

Social security in Switzerland

Abbreviations

AA
Accident and occupational
diseases insurance

AC
Unemployment insurance

AI
Invalidity insurance

AMaI
Sickness insurance

APG
Income compensation allowances
in case of service and in case
of maternity

AVS
Old-age and survivors' insurance

CHF
Swiss francs

EFTA
European Free Trade Association

EHIC
European Health Insurance Card

EU
European Union

FOPH
Swiss Federal Office for Public Health

FSIO
Federal Social Insurance Office

HMO
Health Maintenance Organisation

LOB
Federal Law on Occupational Benefits

PP
Occupational benefit plan

SECO
State Secretariat for Economic Affairs

SFBL
Swiss Federal Office
for Buildings and Logistics

Suva
Swiss National Accident
Insurance Fund

Note

This brochure is intended for anyone who is subject to the Swiss social security system by living or working in Switzerland, regardless of their nationality.

It merely provides an overview of the Swiss social security system. Decisions on individual cases, however, are made in accordance with the relevant legislation.

Additional information can be found on the website dealing with both old-age and survivors' insurance and invalidity insurance: www.avs-ai.info

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Subjection to the Swiss social security system

Background information

***Who is subject to the Swiss
social security system?***

***As a general rule, anyone working or living
in Switzerland.***

Anyone who is gainfully employed in Switzerland is subject to the Swiss social security system. The same applies to anyone living in Switzerland and not in gainful employment. However, there are exceptions to this rule; these are set out in the social security agreements concluded by Switzerland. As a general rule, each person is insured on an individual basis.

Individuals who are subject to the Swiss social security system pay contributions and as such are entitled to benefits. Under certain conditions, some are also entitled to have their contributions reimbursed.

Bilateral agreements on social security concluded by Switzerland

Who is subject to the Swiss social security system?

A regulation governing social security between two countries.

A bilateral agreement on social security determines the rights and obligations of a citizen from one signatory state in relation to the social security system of another signatory state. The aim is to ensure the equal treatment of citizens from both Switzerland and the other state. Switzerland has concluded bilateral agreements on social security with different countries, hereinafter called signatory states.

Signatory states in 2009

| | | | |
|---------------|-------|---|-------|
| Australia | (AU) | Macedonia | (MK) |
| Canada | (CA)* | Philippines | (PH) |
| Chile | (CL) | Former Federal Republic of Yugoslavia FRY** | (YU) |
| Croatia | (HR) | San Marino | (SM) |
| United States | (US) | Turkey | (TR). |
| Israel | (IL) | | |

* Switzerland and Quebec (QC) have concluded a special social security agreement.

** The agreement between Switzerland and the FRY currently applies to citizens of Bosnia and Herzegovina (BA), Serbia (RS), Montenegro (ME) and Kosovo (XZ).

Switzerland has also concluded multilateral and bilateral social security agreements with EU and EFTA member states:

EU and EFTA member states with which Switzerland has concluded a bilateral agreement on social security

| | | |
|---------------------|--------------------|----------------------|
| Austria (AT) | Germany (DE) | Norway (NO) |
| Belgium (BE) | Greece (GR) | Portugal (PT) |
| Bulgaria (BG) | Hungary (HU) | Slovakia (SK) |
| Cyprus (CY) | Ireland (IE) | Slovenia (SI) |
| Czech Republic (CZ) | Italy (IT) | Spain (ES) |
| Denmark (DK) | Liechtenstein (LI) | Sweden (SE) |
| Finland (FI) | Luxembourg (LU) | United Kingdom (UK). |
| France (FR) | Netherlands (NL) | |

Existing bilateral social security agreements between Switzerland and individual EU member states are largely replaced by the Agreement on the free movement of persons. They remain applicable only for individuals who are not covered by this agreement, in particular those who are not gainfully employed or who are not Swiss nationals or citizens of an EU member state.

The bilateral agreements on social security concluded with Liechtenstein and Norway are replaced by the revised EFTA Convention. However, the original agreements remain applicable for individuals who are not gainfully employed or who are neither Swiss, Norwegian or Liechtenstein nationals.

**Which types of insurance
are covered?**

Primarily old-age, survivors' and invalidity insurance.

All bilateral social security agreements concluded by Switzerland apply to the legal provisions governing the following types of insurance:

- ▶ old-age and survivors' dependant
- ▶ invalidity.

Individual agreements also contain legal provisions governing:

- ▶ accident insurance
- ▶ sickness insurance
- ▶ family allowances.

The bilateral social security agreements do not cover unemployment insurance, occupational benefit plans and social welfare.

Who is covered by these agreements?

Swiss nationals and citizens of the signatory states are covered by these bilateral social security agreements. They may also apply to nationals from a third state who have been on a temporary posting abroad.

The agreements affect:

- ▶ Swiss nationals and citizens of signatory states, including family members or surviving dependants (generally regardless of their nationality);
- ▶ refugees and stateless persons, including family members or surviving dependants, who are resident in Switzerland or in a signatory state (except for agreements concluded with San Marino and Turkey);
- ▶ citizens of a third state if they are on a temporary posting abroad.

As a general rule, the bilateral agreements do not cover individuals who are neither a Swiss national nor a citizen of a signatory state (except for family or surviving dependants – see above).

The existing bilateral agreements on social security between Switzerland and the EU member states remain applicable to individuals who are not covered by the Agreement on the free movement of persons. The bilateral social security agreements concluded with Liechtenstein and Norway remain applicable to individuals who are not covered by the revised EFTA Convention.

To which social security system must individuals contribute if they are gainfully employed in only one country?

To the system in their country of employment.

As a general rule, Swiss nationals and citizens of a signatory state who work in only one country is subject to the social security system of that country, even if they live in another signatory state or their employer's headquarters are in another signatory state.

To which social security system must individuals contribute if they are gainfully employed in both Switzerland and a signatory state?

To the social security system in the country where they are employed.

Swiss nationals or citizens of a signatory state who are gainfully employed in both countries are subject to Swiss legislation insofar as their employment in Switzerland is concerned, and to the legislation of the signatory state, insofar as their employment in that state is concerned.

Self-employed

▶ The agreements concluded with Canada/Quebec, the United States and the Philippines allow for one exception. If a person is self-employed in either or both signatory states and is resident in one of these states, he or she is only subject to the social security system of their country of residence.

Special provisions

▶ Special provisions apply to employees of international transport companies (road, rail, air, maritime), officials, as well as embassy and consular staff.

Individuals not in gainful employment

▶ Individuals who are not in gainful employment are subject to the social security system of their country of residence.

The Agreement on the free movement of persons and the EFTA Convention

In which countries do the Agreement on the free movement of persons and the EFTA Convention apply?

In EU and EFTA member states

The Agreement on the free movement of persons applies to Switzerland and 25 EU member states. Please note that it does not yet apply to Bulgaria and Romania.

The EFTA Convention applies exclusively to EFTA member states.

EU member states

| | | | |
|---------------------|--------------|------------------|----------------------|
| Austria (AT) | Finland (FI) | Latvia (LV) | Romania* (RO) |
| Belgium (BE) | France (FR) | Lithuania (LT) | Slovakia (SK) |
| Bulgaria* (BG) | Germany (DE) | Luxemburg (LU) | Slovenia (SI) |
| Cyprus (CY) | Greece (GR) | Malta (MT) | Spain (ES) |
| Czech Republic (CZ) | Hungary (HU) | Netherlands (NL) | Sweden (SE) |
| Denmark (DK) | Ireland (IE) | Poland (PL) | United Kingdom (UK). |
| Estonia (EE) | Italy (IT) | Portugal (PT) | |

* Bulgaria (BG) and Romania (RO) acceded to the EU on 1st January 2007. Both these member states are still not covered by the Agreement on the Free Movement of Persons. Following the Swiss referendum in February, the Agreement will be extended to cover Bulgaria and Romania at some point in 2009.

EFTA member states

- ▶ Iceland (IS)
- ▶ Liechtenstein (LI)
- ▶ Norway (NO)
- ▶ Switzerland (CH).

Who is covered by the Agreement on the free movement of persons and by the EFTA Convention?

The Agreement on the free movement of persons applies to nationals of Switzerland and the relevant EU member states who move to Switzerland or to an EU member state. The EFTA Convention applies to nationals of an EFTA member state who move to an EFTA member state.

The Agreement on the free movement of persons affects:

- ▶ individuals who are or were in gainful employment (e.g. the pensioners and the unemployed);
- ▶ students and members of their family (only with regard to sickness insurance);
- ▶ family members or surviving dependants (regardless of their nationality) of individuals who are or were in gainful employment;
- ▶ refugees and stateless persons living in Switzerland or in an EU member state.

The Agreement does not apply to individuals who are not gainfully employed and those who are neither Swiss nationals nor citizens of an EU member state (except for their family members or surviving dependants – see above). The latter remain subject to the bilateral social security agreements concluded between the two countries concerned. For further information, please contact the relevant compensation fund office.

The EFTA Convention affects:

- ▶ individuals who are or were in gainful employment (e.g. the pensioners and the unemployed);
- ▶ students and members of their family (only with regard to health insurance);
- ▶ family members or surviving dependants (regardless of their nationality) of individuals who are or were in gainful employment;
- ▶ refugees and stateless persons living in Iceland, Liechtenstein, Norway or Switzerland.

What is the aim of the Agreement on the free movement of persons and the EFTA Convention in relation to social security?

To coordinate the various national social security systems.

Under both the Agreement on the free movement of persons and the EFTA Convention the various national social security systems are coordinated. This does not mean, however, that they will be standardised. Each signatory state will maintain the structure, form and scope of the benefits provided by its own social security system.

The main points of these two agreements are:

- ▶ equal treatment of Swiss nationals and citizens of EU member states, as well as the equal treatment of Icelandic, Liechtenstein, Norwegian and Swiss nationals;
- ▶ attenuation or elimination of any negative effects on an individual's insurance cover due to moving to a different country for the purpose of employment or residency.

Existing bilateral agreements on social security between Switzerland and individual EU member states are replaced by the Agreement on the free movement of persons. The existing agreements remain applicable for individuals not covered by the Agreement on the free movement of persons or by the EFTA Convention. In particular, this concerns individuals who are not gainfully employed and those who are neither Swiss nationals nor a citizen of an EU or EFTA member state.

What types of insurance are covered by the Agreement on the free movement of persons and the EFTA Convention?

All types of social insurance, with the exception of social assistance.

The Agreement on the free movement of persons and the EFTA Convention apply to all legal regulations concerning social security cover:

- ▶ for old age
- ▶ for invalidity
- ▶ for survivors
- ▶ for sickness and maternity
- ▶ for accidents at work and occupational diseases
- ▶ for unemployment benefits
- ▶ for family allowances.

Social assistance is not covered by either the Agreement on the free movement of persons or the EFTA Convention.

To which social security system must individuals contribute if they are gainfully employed?

As a general rule, to the social security system of one single state.

Individuals who are in gainful employment are generally subject to one national social security system, even if they work in more than one country. This means that they must pay insurance contributions solely in the relevant country.

To which social security system must individuals contribute if they are gainfully employed in only one country?

To the social security system of the state in which they are working.

As a general rule, Swiss nationals and citizens of an EU/EFTA member State who are gainfully employed in only one country must contribute to the social security system in that country, even if they are resident in a different country or if the head office of the firm or their employer is located in a different country.

To which social security system must individuals contribute if they are gainfully employed in several countries?

To the social security system of the country where they live, where their employer's headquarters are located or where they pursue their main activity.

As a general rule, individuals who work in several countries are subject to the legislation of only one country, namely the social security system of their country of residence.

Where individuals work for only one employer but are resident outside of the countries in which they work, they are subject to the social security system of the country where their employer's headquarters are located.

Individuals who are self-employed in several countries but live in another country are subject to the social security system in the country where they pursue their main activity.

Exception

▶ As a general rule, anyone who is self-employed in one country but is employed in another must contribute to the systems of both countries. For example, this applies to individuals who are self-employed in Switzerland but are also employed in an EU or an EFTA member state.

