

Switzerland

Exchange rate: US\$1.00 equals 1.12 francs.

Old Age, Disability, and Survivors

Regulatory Framework

First and current laws: 1946 (old-age and survivor base pensions); 1959 (disability base pensions); 1982 (occupational old-age, disability, and survivor pensions), implemented in 1985; and 2000 (social insurance), implemented in 2003.

Type of program: Social insurance and mandatory occupational pension system.

Coverage

Base pension: All persons residing or gainfully employed in Switzerland.

Voluntary coverage for Swiss citizens and citizens of European Union (EU) countries who live in a non-EU country if they have previously been compulsorily insured in Switzerland for at least 5 years without interruption.

Mandatory occupational pension: Employees whose annual earnings exceed 19,890 francs with the same employer. Unemployed persons are covered for disability and survivor benefits.

Voluntary coverage for salaried workers who are not eligible for mandatory insurance and for self-employed persons.

Source of Funds

Insured person

Base pension: 4.2% of gross earnings (old-age and survivors) and 0.7% of gross earnings (disability).

Nonworking insured persons pay annual flat-rate contributions of between 370 francs and 8,400 francs (old-age and survivors) and between 62 francs and 1,400 francs (disability), depending on an assessment of their social conditions.

There are no maximum earnings for contribution purposes for the base pension.

Mandatory occupational pension: Depending on the insured's age, contributions vary from 7% to 18% of gross monthly earnings for the part of earnings between 23,205 francs and 79,560 francs.

Self-employed person

Base pension: 7.8% of gross income (old-age and survivors) and 1.4% of gross income (disability). Contributions are reduced according to a decreasing scale for income above a fixed ceiling.

Mandatory occupational pension: Voluntary contributions. (The contribution rate is fixed according to the regulations of the insured's pension fund.)

Employer

Base pension: 4.2% of payroll (old-age and survivors) and 0.7% of payroll (disability).

There are no maximum earnings for contribution purposes for the base pension.

Mandatory occupational pension: The contribution must be at least equal to the insured employee's contribution.

Government

Base pension: Annual federal subsidies cover about 19.55% of the cost of old-age and survivors benefits and 37.7% of the cost of disability benefits. Also, a portion of value-added tax and the taxable profits of casinos.

Mandatory occupational pension: None.

Qualifying Conditions

Old-age pension

Base pension: Age 65 (men) or age 64 (women). To receive the full pension, the insured must have made contributions in each year from age 21.

Partial pension: Paid with a minimum of 1 year's contribution.

Extraordinary pension: Paid to Swiss nationals who do not meet the required minimum contribution period for the old-age base pension.

Base pensions are payable abroad only for Swiss nationals; international agreements may allow exceptions to this rule.

Mandatory occupational pension: Age 65 (men) or age 64 (women).

Mandatory occupational pensions are payable abroad regardless of nationality.

Disability pension

Base pension: The insured must be assessed as at least 40% disabled. To receive the full pension, the insured must have made contributions in each year from age 21.

Partial pension: Paid with at least 3 years of contributions.

Extraordinary pension: Paid to Swiss nationals who do not meet the required minimum contribution period for the disability base pension.

Base pensions are payable abroad only for Swiss nationals; international agreements may allow exceptions to this rule.

Mandatory occupational pension: The insured must be assessed as at least 50% disabled.

Occupational pensions are paid abroad regardless of nationality.

Survivor pension

Base pension: The full pension for a widow(er) is paid if the deceased had contributed in each year from age 21. The deceased must have had at least 1 year of contributions.

Eligible survivors are a widow (or registered partner) with one or more dependent children or a widow (or registered partner) aged 45 or older who was married to the deceased for at least 5 years; a widower (or registered partner) with one or more dependent children younger than age 18; a divorced spouse who has one or more dependent children and was married to the deceased for at least 10 years (in some cases, other conditions of age and duration of marriage apply); and orphans younger than age 18 (age 25 if a student or an apprentice).

Mandatory occupational pension: The deceased was a pensioner or insured at the time of death or when the incapacity that resulted in his or her death began.

Eligible survivors are a widow (or registered partner) with one or more children or a widow (or registered partner) aged 45 or older who was married to the deceased for at least 5 years; a divorced spouse with one or more children who was married to the deceased for at least 10 years and who was entitled to alimony; and orphans younger than age 18 (age 25 if a student or an apprentice).

