatory occupational benefits. However, as only risk contributions are made, gaps occur in the accumulation of retirement savings.</p>
<b>Purchase of missing insurance years</b>	<p>Once unemployed persons find a new job they can make additional payments to purchase missing insurance years. Their new employee benefits institution can inform them of the amount of the purchase sum.</p>
<b>Continuation of retirement provisions through payment of contributions</b>	<p>To prevent gaps in coverage, insured persons can, if they wish, continue to make BVG payments graded by age to the Foundation of the BVG Contingency Fund. As the employer is no longer required to pay half of the contribution, the insured person must pay both the employer's and the employee's contribution. The following conditions apply to continuations:</p> <ul style="list-style-type: none"><li>• an application to this effect must be submitted to the relevant unit at the Foundation of the BVG Contingency Fund at the person's place of residence</li><li>• the vested benefit must be transferred to this unit</li></ul> <p>Note: Such contribution payments are only recommended if the insured person has the necessary financial means available.</p>
<b>UVG</b>	<p>In accordance with the Federal Law on Accident Insurance (UVG), the insured person is covered by mandatory accident insurance with the Swiss National Accident Insurance Fund (SUVA) for the length of time unemployment benefits are drawn. Insurance coverage is terminated 30 days after the entitlement to unemployment benefits ends. By concluding a negotiated insurance arrangement, the insured person has the possibility of extending the insurance coverage for up to 180 days. To do so, the insured person must report to the relevant SUVA agency before normal insurance coverage ceases.</p>
<b>KTG</b>	<p>If the former employer provided occupational short-term disability insurance (KTG), this will cease when the insured person leaves the company or stops working. Within 30 days of leaving, unemployed persons can request their former short-term disability insurer to transfer their policy to individual insurance or they can take out individual insurance with a private insurance company or a health insurer.</p>
<b>Health insurer</b>	<p>The scope of services offered by the health insurer must be taken into account. If the above steps are not taken, the insured person will not be covered by accident insurance upon becoming unemployed. It is therefore advisable to take out accident insurance with a health insurer.</p>
<b>Further information</b>	<p>Your Swiss Life insurance advisor would be pleased to help you draw up a vested benefit policy covering your benefits, or to open a vested benefits account. Further information is available on the internet under <a href="http://www.swisslife.ch/unternehmen">www.swisslife.ch/unternehmen</a>.</p>

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### Further information and useful addresses on the subject of insurance coverage for the unemployed

<b>SUVA</b>	Accident insurance for the unemployed	<a href="http://www.suva.ch/en">www.suva.ch/en</a> Tel: 0800 820 820
<b>Foundation for the BVG contingency fund</b>	ALV unemployment insurance	<a href="http://www.aeis.ch">www.aeis.ch</a> Tel: +41 41 799 75 75 Fax: +41 44 468 22 96
<b>Organisation for the Contingency Fund</b>	Foundation for the BVG Contingency Fund Head Office Weststrasse 50 8036 Zurich	<a href="http://www.aeis.ch">www.aeis.ch</a> Tel: +41 41 799 75 75 Fax: +41 44 468 22 96 E-Mail: <a href="mailto:sekretariat@aeis.ch">sekretariat@aeis.ch</a>
<b>Mandatory occupational provisions and risk insurance for the unemployed</b>	<b>Branch office in Zurich responsible for German-speaking Switzerland</b>	<a href="http://www.aeis.ch">www.aeis.ch</a> Tel: +41 41 799 75 75 Fax: +41 44 468 22 96
	<b>Branch office in Lausanne responsible for western Switzerland</b>	<a href="http://www.aeis.ch">www.aeis.ch</a> Tel: +41 21 340 63 33 Fax: +41 21 340 63 49
	<b>Branch office in Manno responsible for Italian-speaking Switzerland</b>	<a href="http://www.aeis.ch">www.aeis.ch</a> Tel: +41 91 610 24 24 Fax: +41 91 610 24 25
<b>Management of vested benefits accounts</b>	Foundation for the BVG Contingency Fund Vested benefits accounts P.O. Box 8036 Zurich	<a href="http://www.aeis.ch">www.aeis.ch</a> Tel: +41 41 799 75 75 Fax: +41 44 468 22 98
<b>BVG security fund</b>	2 <sup>nd</sup> Pillar Central Office Sicherheitsfonds BVG Geschäftsstelle Eigerplatz 2 P.O. Box 1023 3000 Bern 14  The 2 <sup>nd</sup> Pillar Central Office provides assistance based on the AHV and/or social security number if the unemployed person does not know where his/her retirement funds are located.	<a href="http://www.sfbvg.ch">www.sfbvg.ch</a> Tel: +41 31 380 79 75 Fax: +41 31 380 79 76 E-Mail: <a href="mailto:info@zentralstelle.ch">info@zentralstelle.ch</a>