Temporary posting

What is posting?

Temporary posting is an exception to the general rules of subjection in the state of work.

As a general rule, anyone in gainful employment is subject to the social security system of the country where they work. Temporary posting is an exception to this rule.

To which social security system must individuals regularly insured abroad contribute if they are temporary posted in Switzerland?

To the social security system of this state.

If an individual is temporarily posted to another country for employment purposes, he or she may, under certain circumstances, remain subject to the social security system of the other signatory state.

Bilateral social security agreements, the Agreement on free movement of persons and the EFTA Convention allow individuals in gainful employment who were originally subject to the social security system of another country to continue to be insured there even if they are temporarily posted in Switzerland. Furthermore, individuals who are gainfully employed in Switzerland and temporarily posted abroad may choose to continue contributing to the Swiss social security system.

What is the maximum period of time allowed for a posting?

It varies across signatory states.

As a general rule, posting refers to temporary or exceptional employment abroad. EU and EFTA member states allow for a maximum of 12 months; this period may be renewed.

In certain instances, posting may be extended to a total of 5 – 6 years.

Maximum length of posting:

| | |
|--|-----------|
| EU and EFTA member states, San Marino | 12 months |
| Bulgaria, Croatia, Israel, Macedonia, Philippines and Turkey | 24 months |
| Chile and Former Federal Republic of Yugoslavia FRY | 36 months |
| Australia, Canada/Quebec and United States | 60 months |

Can a worker be temporarily employed in a country with which Switzerland has not concluded a social security agreement or vice versa?

Yes, but this is not regarded as a posting. The individual is subject to the insurance system of the temporary host country, even if he or she is already insured in the country of origin.

If an individual who is temporarily employed in Switzerland but who is normally subject to the social security system of a country with which Switzerland has not concluded any social security agreement must pay insurance contributions in Switzerland for the duration of his or her temporary employment.

If an individual who is temporarily employed in a country with whom Switzerland has not concluded any social security agreement may under certain circumstances remain insured in Switzerland. However, this does not exempt him or her from the social security obligations of the host country.



Basic features of the Swiss social security system

**What benefits does
the Swiss social security
system offer?**

Protection from social risks.

Switzerland has a close-knit network of different types of social insurance, which offer individuals working or living here, and their family members, broad protection against risks the financial consequences of which could not be covered without insurance.

**What is the structure
of the Swiss social
security system?**

It is divided into five distinct areas.

The five areas of the Swiss social security system are:

- ▶ old-age, survivors' and invalidity insurance (the three-pillar system)
- ▶ sickness and accident insurance
- ▶ income compensation allowances in case of service and in case of maternity
- ▶ unemployment insurance, and
- ▶ family allowances.

These different types of insurance offer protection from social risks in the form of pensions, unemployment benefits or family allowances, or through the reimbursement of costs incurred as the result of sickness or an accident.

The three-pillar system

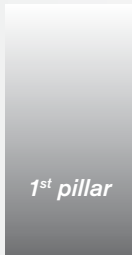
Three pillars support the old-age, survivors' and invalidity pension scheme:

- ▶ The first pillar – old age, survivors' and invalidity insurance – is a general compulsory insurance for everyone. Its aim is to cover basic living costs;
- ▶ The second pillar is the occupational benefit plan. Together with the first pillar, it aims to ensure that the insured persons maintain their previous standard of living in an appropriate way;
- ▶ The third pillar consists of voluntary individual provident measures.

State-run provident measures
(Old-age, survivors' and invalidity insurance)

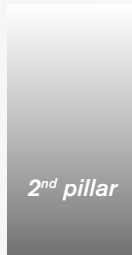
Occupational benefit plan

Individual provident measures



1st pillar

Compulsory for everyone



2nd pillar

Compulsory for working persons* On a voluntary basic



3rd pillar

* For all employees who contribute to the old-age, survivors' and invalidity insurance and whose annual income exceeds CHF 20,520 (in 2009).

How is the Swiss social security system financed?

Through contributions levied on income, per capita premiums, as well as through public funding.

The benefits paid out by the different social security funds are first and foremost financed by contributions levied on income (employee and employer, self-employed and individuals not in gainful employment). For sickness insurance, each individual pays a premium. The public authorities contribute different amounts to the social insurance funds (old-age, survivors and invalidity) or finance them in toto (supplementary benefits); or by subsidising premiums for individuals on particularly low incomes (reduced sickness insurance premiums).

Financing of the Swiss social security system

| Method of financing | | | | | |
|--|---|--------------------------------------|---|---------------------|----------------------------------|
| Areas of Swiss social security | Contributions from employers and employees (levied on income) | Contributions from the self-employed | Contributions from the non-gainfully employed | Individual premiums | Public authorities contributions |
| Old-age and survivors' insurance | ● | ● | ● | | ● |
| Invalidity insurance | ● | ● | ● | | ● |
| Occupational benefit plan | ● | ● ** | | | |
| Sickness insurance | | | | ● | ● |
| Accident and occupational diseases insurance | ● | ● ** | | ● | |
| Unemployment insurance | ● | ● | | | |
| Family allowances | ● * | ● * | ● * | | ● |

* Depending on the cantonal legislation in force.

**The self-employed may contribute voluntarily to occupational provident measures and to accident insurance



Old-age and survivor's insurance (AVS) – 1st pillar

General information

What is the AVS?

An insurance scheme which offers cover for retired individuals and surviving dependants.

The AVS is the main pillar of social insurance in Switzerland. Its aim is to replace, at least partly, the reduction in or loss of income due to retirement or death.

AVS Compensation fund offices

▶ The AVS compensation fund offices are responsible for collecting contributions and paying out old-age and survivors' insurance benefits.

Who is covered by the AVS?

Anyone who lives or works in Switzerland.

Given that it is a general compulsory insurance scheme, anyone who lives or works in Switzerland is covered by the AVS.

Contributions

Who pays AVS contributions?

Anyone insured under the AVS scheme.

Anyone who is insured under the AVS scheme, i.e. anyone living or working in Switzerland, must pay contributions. Persons who are not gainfully employed must also pay AVS contributions. However, they are exempt from this obligation if their gainfully employed spouse/civil partner pays at least double the minimum AVS contribution, namely CHF 460 per year. Employees' contributions are deducted from their salary by the employer and paid into the AVS compensation fund together with the latter's contribution.

Income of less than CHF 2,200 per calendar year (negligible income) earned through employment or self-employment is only subject to insurance contributions at the request of the insured. Nevertheless, contributions must always be paid on the salary of individuals employed in private households.

For how long are contributions compulsory?

From 1st January of the year following a person's 17th birthday until statutory retirement age.

From 1st January of the year following their 17th birthday, individuals in gainful employment must pay AVS contributions until they reach the age entitling him or her to a pension under the AVS.

Individuals who are not in gainful employment must start paying contributions on 1st January of the year following their 20th birthday.

Non-payment of contributions may lead to a reduction in benefits.

Do old-age pension recipients who work also have to pay contributions?

The obligation to pay contributions still applies.

Anyone who is in receipt of an old-age pension but remains in gainful employment must continue to pay contributions. They benefit from an excess of CHF 1,400 per month, or CHF 16,800 per year, on which no contributions are payable; all contributions are levied on the share of earned income which exceeds these levels.

How are AVS contributions calculated?

For those in gainful employment, on the basis of their income. For those not in gainful employment, on the basis of their financial situation.

In the case of salaried individuals, the employee and the employer each pay half of the total contribution, i.e. 4.2% of the income on which AVS contributions must be paid (no upper limit). The employer must pay the total contribution directly to the AVS compensation fund office.

In the case of the self-employed, the AVS compensation fund calculates the contributions to be paid on the basis of their income, generally 7.8%; a degressive scale allows for a reduction in the contribution rate to 4.2%, if the annual income is below CHF 54,800.

Insured individuals whose employer does not have to pay contributions in Switzerland pay their contributions according to the scale applied to the self-employed.

In the case of individuals who are not in gainful employment, the AVS compensation fund office sets the contributions to be paid according to their assets and income received in the form of pensions and multiplied by 20. For married individuals or civil partners, contributions are calculated on the basis of half of the assets and income of both spouses/partners, which they receive in the form of pensions. As a general rule, contributions are based on a tax assessment. The annual AVS contribution varies between CHF 382 to CHF 8,400, according to social conditions of the individual.

What is an individual account?

It is used as the basis for calculating a pension.

All earned income, period of contribution and carers' bonuses are entered into the individual account. They serve as a basis for calculating an old-age, survivors' or invalidity pension. Any person who would like to know if the period during which he or she has contributed is complete or whether an employer has in fact paid the contributions deducted from their salary can apply to the AVS compensation fund office in writing or on internet (www.avs-ai.info) for a statement of account. All requests should include the person's social security number. This service is provided free of charge.

Insurance certificate and social security number

- ▶ Each person receives a personal social security certificate upon joining the scheme (generally known as the "AVS card"). The personal social security number is marked on the card.
- ▶ The insurance certificate must be kept safe. It must be given to the new employer each time the holder changes job and must be presented when claiming AVS benefits.

Benefits

What benefits does the AVS offer?

Pensions, helplessness allowances and auxiliary measures.

The major benefits paid out under the AVS scheme comprise retirement and surviving dependants' pensions as well as helplessness allowances. These benefits are adjusted in line with inflation and salary increases.

Old-age pensions

► Individuals who reach retirement age are entitled to an old-age pension. In Switzerland, retirement age for women is 64, while for men it is 65. The monthly old-age pension ranges from a minimum of CHF 1,140 to a maximum of CHF 2,280. The total old-age pensions paid to a married couple or both members of a civil partnership should not exceed 150% of the total maximum old-age pension, namely CHF 3,420.

► An insured individual who decides to draw his or her pension 1 or 2 years before reaching statutory retirement age will see a 6.8% reduction in their pension for each year of early retirement. A 3.4% reduction is applied to women born between 1945 and 1947. On the other hand, anyone who postpones drawing their old-age pension (postponement of between 1 and 5 years maximum) will receive a higher pension, depending on how long they have delayed retirement. Early or delayed receipt of an old-age pension also affects children's pensions.

Children's pensions

► In addition to the old-age pension, parents of children who are not yet 18 or 25 in case of apprenticeship or studies. It amounts to 40% of the given old-age pension, i.e. a minimum of CHF 456 and a maximum of CHF 912 per month. If both parents are entitled to a children's pension, the total of these two pensions should not exceed 60% of the maximum total of old-age pensions, i.e. CHF 1,368 per month.

Widows'/widowers' pensions

- ▶ Women whose spouse has died may claim a widows' pension,
 - if they had one or several children, or
 - if at the time of death of their spouse they were at least 45 years old and had been married for at least 5 years. In the case of multiple marriages, the number of years a person was married will be added together.

- ▶ Divorced women whose ex-spouse has died may claim a widows' pension under certain circumstances.

- ▶ Men whose spouse or ex-spouse has died may claim a widowers' pension insofar as they have children under the age of 18.

- ▶ The widows'/widowers' pension is 80% of the old-age pension (a minimum of CHF 912 and a maximum of CHF 1,824 per month).

- ▶ A civil partnership is considered in the same way as a marriage; its dissolution is considered in the same way as divorce; and the surviving civil partner is considered in the same way as a widow/widower.

Orphans' pensions

- ▶ The AVS pays out an orphans' pension to children whose mother or father has died. If both parents are deceased, the child is entitled to two orphans' pensions.

- ▶ Their pension is paid out until the child reaches his or her 18th birthday or 25th in case of apprenticeship or studies. It is 40% of the old-age pension (a minimum of CHF 456 and a maximum of CHF 912 per month). If the two parents are deceased, the orphans' pension may be reduced to ensure that the total amount does not exceed 60% of the maximum old-age pension, i.e. CHF 1,368 per month.

Entitlement to pensions from signatory states

- ▶ As a general rule, anyone who has been insured in Switzerland and in several signatory states will receive a reduced pension from each country in which they were insured for at least one year. Swiss and foreign pensions are granted independently and may be accumulated without incurring any reduction. The level of each pension corresponds to the period of insurance cover in the relevant country. If the period of time during which a person was insured in one country is not sufficient to claim a pension, periods of insurance in the other country will be taken into consideration. However, the pension itself will not be increased.

