

Social Insurance Yearbook



Compact yearly overview

Contributions
Pensions
Gaps
Facts
Benefits

2022

11th edition

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The Swiss legislation on social insurances is coordinated by the ATSG law.

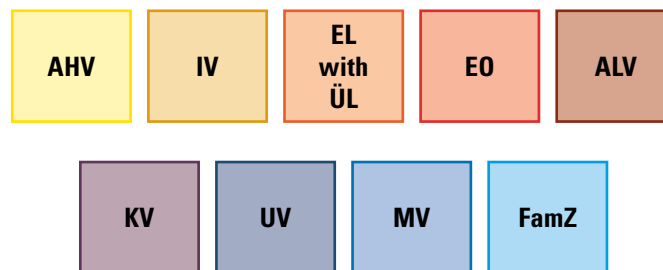
Federal law on general provisions concerning legislation on social insurances (ATSG)

(Status on 18.06.2021)

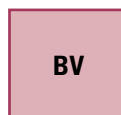
Purpose and scope

The ATSG law mainly aims at coordinating Switzerland's social insurances and at guaranteeing a consistent administration of justice. It defines the principles and institutions in charge of social insurance legislation, regulates social insurance procedures and coordinates benefits. It provides uniform definitions of the terms used in social insurances such as illness, accident, incapacity for work, unemployment, disability, employer, employee, self-employed worker, domicile, refusal of benefits, reduction of benefits, etc.

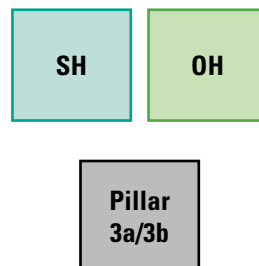
Social insurances covered by the ATSG:



The ATSG does not apply directly to the following social insurance:



The following are not considered social insurances:



Switzerland has a dense network of social insurances that offers extensive protection against life risks to people living and working here, and their relatives, and who could not manage the financial consequences of such risks alone.

The Federal Social Insurance Office FSIO divides the Swiss social insurance system into five sections:

- old-age, survivors and disability pension planning (three pillar principle)
- protection against the consequences of illness and accident
- income compensation for persons in service and for employees in maternity leave, in paternity leave or in care leave
- unemployment insurance
- family allowances

Our social insurances offer protection by providing benefits in kind (usually reimbursements of costs for treatments, rehabilitation, aids and devices etc.) and/or cash benefits (daily allowances, pensions, attendance allowances, complementary benefits to the AHV/IV etc.). These social insurance benefits are mainly financed by contributions from earned income.

The Yearbook is structured as follows:

on the one hand each social insurance is illustrated through knowledge with the most important facts according to the aspects 1. Aim and purpose, 2. Insured persons, 3. Organizational matters, 4. Funding/contributions, and 5. Withdrawing benefits. The same structure is used as best as possible for the topics of social assistance, assistance to victims and private pension planning (pillars 3a, 3b and «3c»).

On the other hand, since practical competence is needed, the reader is able to gather information from the individual social insurances about **the facts and obstacles relating to specific life situations**.

Practical competence also means being able to provide indications on social insurance coverage while working abroad and for your foreign employees. In fact, not all workers with a Swiss employment contract or who receive their salary from Switzerland are subject to our social insurances. Mistakes not only are laborious to correct but also result in high expenses (penalties imposed by the relevant State). You will find all the relevant information on pages 162 – 166.

The life situations here presented cover the following areas

- **Family/relationships** (Family, Cohabitation, Couple relationships – Marriage, Divorce, Death – Survivor benefits)
- **Working world** (Self-employment, Unemployment, Vacation – Extended absence, Working abroad – Emigration, Retirement, Job change)
- **Health impairment** (Incapacity for work/gainful employment – Disability, Attendance)

Attendance allowance: amount depending on the need of attendance, where applicable additional contribution paid to adults living in the same household and receiving an attendance allowance by the disability insurance; benefits only after a one-year waiting period.

