

Switzerland

Exchange rate: US\$1.00 equals 1.27 francs.

Old Age, Disability, and Survivors

Regulatory Framework

First and current laws: 1946 (old-age and survivor pensions), 1959 (disability pensions), 1982 (occupational pensions), and 2000 (social insurance).

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

Coverage

Base pension: All persons resident in Switzerland or those who are gainfully employed there.

Voluntary insurance 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 25,320 francs with the same employer. Persons who were unemployed as of July 1, 1997, are insured for disability and survivor benefits.

Voluntary insurance for self-employed persons who are not eligible for mandatory insurance.

Source of Funds

Insured person

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

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

Mandatory occupational pension: Depending on age and gender, contributions vary from 7% to 18% of income between 25,320 francs and 75,960 francs.

Self-employed

Base pension: 7.8% of income (old-age and survivors) and 1.4% of income (disability). Contributions vary according to a decreasing scale of contributions.

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

Mandatory occupational pension: Voluntary contributions.

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 is at least equal to the employee's contribution.

Government

Base pension: Annual subsidies to the social insurance system cover about 20% of the cost of old-age benefits (16.36% from federal government and 3.64% from cantons) and 50% of the cost of disability benefits (75% from federal government and 25% from cantons).

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

Mandatory occupational pension: None.

Qualifying Conditions

Old-age pension

Base pension: Age 65 (men) or age 63 (women). The age requirement for women will be 64 in 2005. A full pension requires that contributions be made in all years from age 21.

Partial pension: A partial pension is payable for an incomplete insurance period. A minimum of 1 year's contributions is required for a pension.

Special pension: For Swiss nationals who do not meet the required minimum contribution period for an old-age base pension.

Mandatory occupational pension: Age 65 (men) or age 62 (women). Women can remain in the occupational scheme until they reach the base scheme retirement age if they fulfill the eligibility conditions for a base pension.

Disability pension

Base pension: Must be assessed as at least 40% disabled. To receive a full pension, the insured must have made contributions in all years from age 21.

Partial pension: A partial pension is paid for an incomplete insurance period. A minimum of 1 year's contributions is required for a pension.

Special pension: For Swiss nationals who do not meet the required minimum contribution period for a disability base pension.

Mandatory occupational pension: Must be assessed as at least 50% disabled.

Survivor pension

Base pension: For a full widow(er) pension, the insured must have contributed in all years from age 21. The insured had a minimum of 1 year's contributions.

Special pension: For a Swiss national whose spouse did not meet the required minimum contribution period for a base pension.

Mandatory occupational pension: A pension is paid if the widow has children or if the widow is aged 45 or older and the marriage had lasted for at least 5 years.

Orphan's pension (mandatory occupational pension): Paid to orphans younger than age 18 (age 25 if a student).

Old-Age Benefits

Old-age pension

Base pension: If average annual income is less than or equal to 37,080 francs, the pension is a flat-rate amount of 9,146 francs a year plus a variable amount calculated by multiplying annual income by 13/600; if average annual income is above 37,080 francs, a flat-rate amount of 12,854 francs a year plus a variable amount calculated by multiplying average annual income by 8/600.

The minimum old-age base pension is 1,030 francs a month.

The maximum old-age base pension is 2,060 francs a month.

The combined individual pensions of a couple cannot exceed 150% of the maximum old-age base pension (3,090 francs a month).

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

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

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

Benefit adjustment: Adjusted every 2 years for changes in prices and wages.

Mandatory occupational pension: An annual payment equal to 7.2% of the accumulated funds in the personal account, with interest.

Benefit adjustment: Adjusted for price increases within the limit of the insurance institution's financial capacity.

Permanent Disability Benefits

Disability pension

Base pension: If average annual income is less than or equal to 37,080 francs, the pension is a flat-rate amount of 9,146 francs a year plus a variable amount calculated by multiplying annual income by 13/600; if average annual income is above 37,080 francs, a flat-rate amount of 12,854 francs a year 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; three-quarter pension if at least 60%; half pension if at least 50% disabled; one-quarter pension if at least 40% disabled.

Partial pension: The percentage of the full pension payable is determined according to the relationship between the insured's number of years of contributions and the number of years of contributions of those in the insured's age group.

Dependent supplement: A child under age 18 (age 25 if a student) receives 40% of the pension.

