

SWITZERLAND – AN OVERVIEW OF EMPLOYEE BENEFITS

State and Mandatory Benefits	The normal retirement age is 65 for men and 64 for women. The full state retirement pension for a single person ranges from a minimum of CHF 13,920 to a maximum of CHF 27,840 a year, depending on average annual earnings. The retirement pension is increased by 50% for a couple. In addition to the state benefits, all employers must at least provide a defined contribution pension plan (BVG) to cover earnings between CH 24,360 and CHF 83,520. The benefits from BVG are based on contributions to individual accounts, with a minimum guaranteed interest rate (2% in 2011) and a guaranteed pension conversion rate of 6.95%. The conversion rate is due to fall to 6.8% by 2014. A proposal for a further reduction to 6.40% in 2015 was rejected by a national vote in 2010. Together, the state and mandatory pensions aim to provide an income of around 60% of final pay. The state and mandatory systems also include benefits for survivors and the disabled. Medical insurance is mandatory for all residents. Accident insurance must be provided by the employer.
Typical New Pension Plan	Additional contributions can be paid to a company pension plan to supplement the state and mandatory benefits, including survivors' and disability pensions. Lump sum death benefits are often provided for management and employees who are married or have children. Additional lump sum benefits to cover accidental disability are very common. A higher level of medical insurance may also be provided.
Typical Costs	Employers and employees each contribute 6.15% of total earnings for state benefits. Contributions to mandatory pension plans are 7% of covered earnings between age 25 and 35, 10% of earnings up to age 44, 15% of earnings up to age 54 and 18% of earnings to normal retirement age, but are often higher. The cost of survivors', disability and other benefits is additional and varies from 3% to 6%.
Tax Implications	Employer and employee contributions for state and private benefits are tax deductible. Pensions are taxed as income. Lump sum benefits on death or retirement are taxed separately at a lower rate.
Labour Law Issues	Benefits from BVG and company pension plans are fully vested.
Pooling Potential	Insured benefits can be included in multinational pooling arrangements.
International Financial Reporting	Multinational main board companies must choose either International Financial Reporting Standards or US GAAP.
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