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EO/MSE/SVE/BUE

If vocational rehabilitation is interrupted by military service, a daily allowance is paid by the EO, not the IV. During payment of maternity leave, paternity leave or care leave no IV daily allowance (the difference to the higher IV daily allowance is taken over by the EO fund).

ALV

A person with a health impairment has been given notice but is fit for work (min. two hours a day, where applicable only for light activities) and willing to work: verification of responsibility of disability insurance (vocational rehabilitation) or unemployment insurance. The ALV is obliged to advance the benefits until the responsibility situation has been clarified. However, the insured person himself/herself must claim such benefits.

A beneficiary of an IV pension (as of 40 % degree of disability) loses his/her job: entitlement to unemployment benefits (80 %) even if he/she has no child support obligation.

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If the insured had continuously paid ALV contributions for at least 22 months during the 2 years prior to unemployment, the payment of benefits is extended to 520 days regardless of the person's age.

BV

Degree of disability based on a comparison of income, grading determined by the IV. This also applies under the new "progressive" pension system.

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The regulation may provide for other solutions within the extra-mandatory occupational pension scheme.

Child pension in addition to a disability pension: 20% (up to age 18/25) mandatory pension scheme, in enveloping pension funds maybe less (see regulation).

The pension fund has the right to reduce its disability benefits if, when added up to other relevant income, they exceed 90% of the presumed loss of income.

UV

Maximum insured earnings: (2022): CHF 156,560.–.

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Daily allowance in case of total incapacity for work: 80% of insured earnings; otherwise proportional reduction.

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Degree of disability based on a comparison of income, pensions based on a linear system.

Disability pension in case of accident-related total incapacity for work: 80% of the last insured earnings; otherwise proportional reduction.

No additional pensions for children.

The accident insurer pays the difference between the first pillar benefits and max. 90% of the last insured earnings (complementary pension).

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Integrity payment: based on the damage.

Attendance allowance: based on the need of attendance.

MV

Benefits in kind:

Payment of costs for vocational rehabilitation.

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Cash benefits:

Maximum insured earnings (2022): CHF 156 560.–

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Daily allowance in case of total incapacity for work: 80% of insured earnings; otherwise proportional reduction.

Degree of disability based on a comparison of income, pensions based on a linear system.

Disability pension in case of total incapacity for work: 80% of insured earnings; otherwise proportional reduction.

No additional pensions for children.

Integrity payment since 2009: CHF 20 940.– (usually subject to buyout).

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Attendance allowance: payment of extra costs.

Further topics

Complementary benefits to secure existence.

FS Restricted and unrestricted pension schemes if no benefits are paid from the occupational pension plan

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Legal basis

Status

↓	ATSG	Federal law on general provisions concerning legislation on social insurances	18.06.2021
↓	IVG	Federal law on disability insurance	01.07.2021
↓	IVV	Ordinance on disability insurance	01.01.2021
↓	GgV	Ordinance on congenital disorders	01.03.2016
↓	HVI	Ordinance on the release of aids and devices by the disability insurance	01.07.2020

Overview**Obligation to pay contributions**

Obligation to pay contributions as of 1 January after reaching age 17

	Employer contribution	Employee contribution	Total
Disability contributions	0.7%	0.7%	1.4%

Benefits*Benefits in kind*

- Timely detection and timely aid i)
- Rehabilitation measures
 - Medical measures (mainly to treat congenital disorders)
 - Integration measures to prepare for vocational rehabilitation
 - Vocational measures (job counseling, first vocational training, vocational retraining, placement service, capital assistance, work trial, settling-in allowance, compensation for contribution increase / bridging benefits)
- Aids and devices

Cash benefits

- Daily allowance as salary substitution during rehabilitation
- Attendance allowance, incl. assistance contribution, where applicable
- Pension: disability pension according to degree of disability, where applicable child pension in addition to a disability pension

1 Aim and purpose

The disability insurance's aim is to:

- prevent, reduce or remedy a disability by means of appropriate rehabilitation measures
- guarantee adequate coverage of one's basic existence requirements
- contribute to an independent and autonomous lifestyle

Basic principle: rehabilitation before pension.**2 Insured persons**

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Insurance basically applies to the same persons as the AHV (see chapter AHV).