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

Benefit adjustment: Adjusted every 2 years for changes in prices and wages.

Mandatory occupational pension: The annual pension is equal to 7.2% of the funds that would have been accumulated at retirement age. The full pension is paid if the insured is assessed as at least 2/3 disabled; half pension if at least 50% disabled.

Benefit adjustment: Benefits that have been paid for more than 3 years are adjusted for price increases (at the same time as adjustments to the base pension).

Survivor Benefits

Survivor pension

Base pension (widow(er)): 80% of the insured's pension is payable to a widow caring for a child; to a widow aged 45 or older who was married for at least 5 years; regardless of age to a widower caring for a child under age 18.

The minimum monthly benefit is 824 francs.

The maximum monthly benefit is 1,648 francs.

Base pension (orphan): 40% of the insured's pension for each orphan under age 18 (age 25 if a student); 40% for a full orphan, but not more than 60% of the maximum old-age pension.

Special pension (survivor): The pension is equal to the minimum survivor base pension.

Benefit adjustment: Adjusted every 2 years for changes in prices and wages.

Mandatory occupational pension (widow): 60% of the insured's full pension.

Mandatory occupational pension (orphan): 20% of the insured's full pension for each orphan.

Benefit adjustment: Benefits that have been paid for more than 3 years are adjusted for price increases (at the same time as adjustments to the base pension).

Administrative Organization

Base pension

Federal Department of Interior provides general supervision.

Federal Social Insurance Office supervises implementation.

Decentralized network of cantonal, industrial, and federal compensation funds is responsible for the collection and recording of contributions and the payment of pensions.

Central compensation office maintains a register of all insured persons and pensioners.

Mandatory occupational pension

Federal Social Insurance Office and cantons provide general supervision.

Registered occupational pension institutes administer the program (in 1998 there were 10,409 institutes).

Sickness and Maternity

Regulatory Framework

First law: 1911.

Current laws: 1994 (sickness insurance) and 2000 (social insurance).

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

Coverage

Cash benefits: All persons resident in Switzerland involved in gainful activity and older than age 15 but younger than age 65 can buy insurance providing daily allowances.

Medical care: All persons resident in Switzerland.

Source of Funds

Insured person

Cash benefits: Premiums vary depending on the fund, benefits provided for the insured, age at the date of entry, and the region.

Medical care: A single premium for funds in the same region.

Employer

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

Medical care: None.

Government

Cash benefits: None.

Medical care: Federal subsidies to cantons permit reduced premiums paid by low-income earners. Cantons must provide minimum additional assistance.

Qualifying Conditions

Cash sickness benefits: The benefit is payable to insured persons after a 3-day waiting period, unless agreed otherwise.

Cash maternity benefits: Nine months (270 days) of membership without interruption of more than 3 months.

Sickness and Maternity Benefits

Sickness benefit: The amount of the daily allowance is set by agreement between the insurer and the insured. The benefit is payable after a 3-day waiting period, unless agreed otherwise, for up to at least 720 days in a period of 900 consecutive days.

Maternity benefit: The benefit is payable for up to 16 weeks, including at least 8 weeks after childbirth.

Workers' Medical Benefits

A comprehensive list of service benefits is set by law. Funds can also provide additional benefits through complementary insurance. There is no time limit on duration.

Cost sharing: The patient pays 100% of costs up to a ceiling (standard ceiling is 300 francs) and 10% of costs above this ceiling up to a set annual total. In addition, there is a daily contribution of 10 francs for hospitalization costs (except for insured persons who live with at least one member of their family). There is no cost sharing for maternity care.

Dependents' Medical Benefits

Medical insurance is individual. Insured persons receive benefits in their own right.

A comprehensive list of service benefits is set by law. Funds can also provide additional benefits through complementary insurance. There is no time limit on duration.

Cost sharing: The patient pays 100% of costs up to a ceiling (standard ceiling is 300 francs) and 10% of costs above this ceiling up to a set annual total. In addition, there is a daily contribution of 10 francs for hospitalization costs (except for insured persons who live with at least one member of their family). There is no cost sharing for maternity care.

Administrative Organization

Federal Office of Social Insurance supervises compliance.

Recognized funds and private insurance companies are authorized to administer and provide health insurance. There were 108 recognized funds in 2001.

Work Injury

Regulatory Framework

First law: 1911, implemented in 1918.