Old-Age Benefits

Old-age pension

Base pension: If the insured's average annual income is less than or equal to 39,780 francs, a flat-rate 9,812 francs a year is paid plus a variable amount calculated by multiplying annual income by 13/600; if the insured's average annual income is greater than 39,780 francs, a flat-rate 13,790 francs a year is paid plus a variable amount calculated by multiplying average annual income by 8/600.

All income from gainful activity, including income in the form of education or assistance grants, is taken into account for the calculation of average annual income (the contributions paid by nonworking insured persons are treated as income for the purposes of calculating average annual income).

The minimum monthly old-age base pension is 1,105 francs.

The maximum monthly old-age base pension is 2,210 francs. The combined individual pensions paid to a couple must not exceed 150% of the maximum monthly old-age base pension (3,315 francs).

Partial pension: A percentage of the full pension is paid according to the relationship between the insured's total number of years of contributions and the number of years of contributions of others in the insured's age group.

Dependent's supplement: 40% of the insured's pension is paid for each child younger than age 18 (age 25 if a student or an apprentice).

Benefit adjustment: Benefits are adjusted every 2 years for changes in prices and wages.

Extraordinary pension (old-age): The pension is equal to the minimum monthly old-age base pension.

Benefit adjustment: Benefits are adjusted every 2 years for changes in prices and wages.

Mandatory occupational pension: The annual pension is equal to 7.05% (men) or 7.10% (women) of the accumulated funds in the personal account, with interest.

Benefit adjustment: Benefits are adjusted for price increases, depending on the insurance institution's financial resources.

Permanent Disability Benefits

Disability pension

Base pension: If the insured's average annual income is less than or equal to 39,780 francs, a flat-rate 9,818 francs a year is paid plus a variable amount calculated by multiplying annual income by 13/600; if the insured's average annual income is greater than 39,780 francs, a flat-rate 13,790 francs a year is paid plus a variable amount calculated by multiplying average annual income by 8/600. The full pension is paid if the insured is assessed as at least 70% disabled; 3/4 pension if assessed as at least 60% disabled; 1/2 pension if assessed as at least 50% disabled; 1/4 pension if assessed as at least 40% disabled.

All income from gainful activity, including income in the form of education or assistance grants, is taken into account for the calculation of average annual income (the contributions paid by nonworking insured persons are treated as income for the purposes of calculating average annual income).

Partial pension: A percentage of the full pension is paid according to the relationship between the insured's total number of years of contributions and the number of years of contributions of others in the insured's age group.

Dependent's supplement: 40% of the insured's pension is paid for each child younger than age 18 (age 25 if a student or an apprentice).

Benefit adjustment: Benefits are adjusted every 2 years for changes in prices and wages.

Extraordinary pension (disability): The pension is equal to the minimum monthly disability base pension.

Benefit adjustment: Benefits are adjusted every 2 years for changes in prices and wages.

Mandatory occupational pension: The annual pension is equal to 7.05% (men) or 7.10% (women) of the funds that would have been accumulated at retirement age. The full pension is paid if the insured is assessed as at least 70% disabled; 3/4 pension if assessed as at least 60% disabled; 1/2 pension if assessed as at least 50% disabled; 1/4 pension if assessed as at least 40% disabled.

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Benefit adjustment: Benefits that have been paid for more than 3 years are adjusted for price increases at the beginning of the subsequent calendar year; subsequent adjustments take place at the same time as adjustments to the base pension.

Survivor Benefits

Survivor pension

Base pension: The survivor receives 80% of the deceased's pension.

The minimum monthly survivor pension is 884 francs.

The maximum monthly survivor pension is 1,768 francs.

Base pension (orphan): Each orphan receives 40% of the deceased's pension; 80% for a full orphan, up to a maximum of 60% of the maximum monthly old-age pension (1,326 francs).

The minimum monthly orphan's pension is 442 francs.

The maximum monthly orphan's pension is 884 francs.

Benefit adjustment: Benefits are adjusted every 2 years for changes in prices and wages.

Mandatory occupational pension: If the insured was an active contributor at the time of death, the survivor receives 60% of the full occupational disability pension that would have been paid to the insured; if the deceased was a pensioner, the survivor receives 60% of the deceased's monthly old-age or disability pension.

Mandatory occupational pension (orphan): If the insured was an active contributor at the time of death, each orphan receives 20% of the full occupational disability pension that would have been payable to the insured; if the deceased was a pensioner, each orphan receives 20% of the deceased's monthly old-age or disability pension.