3 Organizational matters

Disability insurance is managed through specialized offices (IV-Stelle) in cooperation with the AHV bodies. AHV compensation offices calculate and pay out disability daily allowances and disability pensions. Rehabilitation measures are performed by external persons and institutions.

4 Funding/contributions/obligation to pay contributions

Funding/premiums

This is a funded pension system, i.e. about two thirds of revenues are contributions made by the insured and the employers, one third are income from capital.

Pension funds must guarantee the fulfilment of their commitment. They must provide for a system of contributions and financing that allows them to deliver benefits (insurance and vested benefits). The pension fund's regulation – and not the BVG – contains information as to how the pension fund scheme is structured.

Defined contributions pension plan (usually the case for old-age benefits)

The benefits paid by the pension fund are based on the amount of contributions paid. The pension fund finances the benefits by means of contributions, the amount of which is set beforehand (= old-age credits). Minimum benefits are set by law.

The insured's paid in contributions together with interest and compound interest make up the insurance benefits. The pension paid out later on is based entirely on the contributions.

Upon retirement, a conversion rate is applied to the old-age capital in order to determine the amount of pension.

Pros	Cons
The exact costs of the insurance are known.	Pay rises are not sufficiently insured; the degree of pension provision decreases if the insured earnings increase.
No obligation to make any repayments or back payments.	In case of inflation, there is no sufficient guarantee of maintenance of benefits.
Method is simple, easy to understand and clear.	The level of benefits is often lower than with the defined benefit method.

Defined benefit pension plan (often for risk part, i.e. risks of disability and death)

The amount of contributions paid into the pension fund is calculated based on planned benefits. Benefits are established as a percentage of the insured earnings; contributions are defined based on actuarial principles.

Pros	Cons
Clear benefits (percentage of salary), which makes pension planning easier.	In case of salary increases, one must make back payments or repayments in order to maintain the benefits.
No risk of inflation.	Termination benefits are difficult to calculate, system is difficult to understand.
The level of benefits is often higher than with the defined contributions method.	System requires considerable administrative efforts.

The pension fund funding concept consisting of old-age benefits based on the defined contributions method and risk benefits based on the defined benefit method is often referred to as the dual method.

Enveloping pension funds: pension funds paying more than the legally mandatory benefits must give proof of evidence by means of a calculation of conformity that they comply with the minimum BVG benefits.

Divided pension funds: these pension funds manage an insurance pursuant to BVG as well as another pension fund that insures extra-mandatory benefits (= insurance for managers).

5 Withdrawing conditions/benefits

5.1 Benefits in kind

5.1.1 Medical costs

Coverage of care services and reimbursement of costs worldwide, without any time limitations (also in case of relapses and long-term effects of previously recognized accidents/occupational diseases) and without retention fee (exception: cost sharing in case of hospital stay, i.e. contribution to food and drink, see «Daily allowances») for:

- outpatient treatment (free choice of doctor)
- medication and analysis (prescribed by the doctor/dentist)
- hospital treatment (common ward)
- follow-up treatments and spa treatments
- aids and devices that help recover (crutches, etc.)
- contributions to personal care at home

Necessary treatments abroad: payment of maximum twice the amount reimbursed in Switzerland.

5.1.2 Aids and devices

See list attached to the Ordinance on the release of aids and devices (HVUV).

5.1.3 Material damages

- Glasses, hearing aids and dental prostheses are reimbursed if, apart from being broken, there is a need for treatment.
- Coverage of rescue and recovery costs as well as of travel and transportation costs that are medically necessary (abroad maximum CHF 29 640.–).