Current laws: 1981 (injury insurance) and 2000 (social insurance).

Type of program: Mandatory insurance covering occupational and nonoccupational accidents and occupational diseases.

Coverage

All employees.

Voluntary coverage for the self-employed.

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

Source of Funds

Insured person

Occupational accidents and diseases: None.

Nonoccupational accidents: Total cost.

Employer

Occupational accidents and diseases: Total cost.

Contribution rates vary from 0.04% to 17.2% of payroll according to the assessed degree of risk.

The maximum earnings for contribution and benefit purposes are 106,800 francs a year.

Nonoccupational accidents: None.

Government

Occupational accidents and diseases: None.

Nonoccupational accidents: None.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period. Benefits are payable for occupational accidents and diseases and nonoccupational accidents.

Temporary Disability Benefits

80% of earnings if totally disabled. The benefit is payable after a 3-day waiting period until recovery or certification of permanent disability.

Partial disability: A reduced benefit is paid if partially disabled.

Permanent Disability Benefits

Permanent disability pension: 80% of insured earnings if totally disabled.

Constant-attendance supplement: Two to six times the maximum insured daily earnings according to the assessed degree of disability.

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

Lump-sum award: For a permanent injury according to the schedule in law. The award is paid in addition to the pension.

Benefit adjustment: Pensions are adjusted every 2 years for changes in the cost-of-living index (at the same time as adjustments 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 on duration.

Survivor Benefits

Survivor pension: 40% of insured earnings is payable to a widow(er) who has dependent children or is at least 2/3 disabled or to a widow over age 45.

Widow's settlement: A lump sum is payable to a widow who is ineligible for a pension. The lump sum varies according to the duration of the marriage.

Orphan's pension: 15% of insured earnings is payable for each orphan under age 18 (age 25 if a student); 25% if a full orphan.

Other eligible survivors: A surviving divorced spouse receives up to 20% of insured earnings if he or she had been eligible for alimony.

The maximum survivor pension is 70% of insured earnings. If benefits are payable to both the current and the divorced spouse, the maximum total pension is 90%.

Funeral grant: A lump sum of up to 2,051 francs.

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

Administrative Organization

Federal Social Insurance Office provides general supervision.

Public accident insurance funds and approved sickness insurance funds manage the program.

Private insurance companies manage the program for employers who are subject to compulsory insurance.

Swiss National Accident Insurance Fund manages the program for accidents.

Unemployment

Regulatory Framework

First law: 1924.

Current laws: 1982 (unemployment insurance) and 2000 (social insurance).

Type of program: Social insurance system.

Coverage

Employed persons.

Source of Funds

Insured person: 1% of earnings.

The maximum monthly earnings for contribution and benefit calculation purposes are 8,900 francs.

Employer: 1% of payroll.

The maximum monthly earnings for contribution and benefit calculation purposes are 8,900 francs.

Government: Federal government contributes up to 0.15% 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.

Qualifying Conditions

Unemployment benefit: The insured must be totally or partially unemployed, reside in Switzerland, have completed mandatory schooling, not be in receipt of 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 necessary requirements.

Unemployment Benefits

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 payable after a 5-day waiting period.

The maximum duration of benefits is 400 days with at least 12 months of contributions; 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 accident insurance disability pension); 260 days for persons who are not subject to any contribution condition.

Partial unemployment benefit: 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 approves and supervises unemployment funds.

Federal Social Insurance Office 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 (agriculture only) and 2000 (social insurance).

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).

Employer

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

Nonagricultural employer: From 0.1% to 5% of payroll, according to canton and fund.

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).

Qualifying Conditions

Family allowances: In the federal program, the child must be under age 16 (under age 20 if unable to work and not receiving a disability pension; under age 25 if an apprentice or a student). In most cantonal programs, the child must be under age 16 (under ages 18 to 20 if disabled; under 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 170 francs a month for each of the first two children (190 francs in mountain regions); 175 francs a month for the third and each subsequent child (195 francs in mountain regions). In addition, a household allowance of 100 francs is granted for each married worker.

The legal minimum allowance in cantonal programs is from 150 francs to 344 francs a month for each child, according to canton. Funds often pay higher amounts than the legal minimum.

Birth grants: 600 francs to 1,500 francs, according to canton.

Vocational training allowances: 190 francs to 444 francs 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 with wages and settle the remaining surplus or deficit with the respective fund.