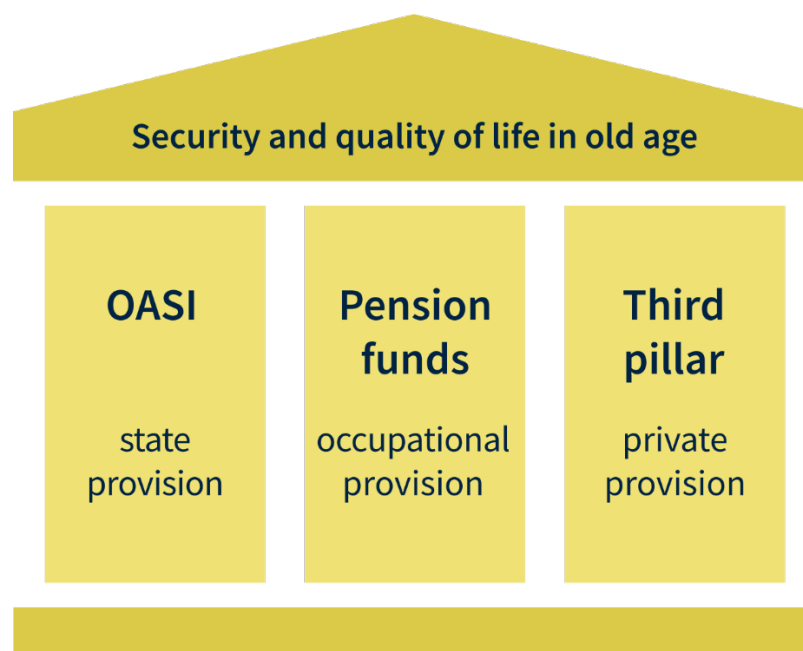


Swiss social security system (valid as of 01.01.2025)

Remark: This is a general high-level information (the relevant laws and regulations are binding).

The Swiss social security system is based on the so called "Drei-Säulen-System", which translates to "three pillar system":



Source: www.ch.ch/en

- **1st pillar: state provision – OASI ("AHV*")**

The first pillar is the obligatory **Old Age and Survivors Insurance (OASI)**. Anyone in Switzerland is obliged to pay contributions. It should ensure the existence requirements at the old age or in case of invalidity.

- **2nd pillar: occupational provision – pension funds ("Pensionskasse, BVG")**

The second pillar is the obligatory occupational pension fund. It should ensure to keep the standard of living after retirement.

- **3rd pillar: private provision ("Säule 3a")**

The third pillar is voluntary and therefore called private provision (Switzerland is known for its high private savings rate). Employers are not obliged to become involved nor are voluntary participations from employers very common.

The first two pillars aim to guarantee benefits currently amounting to 60% of the last income, up to an amount of CHF 90'720 per year (assuming a full number of contribution years). Any amount above this, is to be financed through individual savings.

The compulsory **Unemployment Insurance (UI)** is also a state insurance. Compensation for military service, maternity and paternity leave is paid from a special federal fund. The contributions for the UI are also settled by the compensation office that collects the OASI contributions.

A **daily sickness benefit insurance** is voluntary for employers and covers daily allowances for employees with mostly long-term illnesses.

In addition, every employer must insure his employees with an accident insurance. It depends on the number of hours worked (at least 8h/week) whether non-occupational accidents must also be insured.

Health insurance is compulsory in Switzerland. The health insurer can either be chosen individually or assigned by a public institution if the deadline for joining a health insurance scheme has been missed.

Compulsory social insurance contributions vary depending on the insured benefit and are usually shared by the employer and the employee, with the employer generally having to pay at least half (except for health insurance, which is generally fully borne by the employee).

1. INSURANCE COVERAGE

The compulsory social security system and, to a certain extent, other social security schemes apply to all people resident and/or working in Switzerland, irrespective of their nationality. Social security agreements can regulate the exemptions for people with temporary employment in Switzerland from the obligation to contribute. In such cases, employees remain insured under a foreign social security scheme. The unemployment insurance only covers employees. Self-employed people are not insured.