5.1.4 Costs for corpse transport and funeral

- Costs for corpse transport: coverage of costs for transferring the corpse to the burial place (from abroad maximum CHF 29 640.–)
- Funeral costs: coverage of actual funeral costs (maximum CHF 2 842.–)

5.2 Cash benefits

Daily allowances and pensions are calculated based on the last insured earnings (= earnings in the 12 months prior to the accident). Family allowances are considered part of the insured earnings even though no premiums incur.

Limitation to maximum CHF 148 200.–/year, i.e. CHF 406.–/day.

5.2.1 Daily allowances

Entitlement is given to persons who due to an accident or an occupational disease are entirely or partially unfit for work. Entitlement begins on the 3rd day after the accident. (Example: accident on 3 March, first payment of a daily allowance on 6 March.)

Daily allowances of the accident insurance are paid as long as necessary.

Amount

In case of total incapacity for work, the daily allowance amounts to 80% of the last insured earnings (maximum of CHF 406.–). In case of partial capacity for work, the daily allowance is reduced accordingly.

Moreover, by providing instructions in case of death, one can arrange for how all issues must be handled after death (cremation, freeze drying or burial; communal grave, single grave or other solution; etc.).

PS: In order to be able to access the document when the time comes, it is recommended to officially notify the records office (place of residence) as to the existence of said document and the place where it is being held. This measure is reasonable, yet not mandatory.

When the instructing person becomes incapable of judgement, the advance care directive must be submitted for validation to the competent adult protection authority (KESB) (the instructing person's place of domicile is relevant).

1.2 Patient Decree (a.k.a. living will)

According to art. 370 of the Civil Code, with a patient decree (a.k.a. living will) a person who is capable of judgement may specify which medical procedures he or she agrees or does not agree to in the event that he or she is no longer capable of judgement or/and may also designate a natural person who in the event that he or she is no longer capable of judgement should discuss the medical procedures with the attending doctor or decide on his or her behalf. The patient decree for all medical areas strengthens the patient's autonomy and self-determination. Here, too, the new law on the protection of adults sets a legal framework.

→ The question here is what kind of medical care would I like to receive if I fall sick? With the patient decree a person can determine and put down in writing which medical treatments he/she wishes to have one day and accepts or refuses and whether any life-extending measures should be taken.

PS: Several organizations provide templates for compiling one's personal advance care directive and/or patient decree (with different levels of detail). Proven valuable models: Pro Senectute's Docupass (www.pro-senectute.ch, CHF 19.–), Caritas «Vorsorgemappe» (pension planning portfolio, in German, French and Italian, (<https://shop.caritas-luzern.ch/de/Vorsorgemappe-c27575094>, komplett CHF 28.–).

2 Powers of representation for family members

There is a statutory right of representation **among spouses** or **registered partners** (but not among other couples) if they cohabit or, in case they live separately (e.g. one lives in a nursing home), if one regularly and personally provides with support the other who is no longer capable of judgement (at least once a week).

This allows the person capable of judgement to provide for and take decisions for the person incapable of judgement in attending to his or her everyday needs. For areas extending further, the consent of the adult protection authority is required.

Powers of representation for medical measures

The following persons are entitled, in this order, to grant or refuse consent to the planned out-patient or in-patient measures (art. 378 CC):

1. a person appointed in a patient decree or in an advance care directive
2. a deputy with a right to act as representative in relation to medical procedures
3. any person who **as a spouse** or registered partner **cohabits** with the person lacking capacity of judgement **or** who regularly and personally provides him or her with support
4. **any person** who **cohabits** with the person lacking capacity of judgement or who regularly **and** personally provides him or her with support
moreover, if they regularly and personally provide the person lacking capacity of judgement with support:
5. the children
6. the parents
7. the siblings

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