Entitlement to pensions from EU or EFTA member states

▶ As a general rule, anyone who has been insured in Switzerland and in several EU or EFTA member states will receive a reduced pension from each country in which they were insured for at least one year. Swiss and foreign pensions are granted independently and may be accumulated without incurring any reduction. The level of each pension corresponds to the period of insurance in the relevant country. If the period of time during which a person was insured in one country is not sufficient to claim pension, periods of insurance in the other country will be taken into consideration. However, the pension itself will not be increased.

The AVS also provides the following benefits:

Helplessness allowances

- ▶ Helplessness allowances are aimed at covering the cost of certain types of care. They are paid out to old-age pensioners and those receiving supplementary benefits who are legally resident and normally live in Switzerland on condition that:
 - the helplessness is severe or moderate, and
 - the helplessness has been an uninterrupted duration of at least one year.
- ▶ The benefits provided vary according to the degree of helplessness:
 - severe: CHF 912 per month (80% of the minimum old-age pension)
 - moderate: CHF 570 per month (50% of the minimum old-age pension).

Auxiliary equipment

▶ Senior citizens may suffer from physical disabilities which can be attenuated or eliminated with the help of certain equipment such as hearing aid or wheelchairs. The AVS offers subsidies for a range of equipment to old-age pensioners living in Switzerland.

How can a person claim the benefits to which they are entitled?

By applying to the AVS compensation fund to which they most recently contributed.

Individuals who wish to claim AVS benefits must submit an application. Application forms can be obtained from the AVS compensation fund office (List of compensation fund offices: www.avs-ai.info).

Individuals who have never paid Swiss AVS contributions and who wish to claim old-age, survivors' and invalidity benefits to which they are entitled in another country must submit their claim to the Swiss Compensation Fund Office (www.zas.admin.ch).

Who is entitled to AVS benefits?

Anyone who has paid AVS contributions.

In order to be entitled to AVS benefits,

- ▶ a person must prove that he or she has contributed to the system for at least one year, or
- ▶ the person's gainfully employed spouse or civil partner has paid double the minimum AVS contribution for at least one year, or
- ▶ The person receives sufficient child-raising or care-taking bonuses

The same conditions must be met by the deceased to be entitled to survivors' benefits.

When is a person able to claim an old-age pension?

On reaching retirement age: 64 for women and 65 for men.

A person is entitled to claim an old-age pension on the first day of the month after he or she reaches statutory retirement age (64 for women, 65 for men). Entitlement expires at the end of the month in which he or she dies.

Practical tip

► It is recommended that claims for old-age pensions are submitted 3 – 4 months before reaching retirement age. Back payment is only guaranteed for a limited period.

How are AVS pensions calculated?

On the basis of the average annual income and the years of contributions.

Three factors determine the pension amount:

- the number of years a person has paid AVS contributions,
- earned income, and
- bonuses for child-raising and care-taking.

Anyone who has contributed for a full period receives a full pension (44 years: pension scale 44). If a person has not contributed for a full period, he or she will receive a reduced pension: one year of contributions missing entails a reduction of the pension of 1/44.

Contribution paid to foreign pension funds and the period during which they were paid cannot be transferred to the AVS system or to be taken into consideration in any other way by the Swiss social security system.

Bonus for child-raising

▶ These bonuses are a fictitious income, which are taken into account when pensions are calculated. The insured can claim a child-raising bonus for each year in which they had parental responsibility for one or several children under the age of 16. It represents, at the point at which the person in question becomes entitled, three times the annual minimum old-age pension. For married couples or civil partners, the bonus is divided equally between spouses or civil partners.

Bonus for care-taking

▶ These bonuses are also fictitious income and are taken into account when pensions are calculated. Individuals who look after relatives in need of care in their own homes can claim a bonus for care-taking. In contrast to bonus for child-raising, a bonus for care-taking must be claimed each year from the relevant cantonal compensation fund office. The care-taking bonus represents, at the point at which the person in question becomes entitled, three times the annual minimum old-age pension. A bonus for care-taking and a bonus for child-raising cannot be claimed simultaneously.

What happens if AVS benefits plus any other income does not cover the basic costs of living?

Requests may be submitted for supplementary benefits.

Supplementary benefits are aimed at providing financial help if a pension and other income a person has do not cover basic living costs. These benefits are paid out only in Switzerland. To be entitled to these benefits, individuals who are not Swiss nationals or citizens of an EU/EFTA member state must have lived in Switzerland for a fixed and uninterrupted period of time.

Who can provide further information on AVS?

From the AVS compensation funds.

The AVS compensation fund offices can provide leaflets with more detailed information. A full list of AVS compensation fund offices can be found on the last page of Swiss telephone directories and on the following website www.avs-ai.info.



Invalidity insurance (AI) – 1st pillar

General information

What is invalidity insurance?

An insurance scheme which offers cover for disabled persons.

Invalidity insurance (AI) is compulsory in the same way as old-age and survivors' insurance (AVS) and sickness insurance. It is aimed at preventing, reducing eliminating invalidity through the provision of rehabilitation measures and at ensuring that the basic needs for someone suffering from a disability are covered through the provision of cash benefits.

Who is insured under the invalidity insurance scheme?

Anyone who lives and works in Switzerland.

Invalidity insurance is compulsory for

- ▶ anyone living in Switzerland, or
- ▶ anyone gainfully employed in Switzerland.

Invalidity

▶ Invalidity insurance defines invalidity as the inability to earn an income, or for the insured who are not gainfully employed the inability to continue to carry out day-to-day tasks (e.g. housework) owing to a physical, psychological or mental disability. The disability must be long-term (minimum of one year). The fact that disability is congenital or the result of an illness or accident is irrelevant.

Contributions

Who pays AI contributions and how are they calculated?

AVS regulations are also applicable to AI.

Contributions are calculated according to the same regulations which apply to the AVS.

For individuals in salaried employment, both the employee and the employer pay a contribution which corresponds to 0.7% of the income subject to compulsory AI contributions (no upper limit).

The self-employed pay a contribution which corresponds to 1.4% of subject to compulsory invalidity insurance contributions (no upper limit). This rate may be lowered according to the income scale applied to the self-employed in the AVS scheme.

Individuals whose employer must not pay contributions in Switzerland contribute according to the income scale applied to the self-employed.

Income of less than CHF 2,200 per calendar year (negligible income) earned through employment or self-employment is only subject to insurance contributions at the request of the insured. Nevertheless, contributions must always be paid on the salary of individuals employed in private households.

Individuals who are not gainfully employed pay between CHF 64 and CHF 1,400 per year, according to their social conditions.

Benefits

What is the principle behind AI benefits?

Rehabilitation before a pension.

The principal aim of invalidity insurance is to encourage the rehabilitation and socioprofessional reintegration of the disabled to the extent that they can cover their basic needs either fully or at least in part, as well as to guarantee their independence as far as possible.

AI benefits comprise first and foremost rehabilitation measures, aimed at considerably improving and maintaining the recipients' ability to support themselves financially. The disabled should continue to be employed or to carry out day-to-day tasks (e.g. household chores) as far as possible.

The second aspect is an invalidity pension. This is paid out only if rehabilitation measures are not as successful as hoped. Disabled individuals who rely on help provided by a third party may also claim helplessness allowance.

AI benefits consist of:

- ▶ early intervention measures
- ▶ rehabilitation measures
- ▶ invalidity pension
- ▶ child's pension
- ▶ helplessness allowance.

What are early intervention measures?

Measures aimed at keeping the insured in their current job when their capacity to work is affected.

The aim of early detection is to swiftly identify anyone who has stopped working due to illness or an accident and is therefore at risk of invalidity. The AI office may be contacted if an individual has been unable to work for an uninterrupted period of at least 30 days or who has had repeated short absences from work during the course of one year may be reported to the AI office. This does not constitute an AI pension application.

The aim of early intervention is take swift action to ensure that the insured remains in his or her current job despite his or her health problems, or to assist with his or her reintegration in a new workplace. Swift intervention helps prevent any deterioration in the insured's health.

The main early intervention measures are:

- ▶ adjustments to the workplace
- ▶ training courses
- ▶ job placement service
- ▶ professional advice
- ▶ socioprofessional rehabilitation
- ▶ occupation-related programmes

What are rehabilitation measures?

Measures aimed at considerably improving and maintaining the disabled's ability to support themselves financially.

Insured individuals who are disabled or likely to become disabled are entitled to receive the necessary rehabilitation treatment to enable them to restore, maintain or improve their capacity to work or to carry out day-to-day tasks.

The insured are entitled to rehabilitation treatment as soon as such measures are deemed appropriate due to age and state of their health. However, entitlement to reintegration measures in preparation for occupational rehabilitation as well as to occupational measures only falls due when the insured provides evidence of his or her entitlement to said benefits.

Rehabilitation measures

In order to ensure that the disabled remain self-supporting or can continue to carry out day-to-day tasks, they are supported by various rehabilitation measures provided by the AI scheme. The individual measures include:

- ▶ medical measures (until the age of 20)
- ▶ occupational measures
- ▶ preparatory return-to-work measures
- ▶ auxiliary equipment
- ▶ daily cash benefits (only paid concurrently with the provision of rehabilitation measures under certain conditions), and reintegration measures in preparation for occupational rehabilitation
- ▶ reimbursement of travel costs as supplementary benefits
- ▶ care and assistance allowance.

Under what conditions is a person entitled to rehabilitation measures?

On payment of contributions or residence in Switzerland.

As a general rule, rehabilitation measures are only awarded in Switzerland. However, they may be paid out abroad under exceptional circumstances. The right to rehabilitation measures abroad is decided on a case-by-case basis.

Entitlement conditions for citizens who are not covered by the Agreement on the free movement of persons or the EFTA Convention are more restrictive; their right to rehabilitation measures depends on their paid contributions (for those in gainful employment) or the length of residency in Switzerland (for those not in gainful employment) prior to the onset of disability.

Furthermore, the AI also avails of various incentive measures aimed at employers. In particular, these include an induction allowance as well as an allowance which covers against the risk of higher premiums for daily allowances in the event of sickness, as well as occupational benefit plan premiums. Employers may also receive financial compensation if they afford their employees suffering from ill health the opportunity of remaining in the workplace and if the company introduces reintegration measures.

In what circumstances can someone receive an invalidity pension?

When rehabilitation measures fail.

Invalidity pensions are paid out when rehabilitation measures do not achieve or only partly achieve their aim.

An invalidity pension is only granted after a prior appraisal of all possible rehabilitation measures has been conducted.

Entitlement to a pension falls due when the incapacity to work has been at least 40% on average over a largely uninterrupted one-year period, and that the insured continues to suffer from at least the same degree of incapacity by the end of the aforementioned year.

A pension is paid out no earlier than six months after submission of such a claim; for claimants under 18, it cannot be granted before the month after his or her 18th birthday.

To be entitled to an ordinary AI pension, the insured must have paid Swiss insurance contributions for at least a full three years before the onset of invalidity and must be resident in Switzerland.

How is the rate of invalidity calculated for those in gainful employment?

According to the degree of loss of income (as a percentage).

The degree of invalidity is estimated by comparing an individual's income (i.e. income before and after the onset of disability).

First, the income which the insured could potentially earn if he or she was in good health is calculated. The income which the insured could be reasonably expected to earn in light of his or her health problems but after completion of rehabilitation measures is then deducted from the potential income. The resulting total is therefore the loss of income caused by the person's invalidity. This also indicates the degree of invalidity, which is expressed as a percentage.

For those who are not gainfully employed (e.g. housewives/househusbands, members of religious orders, students etc.), the degree of invalidity is evaluated according to their incapacity to carry out their normal day-to-day activities.

How is an invalidity pension calculated?

According to the degree of invalidity, the contribution period and income.

