

# Fact Sheet

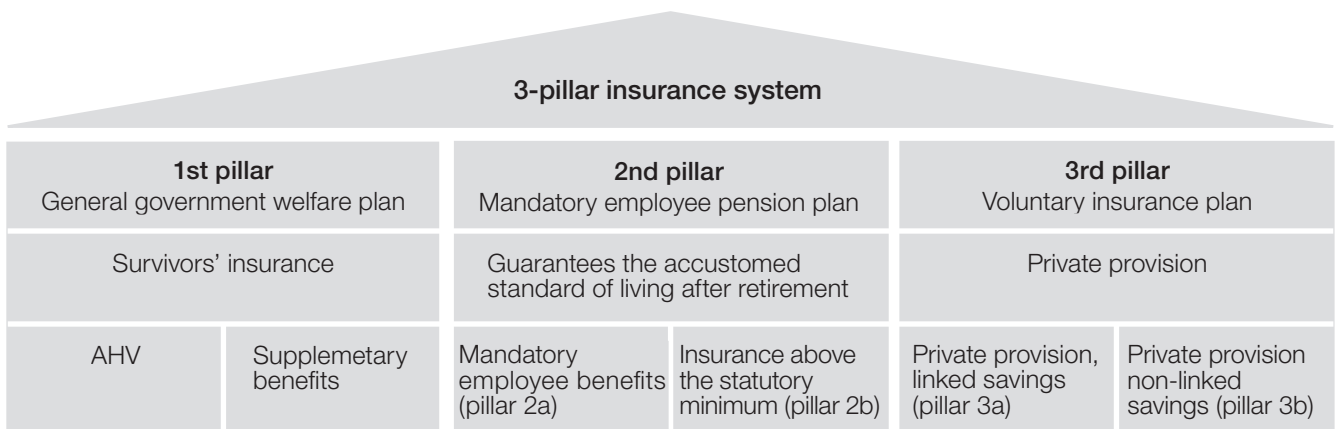
## National insurance

Switzerland's social security system is divided into three pillars. It places great emphasis on individual responsibility and combines state and occupational pension systems and individual insurance. Because of this, the total burden of taxes and social security contributions is very moderate in comparison with other countries in Europe and the world.

The first pillar is a mandatory old-age and survivors' insurance and disability insurance plan. This is a general government welfare plan.

The second pillar is a mandatory employee pension plan and is designed, together with the first plan, to guarantee the accustomed standard of living after retirement.

The third pillar is a voluntary insurance plan. It supplements the first and second plan in order to maintain the accustomed standard of living in the event of disability or retirement.





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■ **National insurance: basic features**

	National insurance	From company/employer's point of view	From employee's point of view
1st pillar	Old-age and dependents' insurance ( <b>AHV</b> )  www.ausgleichskasse.ch www.ahv.ch (in German)	<ul style="list-style-type: none"> <li>■ Member of a AHV fund administration</li> <li>■ Professional fund administrations are cheaper than cantonal AHV fund administrations</li> <li>■ 50% of contributions (4.2% of salary) plus administration costs</li> </ul>	<ul style="list-style-type: none"> <li>■ 50% of contributions (4.2% of salary)</li> </ul>
	Disability insurance ( <b>IV</b> )	<ul style="list-style-type: none"> <li>■ Member of AHV fund administration (cf. above)</li> <li>■ 50% of contributions (0.7% of salary)</li> </ul>	<ul style="list-style-type: none"> <li>■ 50% of contributions (0.7% of salary)</li> </ul>
	Supplementary benefits ( <b>EL</b> )		<ul style="list-style-type: none"> <li>■ For persons entitled to AHV or IV pension to cover minimum living costs</li> <li>■ Contributions paid out by canton</li> </ul>
2nd pillar	Employee benefits ( <b>BVG</b> )	<ul style="list-style-type: none"> <li>■ May join a collective fund or found its own fund</li> <li>■ May opt for minimum BVG or a solid employee benefits scheme</li> <li>■ Insures all employees from the age of 17</li> <li>■ Entry threshold of 19,890 Swiss francs annual salary</li> <li>■ Covers at least 50% of overall costs</li> </ul>	<ul style="list-style-type: none"> <li>■ Pays regulated contributions capped at 50% of contributions</li> </ul>
3rd pillar	<b>Private provision: linked savings 3a</b>	<ul style="list-style-type: none"> <li>■ Tax incentive: annual contribution deducted, accumulated fortune is tax free</li> <li>■ Annual contributions up to 31,824 Swiss francs and/or maximum of 20% of gainful income for self-employed persons</li> <li>■ Annual contributions up to 6365 Swiss francs for employees</li> <li>■ No drawdowns</li> </ul>	
	<b>Private provision: non-linked (free) savings 3b</b>	<ul style="list-style-type: none"> <li>■ Advantages:               <ul style="list-style-type: none"> <li>– money can be drawn down at any time</li> <li>– numerous savings plans (life insurance, owner/occupier, investment fund, etc.)</li> <li>– tax incentives</li> <li>– free choice of beneficiary</li> </ul> </li> </ul>	