2. CONTRIBUTIONS

The following table gives an overview about the percentages of the different social security contributions, which are deductible from the gross salary:

	Contributions paid by:		Annual max. insured salary / contribution limits
	Employer	Employee	
OASI (<i>footnote 1</i>) Old Age and Survivors Insurance	4.35%	4.35%	-
II Invalidity Insurance	0.7%	0.7%	-
IRR Income Replacement Regulation	0.25%	0.25%	-
UI 1 Unemployment Insurance (<i>Footnote 2</i>)	1.1%	1.1%	up to CHF 148'200
UI 2 Unemployment Insurance (<i>Footnote 2</i>)	0.0%	0.0%	from CHF 148'201
Pension fund (<i>Footnote 3</i>)	ca. 3.5 – 12.0%	ca. 3.5 – 12.0%	(<i>Footnote 4</i>)
Family compensation office contribution	ca. 1.0 – 3.0%	n/a (except Wallis)	-
Administrative costs	depends on the social security office	-	-
Accident insurance Occupational Non-occupational (<i>Footnote 5</i>)	depends on industry and waiting period of the accident insurance	depends on industry and waiting period of the accident insurance	obligatory: up to CHF 148'200.00 voluntary: from CHF 148'201 up to the agreed cap (e.g. CHF 300'000)
Daily sickness benefit insurance (<i>Footnote 5</i>)	depends on industry and waiting period of the daily sickness benefit insurance	depends on industry and waiting period of the daily sickness benefit insurance	voluntary: agreed cap (e.g. CHF 300'000)

Footnotes:

1. Pensioners are still liable to pay contributions if their annual income exceeds CHF 16,800. As per 2024, the employee can waive this (to improve his pension). The obligation to pay contributions begins on 1st January of the following year in which employees reach the age of 17 (from 1st January of the year in which employees turn 18).
2. The employee and the employer must pay the contributions in equal parts. Each party must pay 1.1% of the insured salary up to CHF 148'200. Income exceeding an annual salary of CHF 148'200 is no longer subject to contributions since January 1, 2023.
3. The contribution depends on the age of the employee and the company's pension plan.
4. From the age of 25 until the normal retirement age of 65 (retirement age 64 for women), every employee with an annual salary of at least CHF 22'680 up to a maximum of CHF 90'720 is liable to the pension fund (insured salary with an income of max. CHF 90'720 minus CHF 26'460 coordination deduction = CHF 64'260). From the age of 18, both the employer and the employee are insured against death and disability risk and pay the relevant contributions. Foreign employees who can prove that they have sufficient insurance cover abroad, can apply for exemption from compulsory pension contributions.
5. Most companies not only insure the compulsory part, but also offer their employees increased insurance cover (e.g. entire salary insured / basic salary + target bonus insured / no coordination deduction, insured upper salary limit is higher than legally prescribed, various solutions are possible...).
6. Most companies not only offer the compulsory insurance, but also supplementary accident insurance for their employees (e.g. entire salary (> CHF 148,200) insured, worldwide coverage, exclusion of gross negligence, 90% daily allowance of salary insured, various solutions are possible...). The premium for non-occupational accident insurance can be charged completely to the employees.

Daily sickness benefit insurance is very common in Switzerland - despite its voluntary nature. The longer the waiting period (e.g. 14 days / 30 days / 60 days, etc.), the lower the premiums. Generally, during the waiting period, the employer is responsible for the continued payment of wages.

3. BENEFITS

OASI-pension (1st pillar)

Old-age and survivors' insurance benefits (from age 65 for men, from age 64 for women, currently increasing to 65, so depending on the age, the retirement age might be a little bit higher than 64. Also the retirement age will be called "reference age" as per 01.01.2024) as well as widows' and orphans' pensions are paid after a minimum contribution period of one year. The calculation of these benefits is based on the total remuneration and the contribution period. The maximum pension for a single person, with a maximum of 44 or 43 years of contributions, is currently CHF 30'240 for single persons and CHF 45'360 for married couples (= max. 150% of a pension for a single person). The various bilateral social security agreements with the US, EU/EFTA states and some other countries provide for pension entitlement after shorter contribution periods and do not require continued residence in Switzerland. There are exceptions for foreigners to claim back the contributions.

Invalidity insurance (1st pillar)

The disability insurance pays costs for special schools, rehabilitation measures and pays full or partial pensions until the ordinary old-age pension can be claimed.