Invalidity insurance pensions are calculated in the same way as AVS pensions. Three factors determine the pension amount:

- ▶ the number of years a person has paid AI contributions,
- ▶ earned income, and
- ▶ bonuses for child-raising and care-taking.

Contributions paid into foreign pension funds and the total length of time an individual has contributed cannot be transferred to the Swiss invalidity insurance scheme nor taken into consideration by the Swiss social security system.

The degree of invalidity determines the pension which the disabled claimant will receive:

| Degree of invalidity in % | pension |
|---------------------------|-----------------------|
| ▶ at least 40% | quarter pension |
| ▶ at least 50% | half pension |
| ▶ at least 60% | three-quarter pension |
| ▶ at least 70% | full pension. |

A full invalidity pension ranges from a minimum of CHF 1,140 to a maximum of CHF 2,280 per month. The total of individual pensions received by a married couple or by the two partners in a civil partnership should not exceed 150% of the maximum old-age pension, i.e. CHF 3,420 per month.

When a AI pension recipient derives income from an additional source or when his or her present income rises, the pension is only revised if the income increase amounts to more than CHF 1,500 per year. Only two thirds of the amount in excess of the CHF 1,500 threshold are considered when revising the pension.

In addition to the invalidity pension, a beneficiary may claim a children's pension for children up to the age of 18, or up to 25 if they are still in (the 25th in case of apprenticeship or studies).. This corresponds to 40% of the given invalidity pension (a minimum of CHF 456 and a maximum of CHF 912 per month). If both parents are entitled to a children's pension provided by either the old-age and survivors' insurance or invalidity insurance schemes, these two pensions for the same child should not exceed 60% of the maximum invalidity pension, i.e. CHF 1,368 per month.

Children's pensions are reduced if, when taken together with the father's and/or mother's pension, they exceed 90% of the determining annual income.

Entitlement to pensions from contracting states

▶ As a general rule, anyone who has been insured in Switzerland and in several signatory states will receive a reduced pension from each country in which they were insured for at least one year. Swiss and foreign pensions are granted independently and may be accumulated without incurring any reduction. The level of each pension corresponds to the period of insurance cover in the relevant country. If the period of time during which a person was insured in one country is not sufficient to claim a pension, periods of insurance in the other country will be taken into consideration (aggregation). However, the pension itself will not be increased.

Entitlement to pensions from EU/EFTA member states

▶ As a general rule, anyone who has been insured in Switzerland and in several EU or EFTA member states will receive a reduced pension from each country in which they were insured for at least one year. Swiss and foreign pensions are granted independently and may be accumulated without incurring any reduction. The level of each pension corresponds to the period of insurance in the relevant country. If the period of time during which a person was insured in one country is not sufficient to claim pension, periods of insurance in the other country will be taken into consideration. However, the pension itself will not be increased.

***When does entitlement to an
invalidity pension begin?***

After examination of the claim.

In order to be able to claim an AI pension, a person must be disabled and must fulfil the minimum 3-year contribution condition, or he or she must be disabled since birth or since childhood.

Entitlement to a pension falls due no earlier than six months after the submission of the claim by the insured to the AI and not before the insured turns 18.

***At what point may a person
no longer claim an invalidity
pension?***

At the latest on reaching statutory retirement age.

Individuals are not eligible for an invalidity pension when they no longer fulfil the above requirements, at the latest on reaching statutory retirement age when entitlement to an old-age pension begins.

When is a person eligible to claim a helplessness allowance?

When he or she needs assistance to perform day-to-day tasks.

Helplessness allowances are awarded to individuals who are legally resident and normally live in Switzerland if they need personal assistance or regular care from a third party to perform day-to-day tasks. These can be provided as early as birth. In exceptional circumstances, helplessness allowances may be granted to nationals of a country which has not concluded a social security agreement with Switzerland.

The amount of helplessness allowance varies according to the degree of helplessness.

- ▶ severe: CHF 1,824 per month (80% of the maximum old-age pension);
- ▶ moderate: CHF 1,140 per month (50% of the maximum old-age pension);
- ▶ slight: CHF 456 per month (20% of the maximum old-age pension).

If the insured person lives in a home, the amount of helplessness allowance is divided by two.

A supplementary allowance may be awarded if the helpless allowances are awarded to a minor requiring intensive care.

How can individuals apply for AI benefits?**They must submit a claim.**

In order to receive AI benefits, a person must apply to the AI office in their canton of residence. The relevant application form can be obtained from the relevant cantonal AI office, from the AVS compensation fund office or from the local AVS office. It can also be downloaded from www.avs-ai.ch

Practical tip

► It is important to apply for benefits as early as possible, especially if it seems likely that the disability will be long-term. It is not recommended to wait until benefits provided by the sickness or accident insurance schemes expire.

What happens if AI benefits are insufficient?**Requests may be submitted for supplementary benefits.**

Supplementary benefits are aimed at providing financial help if a pension and other income a person has do not cover basic living costs. These benefits are paid out only in Switzerland. To be entitled to these benefits, individuals who are not Swiss nationals or citizens of an EU/EFTA state must have lived in Switzerland for a fixed and uninterrupted period of time.

Who can provide further information on invalidity insurance?**The AI offices.**

AI offices provide information leaflets. Their addresses are listed in all Swiss telephone directories or on the website: www.avs-ai.info.



Income compensation allowances in case of service and in case of maternity (APG)

What are benefits for the loss of income due to service or maternity?

General information

An insurance which aims to compensate for the loss of income due to service or maternity.

The aim is to compensate for the consecutive loss of income due to service or maternity.

Who is insured under APG scheme?

Anyone living or working in Switzerland.

This type of insurance cover is compulsory for:

- ▶ anyone living in Switzerland, or
- ▶ anyone working in Switzerland.

Contributions

Who pays contributions to the APG scheme?

Anyone who is subject to compulsory AVS/AI cover.

Individuals who have AVS/AI cover, i.e. anyone living or working in Switzerland, must pay contributions to the APG scheme.

How are APG contributions calculated?

AVS regulations are also applicable to the APG scheme.

Contributions are calculated according to AVS regulations.

For individuals in salaried employment, both the employee and the employer pay a contribution which corresponds to 0.15% of the given income (no upper limit).

The self-employed pay a contribution which corresponds to 0.3% of their income (no upper limit). This rate may be lowered according to the income scale applied to the self-employed in the AVS scheme.

As a general rule, individuals whose employer must not pay contributions in Switzerland contribute according to the income scale applied to the self-employed.

Individuals who are not gainfully employed pay between CHF 14 and CHF 300, according to their social conditions.

Benefits

What benefits does the APG scheme provide and who is entitled to them?

A range of allowances granted to individuals in case of service and an allowance in case of maternity.

Allowances in case of service

These are namely granted to individuals serving in the Swiss army or in the Red Cross, persons carrying out a civil service or a civil defence service. Allowances break down as follows:

- ▶ basic allowance: 80% of average income prior to service (daily minimum: CHF 62; daily maximum: CHF 196);
- ▶ child allowance: CHF 20 per day and per child under 18 (25 in case of apprenticeship or studies);
- ▶ childcare allowance: this corresponds to actual costs; however a daily allowance of no more than CHF 67 may be awarded if the insured lives in a joint household with one or several children under the age of 16, and if such costs are incurred;
- ▶ business allowance: CHF 67 per day for individuals in service who are in charge of running a business (company owners, farmers etc.)

Allowance in case of maternity

This allowance is granted to women who are gainfully employed, suffer from employment incapacity or who are unemployed and receive daily benefits from a social or private insurance fund. The allowance corresponds to 80% of the average earned income prior to entitlement. The maximum allowance is CHF 196 per day.

A maternity allowance is granted when three conditions are simultaneously met:

- ▶ be engaged in paid employment as an employee or a self-employed
- ▶ have had compulsory AVS cover for the nine months preceding immediately the delivery (this period is reduced accordingly, when the delivery occurs before the end of the ninth month of pregnancy)
- ▶ have worked during this period for at least five months.

Periods of gainful employment/insurance cover accumulated in an EU or EFTA member state may be taken into consideration by the Swiss APG scheme. However, claimants must present an E104 form issued by the relevant foreign institution as proof.

Entitlement to a maternity allowance begins on the day of delivery and ends 98 days later (14 weeks). It ends before this term if the mother takes up again a gainful employment, whatever her occupation rate, or if she dies.

Claims for an allowance in case of maternity must be submitted to the relevant AVS compensation fund office.



Occupational benefit plan (PP) – 2nd pillar

General information

***What is an occupational
benefit plan?***

***An insurance which enables the insured persons
to maintain their previous standard of living in
appropriate way.***

The purpose of the PP is to enable a retired person to have an income, including AVS/AI pension, which corresponds to around 60% of their salary immediately before retirement.

The law sets the minimum statutory benefits. Provident institutions may establish in their regulations benefits exceeding the statutory minimum. They may particularly insure a salary lower than the minimum amount or higher than the maximum defined by the law; however, the maximum amount of insured salary is CHF 820,800 per year.

Who is insured under the occupational benefit plan?

All employees who contribute to AVS and whose annual salary exceeds a fixed threshold.

Employees who are paid by the same employer and have an annual salary greater than CHF 20,520 are subject to compulsory insurance against death and invalidity starting on 1st January following their 17th birthday, and to old-age insurance from 1st January following their 24th birthday. The share of the salary which is subject to compulsory insurance is capped.

The amount of annual salary between CHF 23,940 (the coordination deduction) and CHF 82,080 must be insured. This part of salary is known as the "coordinated salary". The minimum coordinated salary is CHF 3,420.

An employer who employs persons subject to compulsory insurance must be affiliated to a provident institution entered in the register for occupational benefit plan.

The following employees are not subject to compulsory insurance contributions:

- ▶ individuals until the 31st December following their 17th birthday
- ▶ individuals of statutory retirement age
- ▶ individuals who have a maximum annual income of CHF 20,520, or CHF 1,710 per month
- ▶ individuals whose employer does not have to pay AVS contributions
- ▶ individuals with a short-term employment contract of no more than three months
- ▶ individuals who also work for another employer insofar as they are already subject to compulsory insurance in their principal occupation, or individuals who are chiefly self-employed
- ▶ individuals who are at least 70% disabled in accordance with the AI definition
- ▶ family members of a farmer who work for him or her, namely:
 1. direct ascendants or descendants, as well as spouses or registered civil partners of said relations;
 2. sons-in-law and daughters-in-law of the farmer, who in all probability will take over the farm.

All these individuals can contribute on a voluntary basis.

What can someone who is gainfully employed but not subject to compulsory insurance do?

He or she can contribute on a voluntary basis.

Optional insurance exists for the self-employed and employees whose employer is not subject to the compulsory AVS scheme.

The self-employed can pay voluntary contributions to:

- ▶ the provident institution of their professional association,
- ▶ the provident institution where their employees are registered, or
- ▶ a substitute institution for those not insured elsewhere.

In the same way as the self-employed, individuals with AVS cover but whose employer is not subject to contribute to the scheme, can pay voluntary contributions. They must pay both the employee's and employer's contributions.

Contributions

Who pays occupational benefit plan contributions?

The employee and the employer.

The employer pays both contributions into an occupational benefit institution, i.e. the employee's contribution is deducted from his or her salary.

How much are occupational benefit plan contributions?

It depends on the regulations of the given occupational benefit institution.

Each provident institution sets its own contribution rates for employees and employers in its regulations. However, there are set minimum contributions; the employer's contributions must be at least equal to the contributions paid by all his or her employees.

What happens to the contributions that persons have already paid to an occupational benefit plan if they change their job or if they cease to be gainfully employed?

They will be transferred to the occupational benefit plan of the new employer or to a blocked bank account or converted into a blocked insurance policy.

On departure from a provident institution, before an insured event occurs (old-age, death or invalidity), the insured person is entitled to a departure benefit, also known as a vested benefit. This applies if the person changes jobs or if he or she ceases to be employed before reaching retirement age.

If the employee changes jobs, his or her previous provident institution will transfer all paid contributions to the new employer's provident institution.