Benefit adjustment: Benefits that have been paid for more than 3 years are adjusted for price increases at the beginning of the following calendar year; subsequent adjustments take place at the same time as adjustments to the base pension.

Administrative Organization

Base pension

Federal Department of the Interior (<http://www.edi.admin.ch>) provides general supervision.

Federal Social Insurance Office (<http://www.bsv.admin.ch>) supervises the implementation of legislation.

Decentralized network of cantonal, industrial, and federal compensation funds is responsible for collecting and recording contributions and paying pensions.

Central Compensation Office (<http://www.avs-ai-international.ch>) maintains a register of all insured persons and pensioners.

Mandatory occupational pension

Federal Social Insurance Office (<http://www.bsv.admin.ch>) and cantons provide general supervision.

Registered occupational pension institutes administer the program. There were 8,134 institutes in 2002.

Sickness and Maternity

Regulatory Framework

First law: 1911.

Current laws: 1952 (maternity insurance); 1994 (sickness insurance); and 2000 (social insurance), implemented in 2003.

Type of program: Mandatory private insurance (medical benefits and cash maternity benefits) and voluntary private insurance (cash sickness benefits) system.

Coverage

Cash sickness benefits: All persons residing in Switzerland and involved in gainful activity.

Cash maternity benefits: Salaried or self-employed women involved in gainful activity.

Medical benefits: All persons residing in Switzerland.

Source of Funds

Insured person

Cash sickness benefits: Premiums vary depending on the fund, the type of benefits provided, the insured's age at the date of entry, and geographic region.

Cash maternity benefits: 0.15% of gross salary. Nonworking insured persons pay an annual flat-rate contribution of between 13 francs and 300 francs, depending on an assessment of their social conditions.

There are no maximum earnings for contribution purposes.

Medical benefits: A single premium is paid. Premiums vary depending on geographic region.

Self-employed person

Cash sickness benefits: Premiums vary depending on the fund, the type of benefits provided, the insured's age at the date of entry, and geographic region.

Cash maternity benefits: 0.3% of gross income. Contributions are reduced according to a decreasing scale for income above a fixed ceiling.

Medical benefits: A single premium is paid. Premiums vary depending on geographic region.

Employer

Cash sickness benefits: Contributions are not required by law, but some collective agreements require the employer to share employees' membership fees.

Cash maternity benefits: 0.15% of payroll.

There are no maximum earnings for contribution purposes.

Medical benefits: None.

Government

Cash sickness and maternity benefits: None.

Medical benefits: Federal annual subsidies to cantons permit reduced premiums paid by low-income earners.

Qualifying Conditions

Cash sickness benefits: Aged 15 to 64. The insured must have taken out a sickness insurance policy providing cash benefits.

Cash maternity benefits: The insured must have paid contributions toward the old-age and survivor base pension during the last 9 months before childbirth and have been in gainful activity during at least 5 months of the last 9 months. The insured must cease work during the maternity leave.

Sickness and Maternity Benefits

Sickness benefit: The amount of the daily allowance is agreed on between the insurer and the insured. The benefit is usually paid after a 3-day waiting period for at least 720 days in a period of 900 consecutive days.

Maternity benefit: The amount of the daily allowance is equal to 80% of last daily earnings, up to a maximum of 172 francs. The benefit is paid for up to 98 days (14 weeks) after childbirth.

Workers' Medical Benefits

A comprehensive list of service benefits is set by law. Funds may provide additional benefits through complementary insurance.

There is no limit to duration.

Cost sharing: The patient pays the first 300 francs of medical care expenses during the calendar year, plus 10% of costs above this amount up to an annual ceiling. In addition, there is a daily contribution of 10 francs for hospitalization costs (except for insured persons who live with at least one other family member). There is no cost sharing for maternity care.

Dependents' Medical Benefits

Individuals are insured in their own right.

A comprehensive list of service benefits is set by law. Funds may provide additional benefits through complementary insurance.

There is no limit to duration.

Cost sharing: The patient pays the first 300 francs of medical care expenses during the calendar year, plus 10% of costs above this amount up to an annual ceiling. In addition, there is a daily contribution of 10 francs for hospitalization costs (except for insured persons who live with at least one other family member). There is no cost sharing for maternity care.

Administrative Organization

Federal Office of Public Health (<http://www.bag.admin.ch>) supervises compliance with the sickness insurance legislation.