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Other benefits	Fund for loss of income ( <b>EO</b> )	<ul style="list-style-type: none"> <li>Member of AHV fund administration (cf. AHV)</li> <li>50% of contributions (0.15% of salary)</li> </ul>	<ul style="list-style-type: none"> <li>50% of contributions (0.15% of salary)</li> </ul>
	Maternity allowance ( <b>ME</b> )	<ul style="list-style-type: none"> <li>Optional</li> </ul>	<ul style="list-style-type: none"> <li>Employees (including self-employed) have 14 weeks' ME capped at 172 Swiss francs per day</li> </ul>
	Military insurance ( <b>MVG</b> )	<ul style="list-style-type: none"> <li>Optional</li> </ul>	<ul style="list-style-type: none"> <li>Health (illness or accident) cover during military or civil defence service</li> </ul>
	Family allowance ( <b>FAK</b> )	<ul style="list-style-type: none"> <li>Company pays all costs</li> </ul>	<ul style="list-style-type: none"> <li>Employees with children receive family allowance; varies from one canton to another, averages 200 Swiss francs per child per month</li> </ul>
	Unemployment benefit ( <b>ALV</b> )	<ul style="list-style-type: none"> <li>50% of contributions, i.e. 1% up to 106,800 Swiss francs</li> </ul>	<ul style="list-style-type: none"> <li>50% of contributions, i.e. 1% up to 106,800 Swiss francs</li> <li>Employee only receives benefit if contributions have been paid for 12 months over a period of two years</li> </ul>
Illness/accident	Mandatory health insurance ( <b>KVG</b> )	<ul style="list-style-type: none"> <li>Optional</li> </ul>	<ul style="list-style-type: none"> <li>Member of health fund; monthly costs of between 250 and 500 Swiss francs</li> </ul>
	Mandatory accident insurance ( <b>UVG</b> ) www.suva.ch > suvarisk	<ul style="list-style-type: none"> <li>Covers accidents and occupational illnesses</li> <li>Pays premium for occupational accidents (approx. 0.5–1% of salary)</li> <li>May conclude additional accident insurance (UVG-Z)</li> </ul>	<ul style="list-style-type: none"> <li>Pays premiums for nonoccupational accident insurance (1.5–2% of salary), although this may be taken over by company</li> </ul>

**Social benefits paid in the form of wages**

Monthly salary		Basis	in %
Social benefit contributions paid in form of wages	<ul style="list-style-type: none"> <li>Vacation</li> </ul>	20–25	9.00
	<ul style="list-style-type: none"> <li>Holidays</li> </ul>	ca. 10	4.20
	<ul style="list-style-type: none"> <li>Education leave</li> </ul>	ca. 4	1.50
	<ul style="list-style-type: none"> <li>Sick days</li> </ul>	ca. 8	4.80
	<ul style="list-style-type: none"> <li>Year-end bonus (13th month wage)</li> </ul>		8.30
	<b>Total</b>		<b>27.00</b>
Additional social benefits paid by employer	<ul style="list-style-type: none"> <li>Statutory social security</li> </ul>	AHV/IV/EO	5.05
	<ul style="list-style-type: none"> <li>Unemployment insurance</li> </ul>	ALV	1.00
	<ul style="list-style-type: none"> <li>Statutory pension plan</li> </ul>	BVG (average)	6.00
	<ul style="list-style-type: none"> <li>Accident insurance</li> </ul>	BU	2.00
	<ul style="list-style-type: none"> <li>Family allowance</li> </ul>	FAK	1.50
	<b>Total</b>		<b>15.55</b>

Total contributions by the employer: (monthly salary × 13) × 1.1555 = annual wage and social benefit costs

Source: Location Switzerland, Handbook for Investors, p. 54, 2007



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## Useful links

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[www.berneinvest.com](http://www.berneinvest.com) > foreign companies > establishing a company

BEDA's web site contains helpful documents, informative materials, testimonials from companies that are already established in Berne, newsletters, business plan templates, and more.

[www.bsv.admin.ch](http://www.bsv.admin.ch) This is the site of the Federal Social Insurance Office of Switzerland.

## Contact

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