Unemployment insurance

Unemployment insurance temporarily covers the loss of salary or the difference in salary by means of daily allowances if part-time employment or a lower-paid substitute job became necessary. The coverage amounts to 70% of the insured salary for single persons and 70 to 80% of the insured salary for married persons (maximum insured annual salary CHF 148'200) for a limited period of time. The maximum number of daily allowances depends on the age, as well as on the years of contributions (i.e. 400 working days with a contribution period of 12 months in the last 2 years, for persons aged 55 and over 520 working days with a contribution period of 18 months). Special rules apply due to the Covid 19 situation.

Military service compensation

The Military Service Compensation insurance provides daily allowances for the duration of Swiss military or civil defence service (up to 80% of pre-service income, subject to a maximum amount). Military service varies in duration and is compulsory for all male Swiss citizens aged 20 to a maximum of 34 (or a minimum of about 300 days of service for an ordinary soldier). Employers usually pay the wages of their employees in service from the benefits they receive from the state-funded compensation fund (not the full salary).

Maternity leave / Indemnity for the other parent (father or wife of the mother)

Maternity leave is granted from the birth of a child and lasts 98 days (14 weeks). If the mother resumes work earlier, the daily allowance is discontinued. Other provisions of labour law must be observed. As a rule, the maternity allowance, which is paid in the form of a daily allowance, amounts to 80% of the average income earned by the mother immediately before the birth. The maximum daily allowance is CHF 220, so the total maternity allowance amounts to a maximum of CHF 21'560.-.

The daily allowance for the leave of the other parent (father or wife of the mother) is also limited to CHF 220.- - a maximum of 14 daily allowances (14 days of leave) are granted. This leave can be taken either all at once or day by day. Paternity leave must be taken within 6 months of the birth of the child. Additional rules apply in case of change of employer, etc.

Additional benefits out of the EO

Some additional leaves are covered by the EO, e.g. adoption leave / care leave. In case this should apply, please contact us for more information as those benefits are not applicable very often.

Pension fund (2nd pillar)

The occupational pension scheme (the 2nd pillar) provides pensioners with an additional income and thus supplements the old-age pension of the OASI (1st pillar). Contributions by employees and employers depend on the age, the salary, and the duration of the contributions. These contributions are the employees' retirement assets. Upon retirement, the beneficiary can choose between a one-time lump-sum payment and a monthly pension.

Under certain conditions, the beneficiary has the option of withdrawing part of their pension capital before retirement to support home ownership or to repay mortgages.

Accident insurance

Accident insurance covers occupational accidents, occupational diseases, and non-occupational accidents for all employees, while non-occupational accidents are only insured if the employee works for the same employer for at least 8 hours per week. The insured benefits include daily allowances (short-term salary continuation of 80% of the insured salary / upper limit CHF 148'200, from day 3 to day 730) as well as coverage of medical and hospital costs (doctor's fees, medication, hospital and clinic services, etc.). Employers usually make up the difference for a limited period of time and thus pay wages up to 100% during the daily allowance period.

Daily sickness allowance insurance

The daily sickness allowance insurance (if available) guarantees continued payment of salary in the event of prolonged illness in the amount of 80/90% of the insured salary (upper limit usually CHF 250'000 / CHF 300'000) for a maximum of 730 days (minus waiting period).

Health insurance

Every person resident in Switzerland must join a private health insurance scheme within three months of taking up residence. Compulsory health insurance covers general costs related to illness, preventive medical care, accident (if not already covered by the employer's existing accident insurance), maternity, etc. Compulsory health insurance does not include continued payment of wages due to illness. Premiums and benefits vary depending on the insurance contract, age and gender. Premium contributions are usually paid privately without employer participation. Cross-border commuters can often choose to take out health insurance in their home country instead of Switzerland.

Special rules or concessions

As a rule, foreign employees are covered by the Swiss social security system as described above, unless they are exempted from coverage by a (bilateral) social security agreement and remain covered by the foreign social security system. Furthermore, no special agreements or concessions apply to foreign employees.

4. CONTACT INFORMATION

Do you need more information, or do you have any questions about the Swiss social security system or the information above? Contact us as follows:

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