Recognized funds and private insurance companies are authorized to administer and provide sickness insurance. (There were 85 recognized funds in 2005.)

Federal Social Insurance Office (<http://www.bsv.admin.ch>) supervises compliance with the maternity benefit legislation.

Maternity benefit is administered through compensation funds of the old-age and survivor insurance (base pension) program.

Work Injury**Regulatory Framework**

First law: 1911, implemented in 1918.

Current laws: 1981 (accident insurance); and 2000 (social insurance), implemented in 2003.

Type of program: Mandatory insurance covering work-related and nonwork-related accidents and occupational diseases.

Coverage

Employees including home workers, apprentices, trainees, and volunteers.

If working time does not exceed 8 hours a week, only work-related injuries (including travel to and from work) are covered.

Voluntary coverage for self-employed persons.

Source of Funds**Insured person**

Work-related injuries and occupational diseases: None.

Nonwork-related injuries: The total cost. Premiums vary according to the assessed degree of risk.

The maximum annual earnings for contribution purposes are 126,000 francs.

Self-employed person: Voluntary insurance.

Employer

Work-related injuries and occupational diseases: The total cost. Premiums vary according to the assessed degree of risk.

The maximum annual earnings for contribution purposes are 126,000 francs.

Nonwork-related injuries: None.

Government

Work-related injuries and occupational diseases: None.

Nonwork-related injuries: None.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period. Benefits are paid for work-related and nonwork-related accidents and occupational diseases. Accidents that occur while commuting to and from work are covered.

Temporary Disability Benefits

If the insured is totally disabled, the benefit is equal to 80% of the insured's last daily earnings (including family allowances). The benefit is paid after a 3-day waiting period until recovery or certification of permanent disability.

The maximum daily earnings for benefit calculation purposes are 346 francs.

Partial disability: A percentage of the full benefit is paid, according to the assessed degree of disability.

Permanent Disability Benefits

Permanent disability pension: If the insured is totally disabled, the benefit is equal to 80% of insured's last earnings (including family allowances).

The maximum monthly earnings for benefit calculation purposes are 10,500 francs.

Constant-attendance supplement: The benefit varies between two and six times the maximum insured daily earnings, according to the assessed degree of disability.

Partial disability: A percentage of the full pension is paid, according to the assessed degree of disability.

Lump-sum award: The award is paid in addition to the permanent disability pension, according to the schedule in law.

Benefits are payable abroad.

Benefit adjustment: Pensions are adjusted every 2 years for changes in the cost-of-living index (at the same time as adjustments are made to the old-age base pension).

Workers' Medical Benefits

Medical, hospital, and pharmaceutical treatment; prostheses and other necessary care; and travel expenses.

There is no limit to duration.

Survivor Benefits

Survivor pension: The survivor receives 40% of the deceased's monthly earnings.

Eligible survivors are a widow older than age 45 or a widow(er) with dependent children or who is assessed as at least 2/3 disabled.

Widow's settlement: A lump sum is paid to a widow who is not eligible for a pension. The lump sum varies according to the duration of the widow's marriage to the deceased.

Orphan's pension: Each orphan younger than age 18 (age 25 if a student) receives 15% of the deceased's monthly earnings; 25% for a full orphan.

Other eligible survivors: A surviving divorced spouse who had been eligible for alimony receives up to 20% of the deceased's monthly earnings.

All survivor benefits combined must not exceed 70% of the deceased's monthly earnings; 90% if benefits are paid to both the current and the divorced spouse.

Funeral grant: A lump sum is paid, up to a maximum of 2,422 francs.

Benefit adjustment: Pensions are adjusted every 2 years for changes in the cost-of-living index (at the same time as adjustments are made to the old-age base pension).

Administrative Organization

Federal Office of Public Health (<http://www.bag.admin.ch>) supervises compliance with the sickness insurance legislation.

Swiss National Accident Insurance Fund (<http://www.suva.ch>) manages the program for accidents.

Unemployment

Regulatory Framework

First law: 1924.

Current laws: 1982 (unemployment insurance), with amendments; and 2000 (social insurance), implemented in 2003.

Type of program: Social insurance system.

Coverage

Employed persons.

Source of Funds

Insured person: 1% of covered earnings.

The maximum monthly earnings for contribution and benefit calculation purposes are 10,500 francs.

Self-employed person: Not applicable.

Employer: 1% of covered payroll.

The maximum monthly earnings for contribution and benefit calculation purposes are 10,500 francs.