If the person ceases employment before reaching retirement age, he or she must inform the provident institutions under which permitted form he or she intends to maintain his or her vested benefits. The insured may take out either a vested benefits account with a bank or a vested benefits policy with an insurance company.

If the insured person does not inform the provident institution of his or her intentions, the vested benefits will be transferred to the substitute institution no later than two years after the person ceased to be employed.

What happens to contributions paid into a foreign pension scheme?

As a general rule, they cannot be transferred to a Swiss occupational benefit plan.

Contributions paid into foreign pension schemes cannot be taken into account by the occupational benefit plan scheme in Switzerland. They cannot be transferred to a Swiss occupational benefit plan account.

However, anyone who has their contributions reimbursed may use the corresponding sum to repurchase contribution years with a Swiss occupational benefit plan, thus entitling them to the statutory benefits.

Each provident institution has its own regulations on repurchase contribution years. Individuals who move to Switzerland and who have never been registered with a Swiss occupational benefit institution may repurchase contributions during the 5 years which follow their registration with a Swiss occupational benefit institution. However, it is limited to 20% of the insured salary per year. Repurchases are deductible from an individual's taxable income.

What happens to the contributions that a person has already paid to an occupational benefit plan if this person leaves Switzerland for good?

The termination benefit can be paid out in cash upon request. Since 1st June 2007, a person who moves to an EU or EFTA member state must first meet certain conditions before his or termination benefit can be paid out in cash.

As a general rule, anyone who leaves Switzerland for good can ask for a withdrawal payment of their contributions.

Nevertheless, the payment in cash of compulsory occupational benefit contributions is not possible if the insured person moves to an EU or EFTA member state (except Liechtenstein) and if he or she is subject to the compulsory social security system in an EU or EFTA member state.

Benefits

What benefits does the occupational benefit plan provide?

Benefits for old-age, invalidity and widowhood and promotion of home ownership.

Anyone who is subject to the occupational benefit plan may claim:

- ▶ an old-age pension once upon reach statutory retirement age, i.e. 64 for women and 65 for men.
- ▶ an invalidity pension if their degree of invalidity is at least 40% (according to AI criteria) and if they were insured when they became unable to work owing to invalidity. The pension is determined by the degree of invalidity (same as for AI), namely a full pension if the degree of invalidity is at least 70%, three-quarters pension if the degree of invalidity is at least 60%, and to a half-pension if the degree of invalidity is at least 50%. A quarter pension is awarded if the degree of invalidity is at least 40%.
- ▶ a child's pension for each child, who on the death of the insured individual, would have the right to an orphans' pension.
- ▶ or a capital benefits, when the old-age or invalidity pension is lower than 10% of the minimum AVS old-age pension or if the regulations of the provident allow for it.

Furthermore, surviving dependants (spouse, civil partner and children) are entitled to a survivors' pension if the deceased was insured or received a pension at the time of death.

In order to finance a residential property, individuals may pledge their right to these benefits or, receive under certain conditions a sum up to the amount of their vested interest. In this instance, the spouse or civil partner must also give their written consent.

Survivors' pension

The spouse or civil partner of the deceased may claim a pension

- ▶ if they have dependent children to care for; or
- ▶ if they are at least 45 years old and were married for at least five years.

If the spouse or civil partner does not fulfil these conditions, they will receive a lump sum (equivalent to three years' pensions). They forfeit all rights to a survivors' pension should they remarry or register a new civil partnership.

Divorced spouses may claim a widows'/widowers' pension upon the death of their spouse:

- ▶ if the marriage or lasted for at least 10 years, and
- ▶ if the divorced spouse was liable to pay alimony.

The same rules apply to a dissolved civil partnership.

In the case of death, the regulations may include benefits for other surviving dependants (parents, brothers, sisters, common-law partner); a copy of these regulations may be requested from the competent provident institution. As a general rule, the relevant information is listed on the insurance certificate of the insured.

Encouragement of home ownership

In order to finance a principal home property for his personal use or to pay off a mortgage on such home property, the insured person may:

- ▶ pledge his right to providence benefits
- ▶ pledge a sum up to the amount of his vested benefits, on certain conditions
- ▶ receive an advance payment, up to the amount of his vested benefits.

However, restrictions exist for insured persons aged over 50. In the case of advance payment, providence benefits are consequently reduced.

If such home property is sold, the insured person must in principle repay the amount to the provident institution.

An advance payment is subject to taxation, the amount of which is reimbursed in the case of repayment to the institution.

How are benefits calculated?

On the basis of total retirement assets – i.e. based on the person's savings.

The annual old-age pension is 7.05% for men and 7% for women* of the amount a person has contributed to the old-age insurance scheme, including interest earned up to the point of retirement.

The invalidity pension is 7.05% for men and 7% for women* of the retirement assets accrued by the individual at the time he or she becomes entitled to an invalidity pension, including interest, as well as old-age credits, without interest, for the remaining years remaining.

The benefits can be paid out in capital, if the old-age or invalidity pension is lower than 10% of the minimum AVS old-age pension or if the regulations of the provident institution allow for it.

The surviving spouse's or partner's pension amount to 60% and the orphans' pension to 20% of the full invalidity pension to which the insured person was entitled.

The benefits can be paid out in capital, if the surviving spouse's or partner's pension is lower than 6% (orphans' pension 2%) of the minimum AVS old-age pension or if the regulations of the provident institution allow for it.

* These rates for retirement assets held in the compulsory occupational benefit plan came into force on 1st January 2009. A progressive decrease in these rates to 6.8% by 2014 is planned, for men and women alike.

Is early retirement possible?

Yes, if the regulations of the provident institution allow for it.

An old-age pension can be claimed before reaching statutory retirement age (58 at the earliest). In this case a reduced pension is paid out.

Keeping insurance certificates

▶ The insured must keep all insurance certificates provided by their provident institutions safe.

Searching for lost contributions

▶ Persons who do not know whether they have vested occupational benefits can enlist the help of 2nd Pillar Central Office (www.sfbvg.ch). This office will provide information about any assets, vested benefits accounts or policies held in their name.

Who can provide further information on occupational benefit plans?

Insurance companies, the cantonal supervisory authorities of occupational benefit institutions or from the substitute institution.

Your employer will tell you with which provident institution his or her firm is registered.



Linked individual provident measures – 3rd pillar a

General information

***What are linked individual
provident measures?***

Another type of old-age pension insurance.

Benefits paid out under an individual, voluntary provident insurance scheme are added to those obtained under the AVS/AI and the occupational benefit plan scheme to ensure that the person can maintain the same standard of living in retirement. The present chapter focuses on the 3rd pillar a.

The legislation encourages this form of provision through tax incentives. i.e. any such contributions up to a certain limit can be deducted from the taxable income (CHF 6,566 per year for individuals affiliated to an occupational benefit plan and 20% of earned income up to a maximum of CHF 32,832 per year for individuals who are not affiliated to an occupational benefit plan). The funds are only released when an insured event occurs (retirement, death or invalidity) or under certain circumstances for purchasing one's own home.

Contributions

Who pays contributions to an individual provident insurance scheme?

Anyone who wishes to take out voluntary insurance cover and who pays AVS contributions on his or her income.

Any person who wishes to maintain his or her accustomed lifestyle after retirement has the possibility of making suitable arrangements with a bank foundation or a private insurance company. The insurance is voluntary and the individual can decide on the total annual contributions paid into a blocked account. The total of contribution is only paid out when an insured event occurs.

Anyone who continues to work beyond ordinary retirement age may delay the payout of his or her 3rd pillar pension assets until they leave gainful employment. Payment may only be delayed for a maximum of five years. Consequently, the person concerned may continue contributing to a tax-privileged 3rd pillar scheme.

Benefits

What benefits are available under an individual provident insurance scheme?

Old age, invalidity and survivors' pensions and measures aimed at encouraging home ownership.

A person who arranges individual insurance can claim benefits which depend on their form (lump sum or pension) and their level on the contract signed with the bank foundation or the private insurance company, in addition to the benefits from the AVS/AI and occupational benefit plan schemes.

When and how can the insured claim these benefits?

With the bank foundation or insurance company when the object of the insurance becomes applicable (retirement, death, invalidity) or under certain circumstances when purchasing one's own home.

The benefits available under a linked individual provident measure depend on the contract drawn up. Old-age pensions are paid out at the earliest five years before the insured person reaches the age entitling him or her to a pension under the AVS.

Individuals who continue to work beyond statutory retirement age may continue to contribute to a tax-privileged 3rd pillar scheme for a further five years.

In certain cases, such as purchasing one's own home or becoming self employed, funds may be paid out earlier.

Is there another type of individual provident insurance scheme?

Yes, 3rd pillar b

Anyone may set up his or her own savings, which are not limited. There could be tax advantages for individual savings.

Where can a person get further information about individual provident measures?

From banks and insurance companies.



Sickness insurance (AMal)

General information

What are the benefits of sickness insurance?

Cover against sickness, maternity and accidents.

Sickness insurance guarantees that those insured have access to good medical treatment in the case of sickness, maternity or accidents, if they are not already covered by accident insurance.

Who has to pay sickness insurance?

Anyone living in Switzerland or subject to the Swiss social security system.

Sickness insurance is compulsory for everyone living in Switzerland. Anyone who is in Switzerland for longer than 3 months must take out health insurance cover within a period of 3 months. Insurance companies must also be informed by the parents of the birth of their child within 3 months; parents and children are insured separately.

Everyone has the free choice of health insurance provider. A full list of health insurers can be found on the website of the Swiss Federal Office of Public Health (FOPH): www.primes.admin.ch.

As a general rule, the employer does not arrange health insurance cover. Anyone subject to health insurance cover must arrange this themselves.

On the basis of the Agreement on the free of movement of persons or the EFTA Convention, anyone who is resident abroad but subject to the Swiss social security system must also take out compulsory sickness insurance. Some people may benefit from the right to choose and be exempted from the obligation to take out insurance in Switzerland, if they can provide proof that they are insured in their country of residence (see table below). The list of insurers and insurance premiums in each EU or EFTA member state are available on the website of the FOPH : www.primes.admin.ch. Parents and children are insured separately by the same insurer.

Living in an EU or EFTA member state and health insurance cover

| Category of person | Right to choose between country of residence or Switzerland | Insurance in the country of residence | Insurance in Switzerland |
|--|---|---|---|
| When a person resides in one of the following countries: | | | |
| <ul style="list-style-type: none"> - workers - frontier workers - pensioners - unemployed | AT, DE, FR, IT ES*, PT* <small>*only pensioners</small> | LI | BE, CY, CZ, DK, EE, FI, GB, GR, HU, IE, IS, LU, LT, LV, MT, NO, NL, PL, SE, SI, SK ES*, PT* <small>*except pensioners</small> |
| Family members not in gainful employment of: <ul style="list-style-type: none"> - workers - frontier workers - pensioners - unemployed - short-stay residents | FI AT*, ES* <small>pensioners only</small> FR**, IT** <small>**insurance in the same country as frontier workers, pensioners, the unemployed</small> DE*** <small>***possibility of separate choice for family members who are not gainfully employed</small> | DK, GB, LI, PT, SE ES*, HU* <small>*except pensioners</small> | BE, CY, CZ, EE, GR, IE, IS, LU, LT, LV, MT, NO, NL, PL, SK, SI HU* <small>*only pensioners</small> |

The countries listed above are indicated by using their ISO codes. For decoding see page 10.

Insurance in Switzerland – resident in an EU or EFTA member state

▶ Individuals who have compulsory insurance cover in Switzerland but live in an EU or EFTA member state must register with the sickness insurance institution in their country of residence to cover administrative formalities. They do not have the choice of insurance cover (choice of excess, insurance with bonus), since they are entitled to the sickness insurance benefits set down in the legislation of their country of residence. However, they may opt for insurance cover which imposes a limited choice of service provider.

Work in an EU or EFTA member state – resident in Switzerland

▶ Swiss nationals or citizens of an EU or EFTA member state who are resident in Switzerland but work in an EU or EFTA member state are subject to the insurance laws in their country of employment. Frontier workers who live in Switzerland but work, for example, in Germany must take out sickness insurance cover in Germany both for themselves and their family members who are not gainfully employed. Should they fall ill, they benefit from the same treatment in Switzerland as people insured there. The costs are covered by the foreign insurance fund.