Government: Federal government contributes up to 0.12% of the insured payroll toward the cost of the employment service and for labor market-related measures. If necessary, the federal government provides loans at the prevailing market rate to unemployment funds.

Qualifying Conditions

Unemployment benefit: The insured must be either totally or partially unemployed, have at least 2 consecutive unpaid working days, reside in Switzerland, have completed mandatory schooling, not be receiving a basic old-age pension, have 12 months of contributions in the last 2 years (waived for certain categories), be able and willing to work, and satisfy any other requirements.

Unemployment Benefits

The benefit is equal to 80% of insured earnings; 70% if the insured has no dependent children, is receiving a full daily benefit that exceeds 140 francs, and is not disabled. The benefit is paid after a 5-day waiting period.

Benefits are paid for up to 260 days for persons who are not subject to any contribution condition; 400 days with at least 12 months of contributions; or 520 days with at least 18 months of contributions and aged 55 or older (the age condition is waived if the insured is receiving a basic disability pension or a mandatory occupational disability pension).

Partial unemployment benefit: A benefit equal to 80% of lost earnings is paid for up to 12 months in a 2-year period for a reduction in working hours; for up to 6 months for a reduction in working hours due to bad weather.

Administrative Organization

Federal Office of Economy (<http://www.seco.admin.ch>) approves and supervises unemployment funds.

Federal Social Insurance Office (<http://www.bsv.admin.ch>) supervises contributions.

Cantonal and regional unemployment funds (public funds) administer the program for cantons or regions. In addition, some funds administer programs for certain professional groups.

Regional placement offices assist unemployed persons in finding employment.

Family Allowances

Regulatory Framework

First and current federal laws: 1952 (agricultural workers); and 2000 (social insurance), implemented in 2003.

First and current cantonal laws: All cantons have laws, enacted during or after 1943.

Type of program: Employment-related system (in most cantons) and employment-related and social assistance system (in five cantons).

Coverage

Federal program covers agricultural employees and small self-employed farmers whose annual earnings do not exceed a fixed amount. The beneficiary must have one or more children (family allowances) or a spouse (housekeeping allowance).

Cantonal programs cover nonagricultural employees with one or more children. Several cantons also cover some self-employed persons, including farmers not covered by the federal program.

Employers usually affiliate with family allowance funds; in some cantons, employers may guarantee payment.

Special system for civil servants.

Source of Funds

Insured person: None (except in Valais, 0.3% of salary).

Self-employed person: In cantons where the self-employed are covered, benefits are financed partly by self-employed persons (flat-rate contributions or 1% of gross income).

Employer

Nonagricultural employer: From 0.1% to 4% of payroll, according to canton and fund.

Agricultural employer: 2% of payroll (federal program).

Government: Federal and cantonal governments share the residual cost for agricultural employees and the total cost for small self-employed farmers (2/3 by the federal government and 1/3 by cantonal governments).

In cantons where self-employed persons are covered, the part of the cost exceeding that financed by contributions paid by self-employed persons is met by the family allowance fund or the canton; in cantons where nonworking persons are covered, the canton, the commune, or both meet the cost of contributions.

Qualifying Conditions

Family allowances: In the federal program, the child must be younger than age 16 (age 20 if unable to work and not receiving a disability pension, age 25 if an apprentice or a student). In most cantonal programs, the child must be younger than age 16 (ages 18 to 20 if disabled; age 25 if an apprentice or a student).

Birth grants: Some cantons pay birth grants.

Vocational training allowances: Some cantons pay vocational training allowances. When provided, vocational training allowances replace family allowances.

Family Allowance Benefits

Family allowances: The federal program pays 190 francs a month for each child (210 francs in mountain regions). In addition, a household allowance of 100 francs is paid for each married worker.

The legal minimum allowance in cantonal programs is between 160 francs and 370 francs a month for each child, according to canton. Funds often pay higher amounts than the legal minimum.

Birth grants: A lump sum of between 800 francs and 1,575 francs is paid, according to canton.

Vocational training allowances: Between 214 francs and 466 francs is paid a month, according to canton. When provided, vocational training allowances replace family allowances.

Administrative Organization

Federal program: Cantonal old-age and survivor insurance funds collect contributions and pay allowances.

Cantonal programs: Supervised by cantonal governments and administered by numerous public and approved private family allowance funds.

Employers usually pay allowances directly and combined with wages. The respective fund reimburses the employer.