Practical tip

▶ Individuals moving to Switzerland must take out sickness insurance cover within 3 months. The same is true as soon as the insurance obligation comes into force. It is therefore recommended to contact a health insurance company as quickly as possible.

Premiums

Who pays insurance premiums?

The person who takes out insurance cover.

Depending on the insurance company, a person may benefit from reduced premiums in the following cases:

- ▶ Choice of excess (deductible, franchise): the insurer offers a premium reduction if an individual opts for an annual excess higher than CHF 300 of the ordinary excess (free of charge for children). For adults, the choice of excess can be CHF 500, 1,000, 1,500, 2,000 or 2,500. For children, it is CHF 100, 200, 300, 400, 500 or 600.
- ▶ Limited choice of supplier of services: individuals can opt to be treated exclusively by a group practice, known as a HMO (Health Maintenance Organisation), or to undertake to consult a family doctor first who will decide whether a referral to a specialist is necessary (family doctor system). In doing so, they will benefit from reduced premiums but will forgo the choice of doctor or hospital (except in an emergency).
- ▶ Insurance with bonus: individuals can benefit from reduced premiums for each year in which they do not claim any reimbursement. This is relatively rare.

How much are sickness insurance premiums?

They depend on the insurance company, the place of residence and the insurance model chosen.

Health insurance premiums are not calculated on the basis of income. They depend on the insurance company, the country of residence and the insurance model chosen. People living in an EU or EFTA member state and who are subject to the Swiss social security system must also pay premiums applicable to their insurer and to their country of residence. They cannot choose from the following insurance models: choice of excess or insurance with bonus. A list of insurers and premiums is available online at www.primes.admin.ch.

Under certain conditions, the cantonal authorities will cover part of the sickness insurance premiums of those in the low income bracket. As a general rule, this subsidy is granted upon application to the relevant cantonal office, which will also provide the necessary information. A list of these offices is available from the FOPH website (www.bag.admin.ch). The insured persons in the low income bracket who live in an EU or EFTA member state must address the Gemeinsame Einrichtung KVG: www.kvg.org.

Benefits

What services does sickness insurance cover?

Diagnoses, treatment and medical care.

Compulsory sickness insurance covers services provided in the event of sickness or an accident (if not covered by the accident insurance policy). It also covers maternity care. The cost of the following is covered:

- ▶ the diagnosis or treatment of an sickness and its consequences, i.e. examinations, treatment and outpatient or in-patient medical care;
- ▶ equipment and diagnostic/therapeutic measures, medication, a contribution to a prescribed cure at a spa and medical rehabilitation measures;
- ▶ certain examinations which come under the heading of preventive medicine, for example for new-born infants and children, or gynaecological examinations.
- ▶ maternity services.

How long can a person claim from a sickness insurance company?

Indefinitely.

Entitlement to reimbursement starts when medical treatment begins. As a general rule, the duration of a claim is unlimited. However, certain benefits are limited in time (for example: 9 physiotherapy sessions over a three-month period, repeat prescriptions issued by the doctor if necessary).

What costs must the insured person pay?

Premiums, excess, share of costs and, in certain cases, a contribution towards the hospital bill.

A person with compulsory Swiss sickness insurance cover pays a fixed annual amount (excess) - applicable only to adults – as well as a share of costs in %. Furthermore, in the event of hospitalisation, a person who does not live in a household with members of his or her family pays a contribution of CHF 10 per day to the cost of the stay in hospital.

The ordinary excess is CHF 300 per calendar year.

The share of costs is 10% of the costs above the excess, a maximum of CHF 700 for adults and CHF 350 for children. Several children from the same family, insured by the same insurer, together pay a maximum of CHF 1,000. The share of costs amounts to 20% if the original preparation is used whereas the generic appears on the list of reimbursed medicines.

No participation from the insured female is required in the case of maternity benefits arising from a normal pregnancy.

What happens if a person who is insured in Switzerland falls ill or has an accident abroad?

As a general rule, the sickness insurance will cover the cost of treatment abroad.

Sickness insurance covers the cost of emergency treatment provided abroad, i.e. treatment that cannot be delayed until the person concerned returns to his or her country of residence. Swiss sickness insurance covers the cost of treatment received abroad up to a sum equivalent to double the cost of similar treatment in Switzerland.

The same applies for accidents where the accident insurance policy does not cover the cost of treatment.

As a general rule, anyone with compulsory Swiss sickness insurance who is temporarily abroad has to pay for treatment. However, they can subsequently apply for reimbursement of these costs from his or her sickness insurer in Switzerland.

However, in certain instances the Swiss insurer may agree to treatment dispensed abroad if it cannot be provided in Switzerland.

The cost of treatment provided abroad is governed by the regulations of the host country.

Swiss nationals or citizens of an EU or EFTA member state insured and resident in Switzerland.

▶ Swiss nationals or citizens of an EU or EFTA member state who are insured and live in Switzerland but who fall ill during a stay in an EU or EFTA state (for example on holiday) will be treated by the doctors and hospitals in the same way as a person insured in the host country. The same applies for accidents.

▶ Individuals who are in an EU or EFTA member state on a temporary basis when they fall ill are entitled to receive care in that country. For this reason, they must obtain a European Health Insurance Card (or a certificate provisionally replacing the EHC) from the Swiss sickness insurer. This should be presented to the care provider (e.g. doctor) in the host country. Depending on the country, the cost of treatment is paid by the relevant foreign insurer and later invoiced to the Swiss sickness insurer. Alternatively, the individual concerned provisionally covers these costs and then requests reimbursement from his/her insurer.

▶ Cost-sharing and service provision in an EU or EFTA member state is regulated by the relevant host country.

▶ In certain cases the Swiss sickness insurance may accept that a treatment is provided abroad if it can not be carried out in Switzerland.

Swiss nationals or citizens of an EU or EFTA member state insured in Switzerland and resident in an EU or EFTA member state

▶ These individuals receive the same benefits from the relevant “auxiliary” sickness insurer in their host country as individuals who are actually insured there.

▶ Insured persons who live in Austria, Belgium, France, Germany, Hungary or the Netherlands, as well as frontier workers who are resident in other countries must seek treatment in their country of residence. However, they may seek medical treatment in Switzerland at any time. As a general rule, though, family members of a frontier workers insured in Switzerland may not make use of this facility (exceptions: family members of frontier workers living in Germany or France).

▶ Depending on the country, the cost of treatment is paid by the relevant foreign insurer and later invoiced to the Swiss sickness insurer. Alternatively the individual concerned provisionally covers these costs and subsequently requests reimbursement from his or her Swiss insurer.

▶ Cost-sharing and service provision in the country of residence is regulated by said country.

Swiss nationals or citizens of an EU or EFTA member state who are insured in an EU or EFTA member state and are resident in Switzerland

▶ These individuals may avail of the same benefits and conditions as Swiss nationals.

▶ To claim these benefits, they must submit their insurance certificate to the Swiss liaison body (www.kvg.org).

▶ Treatment costs are paid by the liaison body and later invoiced to the relevant foreign sickness insurer.

Swiss nationals or citizens of an EU or EFTA member state insured in an EU or EFTA member state but staying in Switzerland

▶ On presentation of their European Health Insurance Card or a certificate provisionally replacing the EHC, these individuals receive the same sickness insurance benefits as those insured in Switzerland.

▶ As a general rule, the costs of outpatient care provided by a doctor or hospital must be paid directly to the care provider. Reimbursement of expenses must be submitted to the liaison body (www.kvg.org) or to the appropriate sickness insurer. A flat rate corresponding to the excess and the share of costs is incurred by the individual. The flat rate is CHF 92 for adults and CHF 33 for children over a period of 30 days. The costs of hospital treatment are directly covered by the liaison body; the flat rate may be deducted for a period of 30 days.



European Health Insurance Card

Daily allowances insurance

What is daily allowances insurance?

Daily allowances insurance serves to partially cover the loss of income incurred through sickness or accidents.

Daily allowance insurance serves to partially cover the loss of income incurred through sickness or an accident, as well as other costs incurred under these circumstances for which no other cover exists. This type of insurance is voluntary and individuals can take out such cover with a different insurer from the one which provides their compulsory sickness cover. If a person is suffering from a sickness when he or she joins an insurance company, the insurer may exclude that person from entitlement to benefits in relation to this pre-existing sickness for a maximum period of five years (insurance restriction). In terms of maternity, the right to daily allowances is subject to prior insurance cover of 270 days. Sickness insurers also offer supplementary daily allowance insurance.

Easier transfer of insurance to cover daily allowances

► Swiss nationals and citizens of an EU or EFTA member state who are subject to the social security system in an EU or EFTA member state immediately prior to their arrival in Switzerland benefit from facilitated transfer to Swiss daily allowance cover. To claim these benefits, they must be in possession of an E104 certificate (www.avs-ai.info/andere/00140/00239/index.html?lang=de).

► According to agreements concluded with Bulgaria, Croatia, Macedonia, Former Federal Republic of Yugoslavia FRY, San Marino and Turkey, the reservation concerning existing sicknesses with regard to insurance to cover daily allowances as well as the qualifying period for daily allowances during pregnancy are limited. If a person moves from one of the above countries to take up residence or gainful employment in Switzerland and contributes to a Swiss daily allowance insurance scheme within 3 months of leaving the insurance fund in the first country, the period of insurance cover with the original fund will be taken into account when deciding on entitlement to the same benefits in Switzerland. In the case of pregnancy, periods of previous insurance cover are taken into account only if the woman in question has been insured with a Swiss insurance fund for at least 3 months.

Supplementary sickness insurance

In addition to basic compulsory insurance providers, supplementary sickness insurance providers also exist, for example to cover dental or special treatment. Supplementary sickness insurance is provided by private insurance funds; these are not subject to the regulations which coordinate national social security systems. In other words, only the insurer can determine if treatment received abroad should be reimbursed. Given the variation in packages, it is worth contacting the various supplementary insurers.

Who can provide further information on sickness insurance?

Sickness insurance companies.

Information can be obtained directly from the relevant sickness insurer.

Every October, the Swiss Federal Office of Public Health publishes a list of premiums for the coming year according to canton, insurance company and EU or EFTA member state. This list can also be found on the FOPH website (www.primes.admin.ch).

Anyone who has sickness insurance cover in an EU or EFTA country and staying temporarily in Switzerland should contact the liaison body to claim international assistance benefits (www.kvg.org).

For questions concerning exemption from compulsory sickness insurance cover, please contact the relevant cantonal body. A list of these offices is available from the FOPH website (www.bag.admin.ch).



Accident and occupational diseases insurance (AA)

General information

What is covered under accident and occupational diseases insurance?

Occupational and non-occupational accidents, as well as occupational diseases.

The compulsory accident insurance is a personal insurance, which covers the financial consequences of accidents at work, non-work accidents and occupational diseases. The benefits which it offers are to compensate for injury and the incapacity to work as the result of an accident or an occupational disease.

Accidents

▶ Accident means any unexpected and involuntary injury to the human body resulting from an extraordinary external cause which is harmful to physical, mental or psychological health or which leads to death. Certain injury to the body similar to the consequences of an accident is treated in the same way as an accident.

Occupational accidents

▶ These include accidents which occur while the victim is carrying out his or her occupational duties. Accidents that occur during breaks as well as before and after work are also included under this heading insofar as the injured party was legitimately at his or her work place or in a danger zone related to his or her employment.

Non-occupational accidents

▶ These include all accidents which cannot be defined as occupational accidents, in particular accidents which occur between the home and the work place and during leisure time, such as while playing sport, road accidents or accidents in the home. Part-time workers who are employed less than 8 hours per week by one employer are not insured against non-occupational accidents. However, accidents on the way to and from work are in this instance considered as occupational accidents.

Occupational diseases

▶ These include diseases due exclusively or mainly to harmful substances or certain types of work. These also include other diseases which may be proved to be due exclusively or mainly to the professional duties of the insured person.

Who is compulsorily subject to this insurance?

Everyone who is gainfully employed in Switzerland.

Anyone who is employed in Switzerland is covered by accident insurance:

- ▶ home workers
- ▶ apprentices
- ▶ trainees and voluntary workers
- ▶ persons working in workshops for apprentices and the disabled
- ▶ household staff
- ▶ cleaning staff employed in private households.

As a general rule, the unemployed are covered by compulsory accident insurance.

Accident insurance does not cover individuals who are not gainfully employed, such as:

- ▶ housewives and househusbands
- ▶ children
- ▶ students
- ▶ old-age pensioners.

These individuals must arrange cover against accidents within the compulsory sickness insurance scheme for benefits in kind.

When does compulsory accident insurance cover start and end?

It starts as soon as a person takes up paid employment and ends when he or she is no longer entitled to a half salary.

Accident insurance cover comes into effect the day on which the employed person takes up employment or should have taken up employment according to his or her contract, and at the latest from the time when he or she leaves his or her place of residence in order to travel to his or her place of employment. It ends on the 30th day after the last day on which he or she was entitled to at least a half-salary. In this case, the salary includes daily allowances paid out by the following insurance schemes: compulsory accident insurance, military insurance, invalidity insurance, income compensation allowances in case of service or in case of maternity, sickness insurance. It also includes daily allowances paid out by private sickness and accident insurers which compensate for the loss of income as well as allowances paid by a cantonal maternity insurance scheme.

The insurer must offer the insured person the opportunity of prolonging his or her insurance by special agreement for 180 days at the most.

In the case of part-time workers who are not covered by insurance against non-occupational accidents, compulsory insurance finishes as soon as the person reaches home after his or her last day in employment.

Responsibility of the employed person

- ▶ If the impairment to health or death has been caused intentionally, no insurance benefits is due, other than the grant for funeral costs;
- ▶ A non-occupational accident due to gross negligence on the part of the injured person may result in a reduction in the daily cash benefits for no longer than two years;
- ▶ If the injured person was the cause of his or her accident as a result of committing a criminal offence, cash benefits may be reduced or refused altogether.

Discontinuation of cover against accidents included under the sickness insurance scheme

- ▶ Employees who have compulsory insurance cover against occupational and non-occupational accidents can opt out of the accident insurance cover included in their sickness insurance policy. Their premium will be reduced accordingly.

Who can take out accident insurance on a voluntary basis?

Self-employed persons and members of their family who work with them.

Self-employed individuals resident in Switzerland and members of their family who work with them in the same business and not covered by compulsory insurance can take out accident insurance cover on a voluntary basis according to the federal law on accident insurance.

Who provides accident insurance?

The Suva and approved accident insurance funds.

Insurance is provided by the Swiss Accident Insurance Fund (Suva – www.suva.ch) or by other approved accident insurers, depending on the category of cover. A list of insurers is available from the FOPH website (www.bag.admin.ch).

Premiums

Who pays insurance premiums?

Employers and employees.

The employer pays premiums for insurance against occupational accidents and diseases. The employee pays premiums for insurance against non-occupational accidents. The employer pays the total amount to the insurance company and deducts the employee's contribution from his or her salary.

A premium is calculated in advance and paid by the employer. The given premium amount is established according to the annual income for the past year. The new premium is calculated on the same basis for the following year.

How much are insurance premiums?

They vary depending on income and type of company.

Premiums are expressed in per mil (‰) of the income subject to compulsory insurance. They are composed of a net premium which corresponds to the risk involved and various supplementary amounts. The employer's company is categorised according to type and conditions, and the premium is set according to the premium rate based on these elements.

As a general rule, premiums for non-occupational accidents are paid by the employee, except where employee agreements state otherwise. Depending on the insurer, net premium rates may vary.

Premiums for accident and occupational disease cover are paid exclusively by the employer. They vary according to the risk of accident and company-specific conditions. The net premium rate varies depending on the type of company and insurer.

Income subject to compulsory insurance

▶ Income subject to compulsory insurance corresponds to the income on which cash benefits are calculated (see “insured salary”). The part of the income which exceeds the maximum insured salary is not taken into account. The maximum insured salary is CHF 126,000 per year or CHF 346 per day.

Benefits

What benefits are offered under accident insurance?

Medical treatment and cash benefits.

A. Benefits in kind: treatment and reimbursement of costs

Those insured may claim appropriate treatment for the consequences of an accident, namely:

- ▶ out-patient treatment provided by a doctor, a dentist or a chiropractor, as well as by paramedical staff if prescribed by a doctor;
- ▶ medicaments and tests prescribed by a doctor or a dentist;
- ▶ treatment, board and accommodation in the general ward of a hospital;
- ▶ supplementary treatment and spa treatment prescribed by a doctor;
- ▶ equipment required for healing.

The insurer pays the cost of treatment abroad, home nursing prescribed by a doctor, auxiliary measures and accidental damage to prostheses or apparatus which replace a bodily function. The cost of travel, transport and rescue as well as the transport of a corpse and funeral costs are also covered.

B. Cash benefits

Insured salary

▶ Cash payments under accident insurance are based on insured salary. This is the income on which the basic pension insurance contributions are calculated, plus certain supplements. Maximum insured salary is set in such a way that, as a rule, between 92% and 96% of all individuals subject to compulsory insurance cover are insured at the full salary rate. The maximum is CHF 126,000 per year or CHF 346 per day.

▶ Daily cash benefits are based on the last salary received before the accident and pensions are based on salary received for the year preceding the accident. Integrity and helplessness allowances are calculated on the maximum insured salary.

Daily cash benefit

If a person becomes disabled either partially or totally as the result of an accident, he or she may claim a daily cash benefit. This is paid from the third day after the accident happened for every day of the year. In the case of total incapacity to work the amount paid out represents 80% of the insured salary; in the case of partial incapacity it is correspondingly less. A person is entitled to claim a daily cash benefit until such time as he or she has recovered his or her full working capacity, or when a pension is paid, or when the person dies. The daily cash benefit for individuals who have an accident while unemployed is equivalent to the amount of unemployment benefit.

Invalidity pension

If a person becomes disabled as the result of an accident, i.e. his or her full or partial earnings incapacity is presumed to be permanent or of a long duration, he or she may claim an invalidity pension. Entitlement to a pension begins when it is no longer reasonable to expect a substantial improvement in the condition of the insured person from continuation of medical treatment, and after completion of any necessary rehabilitation measures. Invalidity pensions are based on a comparison of the insured persons' potential salary with and without the reduced earning capacity. A full invalidity pension represents 80% of the insured salary; in the case of partial incapacity it is correspondingly less. If the person is entitled to a Swiss old-age and survivors' or invalidity pension (AVS/AI), a supplementary pension is paid out. This corresponds to the difference between 90% of the insured salary and the AVS or AI pension, but at the most to the amount envisaged by accident insurance in the case of total or partial disability. Entitlement expires upon the person regaining full earning capacity, when the pension is replaced in its entirety by a lump-sum benefit, or when it is purchased, or when the insured person dies.

Integrity allowance

If a person suffers major physical or mental injury as the result of an accident (e.g. loss of a kidney or leg, quadriplegia, complete blindness), he or she may claim corresponding benefits. This lump-sum is based on the severity of the damage to integrity. It should not exceed the maximum amount of annual income received at the time of the accident.

Survivors' pensions

If an individual dies as the result of an accident, the surviving spouse (under certain conditions) and children may claim a survivors' pension. If the deceased was obliged to pay alimony and/or maintenance to an ex-spouse, the latter is treated in the same way as a widow or widower.

A survivors' pension is calculated as a percentage of the normal insured salary and represents 40% for widows and widowers, 15% for orphan of a father or a mother, and 25% for orphan of a father and a mother, but a total of 70% for all survivors. A survivors' pension for a divorced person represents 20% of the insured salary but should not exceed the fixed amount of alimony due.

Where the survivors are entitled to an old-age, survivors' or invalidity pension (AVS/AI), they are paid a supplementary pension by the accident insurance company (see "invalidity pension"). In certain cases a widow or divorced woman will be paid a lump-sum rather than a pension.

A surviving spouse's pension ends on remarriage, the death of the rightful claimant, or on repurchase of the pension. An orphan's pension ends on completion of 18th year (the 25th in case of apprenticeship or studies).

NB: For its entire duration, a civil partnership is regarded in the same way as a marriage. The surviving civil partner therefore has the same rights as a widower. The legal dissolution of a civil partnership is the equivalent of a divorce.

Helplessness allowance

The insured whose health is most severely affected should not only receive the necessary medical treatment and compensation for their loss of income but also avail of all resources they need due to their helplessness. It should be noted that this allowance is only granted in exceptional cases. Entitlement to this allowance and its amount are determined according to whether the claimant effectively suffers from helplessness, and its severity (slight, moderate and severe).

A person is deemed helpless if he or she requires permanent assistance from a third party or personal supervision to carry out basic day-to-day tasks as the result of their health problems.

For a minor degree of helplessness, the monthly allowance is equivalent to two times the maximum amount of the insured daily income; four times this amount for moderate helplessness and six times this amount when helplessness is severe.

How can a person claim these pensions?

By informing their employer or the accident insurance company of the accident.

Accidents within Switzerland

The employer or the competent accident insurer must be informed immediately by the injured person or his or her family if an accident occurs in Switzerland. All deaths should also be communicated to the employer.

Accidents abroad

The employer in Switzerland must be notified immediately of any accident occurring abroad. All deaths should also be communicated to the employer.

The costs incurred in connection with essential medical treatment received outside Switzerland are covered by the accident insurer up to double the amount which similar treatment would have cost in Switzerland. As a general rule, anyone insured in Switzerland who are temporarily abroad have to pay such costs themselves and may subsequently apply for reimbursement. The costs of services provided abroad are subject to the regulations of the host country.

Accidents in an EU or EFTA member state

▶ If the injured person is a Swiss national or a citizen of an EU or EFTA member state, he or she must immediately contact the relevant social insurance institution of the place of stay. This institution will provisionally cover the costs of treatment and will subsequently settle the financial aspects with the competent Swiss accident insurer. Where the injury is not serious, the accident insurer may ask the injured person to cover the costs linked to the accident provisionally and reimburse these costs when the person returns to Switzerland.

Accidents in Croatia, Macedonia, San Marino, Turkey or Former Federal Republic of Yugoslavia FRY (Bosnia and Herzegovina, Serbia, Montenegro and Kosovo)

▶ A person who has insurance cover in Switzerland and is the victim of an occupational accident or an occupational disease in Croatia, Macedonia, former Federal Republic of Yugoslavia, San Marino or Turkey is entitled to all necessary treatment. He or she may ask an institution in the host country to provide such treatment. The institution in question will subsequently settle the financial aspects with the competent Swiss accident insurer.

Swiss nationals or citizens from an EU or EFTA member state who are insured in an EU or EFTA member state but staying in Switzerland

▶ For an occupational accident, the Suva (www.suva.ch) will provisionally cover the costs of treatment and subsequently settle the financial aspects with the competent accident insurer abroad.

▶ For a non-occupational accident, these individuals are entitled to benefits provided by the Swiss sickness insurance scheme, in the same way as if they were insured in Switzerland. However, they must present their European Health Insurance Card or a certificate provisionally replacing the EHIC. The costs of outpatient treatment administered by a doctor or in a hospital must be paid directly to the care provider. A request must be submitted to the liaison body for reimbursement of these costs (www.kvg.org).

**Who can provide further
information about accident
insurance?**

Accident insurers.

Information can be obtained directly from the relevant accident insurer. A list of accident insurers can be found on the FOPH website (www.bag.admin.ch).

Individuals insured against accidents in an EU or EFTA member state and who are temporarily resident in Switzerland can contact the liaison body (www.kvg.org) to claim benefits granted as international assistance, or to the Suva (www.suva.ch) in the event of an occupational accident.



Unemployment insurance (AC)

General information

What is the unemployment insurance?

An insurance aimed at compensating for loss of income in case of unemployment.

Unemployment insurance provides benefits in the case of loss of employment, reduced working hours, lack of employment due to weather conditions and insolvency of the employer. This insurance also pays for reintegration measures.

Who is covered by unemployment insurance?

Anyone in gainful employment and insured under the old-age, survivors' and invalidity insurance (AVS/AI)

Anyone who is gainfully employed must contribute to the unemployment insurance scheme, with the exception of certain family members of individuals working in the agricultural sector and people who have reached retirement age, as well as their employers. The self-employed are not covered by unemployment insurance.

Contributions

Who pays unemployment insurance contributions?

Employee and employer pay equal shares.

The employee and the employer pay contributions in equal parts, i.e. 1% of the insured salary. Individuals working for a foreign employer who does not subject to the compulsory Swiss unemployment insurance scheme have to pay the contributions in full themselves.

How much are these contributions?

They depend on a person's income.

Unemployment insurance contributions are calculated according to the income on which old-age and survivors' insurance contributions are paid. The maximum level of insured salary is CHF 10,500 per month or CHF 126,000 per year. When the income exceeds these limits, unemployment insurance contributions are calculated according to the maximum income.

Benefits

What benefits are available in the event of unemployment?

Compensation for loss of income due to unemployment.

Unemployment benefits represent 70% of the insured salary and are paid out as a daily allowance. This can rise to 80% for individuals who have an obligation to care for children, who receive a daily allowance less than CHF 140, and who are not disabled. The maximum insured salary corresponds to that used as a basis for compulsory accident insurance, i.e. CHF 10,500. In principle, the maximum number of daily allowances paid out is 400 over a period of 2 years; in certain cases the limit is 260 or 520. Besides unemployment benefits, unemployment insurance also provides the following benefits:

- ▶ allowance for participating in active labour market programmes;
- ▶ reduced working hours' allowance;
- ▶ bad weather allowance, and
- ▶ allowance in case of insolvency of the employer.

Who can claim unemployment benefits?

Anyone who is unemployed and who, within a given timeframe, has been in gainful employment for at least 12 months and has paid in to the compulsory unemployment insurance scheme.

A person is entitled to unemployment benefits when he or she is employed and has been paying compulsory contributions for at least 12 months during the two-year period immediately prior to unemployment.

Special regulations for Swiss nationals and citizens from an EU or EFTA member state

General information

If an individual has been employed for less than 12 months in Switzerland, the periods of insurance (s)he has completed in an EU or EFTA member state will be taken into consideration should (s)he lose his or job in Switzerland. Benefits are calculated on the basis of the income earned in Switzerland. Furthermore, the reasons behind the loss of employment must satisfy Swiss criteria, and the person must be employable and meet the legal requirements for working in Switzerland.

Looking for employment abroad

Unemployed individuals have the possibility of looking for employment in an EU or EFTA member state and claiming Swiss benefits in that country, although only once between two jobs and for a maximum of 3 months. First, they must have remained available to the Swiss employment services for at least four weeks after becoming unemployed. In addition, they must remain available to the employment office in the host country and has to be subject to the control procedure organized therein. If these conditions are not met, Swiss unemployment benefits will not be paid out abroad. As a general rule, they will also not be entitled to unemployment benefits in their new country of residence as they have not paid any contributions.

Frontier workers working in Switzerland

Frontier workers who are wholly unemployed shall receive unemployment benefits from their country of residence. However, if the person is only partially unemployed or unemployed due to inclement weather, he or she is entitled to Swiss unemployment insurance benefits.

Seasonal workers

Seasonal workers whose last job was in Switzerland for a maximum of 8 months may choose whether they claim unemployment benefits in Switzerland or in their country of residence.

Temporary workers are defined as those who have an employment contract of one year or less. They are only entitled to unemployment benefits if they have contributed to the scheme by being employed in Switzerland for the minimum required period. If they do not meet this condition, they must claim benefits in their country of origin, all that if it is an EU or EFTA member state.

Who can provide further information about unemployment insurance?

Local unemployment offices.

The regional employment agencies (www.espace-emploi.ch) or the State Secretariat for Economic Affairs (www.seco.admin.ch) will provide all necessary information on unemployment insurance benefits.



Family allowances

General information

What are family allowances?

These are allowances aimed at partially compensating for the cost of child-raising.

Along with tax relief, family allowances are the main provision to compensate for the costs incurred from raising a family. Family allowances form part of the social security system. Unlike benefits available from other types of social insurance, family allowances are not a substitution for income, but are an addition to it.

Contributions

How are family allowances funded?

By employers and, in some instances, by the self-employed.

Family allowances for employees are almost exclusively financed by the employers, as a rule in the form of contributions based on a percentage of their salary. Individuals working for employers who do not have to pay social insurance contributions in Switzerland have to finance family allowance contributions out of their own pocket. Depending on the canton, the self-employed may also be subject to these contributions. If not, they may pay these contributions on a voluntary basis, but only when they draw a family allowance themselves.

How much are the contributions?

They vary depending on the family allowance compensation fund.

Contribution rates vary according to canton, economic sector and family allowance section at the cantonal compensation fund office. A summary of contribution rates to the cantonal family allowance compensation funds can be found on the Federal Social Insurance Office (FSIO) website (www.ofas.admin.ch).

Benefits**Who is entitled to family allowances?**

Parents of children up to the age of 16 (or 25 in case of apprenticeship or studies).

The following are entitled to family allowances:

- ▶ Parents who are gainfully employed;
- ▶ Parents who are self-employed farmers;
- ▶ Parents who are gainfully employed and on a low income;
- ▶ Depending on the canton, the self-employed, with the exception of those in the agricultural sector, may also be eligible for family allowances.

Entitlement is governed either by the Federal Law on Family Allowances (FamZG) and the relevant cantonal implementing provisions or by the Federal Law on Family Allowances in the Agricultural Sector (FLG).

Benefits take the form of family allowances of at least CHF 200 per child, per month (for children up to the age of 16 and for children up to the age of 20 who are unable to work) and education allowances (for 16 – 25 year olds still in education) of at least CHF 250 per child, per month. The cantons may grant benefits that are higher than the legal minimum; many already do so. In some cases, the cantons may also provide birth and adoption allowances. For more information, see Factsheet 6.08 (www.avs-ai.info/andere/00134/00223/index.html?lang=de).

In the agricultural sector, a family allowance of CHF 200 and an education allowance of CHF 250 are paid out; in mountain regions, an extra CHF 20 is awarded for each allowance. In certain circumstances, agricultural employees may be eligible for a supplementary household allowance of CHF 100 per month.

Family allowance for children who are resident in a EU or an EFTA member state

▶ EU and EFTA nationals in gainful employment in Switzerland but whose children live abroad may also claim family allowance. When one parent works in the same country where their child lives, the family allowances provided in that country are taken into consideration. If the Swiss allowance is higher than the foreign allowance, only the difference is paid out.

Family allowances for children who are resident abroad

▶ Entitlement to a Swiss family allowance for these children only falls due if Switzerland has signed a treaty which obliges it to grant such an allowance. In such instances, a family allowance will be paid out, but it will not be adjusted to the local cost of living.

Practical tip

▶ Anyone who wishes to claim family allowance should apply through his or her employer, who will forward the request to the relevant compensation fund office.

Who can provide further information on family allowances?

The cantonal compensation fund office will provide the necessary information.

The cantonal compensation funds publish leaflets with additional information on family allowances. The addresses of all the compensation fund offices are listed on the last page of Swiss phone directories.

More information is provided on the FSIO website (www.ofas.admin.ch).

Addresses and websites

Swiss social security system in general (excluding accident, unemployment and sickness insurance):

Federal Social Insurance Office (FSIO)
Bundesamt für Sozialversicherung (BSV)
Office fédéral des assurances sociales (OFAS)
Ufficio federale delle assicurazioni sociali (UFAS)
Effingerstrasse 20, 3003 Bern
www.ofas.admin.ch

The various social insurance schemes in Switzerland

AVS/AI/APG

AVS Compensation fund offices
AHV-Ausgleichskassen
Caisses de compensation AVS
Casse di compensazione AVS
(The addresses can be found on the last page
of all Swiss telephone directories)
www.avs-ai.info

Invalidity insurance offices
IV Stellen
Offices AI
Uffici AI
(The addresses can be found on the last page
of all Swiss telephone directories).
www.avs-ai.info

Occupational Benefit Plan

2nd pillar Central Office
Zentralstelle 2. Säule
Centrale du 2^e pilier
Ufficio centrale del 2^o pilastro

LOB Guarantee Fund
Sicherheitsfonds BVG
Fonds de garantie LPP
Fondo di Garanzia LPP

Head Office
Postal address: P.O. Box 1023, 3000 Bern 14
www.sfbvg.ch

Substitute Occupational Benefit Institution
Affangeinrichtung BVG
Institution supplétive LPP
Fondazione istituto collettore LPP

Federal and Cantonal Monitoring Authorities of the
Occupational Benefit Plan:
BVG-Aufsichtsbehörden
Autorités de surveillance LPP
Autorità di vigilanza LPP

www.avs-ai.info (Leaflet 6.06)

Sickness Insurance

Federal Office of Public Health FOPH
Bundesamt für Gesundheit (BAG)
Office fédéral de la santé publique (OFSP)
Ufficio federale della sanità pubblica (UFSP)
3003 Bern
www.bag.admin.ch

Liaison body:
Common Institution under the Federal Law on Sickness
Insurance – International Coordination Office
Gemeinsame Einrichtung KVG – Internationale
Leistungsaushilfe
Institution commune LAMal – Entraide internationale
réciproque en matière de prestation
Istituzione commune LAMal – Aiuto internazionale
reciproco in material di prestazione
Gibelinstrasse 25
P.O. Box
4503 Solothurn
www.kvg.org

List of official health insurers and insurance premiums:
www.bag.admin.ch

Cantonal offices which deal with applications for exemption from compulsory health insurance and applications for reduced premiums:
www.bag.admin.ch
www.avs-ai.info (Leaflet 6.07)

Accident insurance

Federal Office of Public Health FOPH
Bundesamt für Gesundheit (BAG)
Office fédéral de la santé publique (OFSP)
Ufficio federale della sanità pubblica (UFSP)
3003 Bern
www.bag.admin.ch

Swiss National Accident Insurance Fund (Suva)
Schweizerische Unfallversicherungsanstalt (Suva)
Caisse nationale suisse d'assurance en cas d'accidents (CNA)
Istituto nazionale svizzero di assicurazione contro gli infortuni (Suva)
Fluhmattstrasse 1
6004 Luzern
www.suva.ch

Swiss Insurance Association
Schweizerischer Versicherungsverband (SVV)
Association suisse d'assurances (ASA)
Associazione svizzera d'assicurazioni (ASA)
C.F. Meyer-Strasse 14
8002 Zürich
www.svv.ch

Unemployment insurance

State Secretariat for Economic Affairs (SECO) –
Directorate of Labour
Staatssekretariat für Wirtschaft (SECO) –
Direktion für Arbeit
Secrétariat d'Etat à l'Economie (SECO) –
Direction du travail
Segretariato di Stato all'Economia (SECO) –
Direzione del lavoro
Effingerstrasse 31
3003 Bern
www.seco.admin.ch

General information on unemployment-related matters:
Regional Employment Agencies (ORP)
www.orp.ch

Addresses of regional employment agencies and
unemployment offices, including information on the
financial benefits of unemployment insurance:
www.jobarea.ch

General information

Publications:

Federal Office for Buildings and Logistics, FBL

Bundesamt für Bauten und LogistiK (BBL)

Office fédéral des constructions et de la logistique (OFCL)

Ufficio federale delle costruzione federale e della logistica (UFCL)

3003 Bern

www.bbl.admin.ch

Immigration/Residency:

Federal Office for Migration (FOM)

Bundesamt für Migration (BFM)

Office fédéral des migrations (OFM)

Ufficio federale della migrazione (UFM)

Quellenweg 15

3003 Bern-Wabern

www.bfm.admin.ch



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