

## Switzerland

Exchange rate: US\$1.00 equals 1.31 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 19,350 francs with the same employer. The unemployed 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 353 francs and 8,400 francs (old-age and survivors) and between 59 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 22,575 francs and 77,400 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 subsidies 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). 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:** Payable with a minimum of 1 year's contribution.

**Extraordinary pension:** Payable 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:** 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:** Payable with a minimum of 1 year's contribution.

**Extraordinary pension:** Payable 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:* For a full widow(er) pension, the deceased must have contributed in each year from age 21. The deceased had a minimum of 1 year's contribution.

Eligible survivors are a widow with one or more dependent children or a widow aged 45 or older who was married to the deceased for at least 5 years; a widower 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 at the onset of the incapacity that resulted in death.

Eligible survivors are a widow with one or more children or a widow 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 38,700 francs, a flat-rate 9,546 francs a year plus a variable amount calculated by multiplying annual income by 13/600 is paid; if the insured's average annual income is greater than 38,700 francs, a flat-rate 13,416 francs a year plus a variable amount calculated by multiplying average annual income by 8/600 is paid.

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 1,075 francs.

The maximum monthly old-age base pension is 2,150 francs. The combined individual pensions paid to a couple must not exceed 150% of the maximum monthly old-age base pension (3,225 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 7.1% (men) or 7.2% (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 38,700 francs, a flat-rate 9,546 francs a year plus a variable amount calculated by multiplying annual income by 13/600 is paid; if the insured's average annual income is greater than 38,700 francs, a flat-rate 13,416 francs a year plus a variable amount calculated by multiplying average annual income by 8/600 is paid. 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 7.1% (men) or 7.2% (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 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 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 (widow(er)):** 80% of the deceased's pension is paid.

The minimum monthly survivor pension is 860 francs.

The maximum monthly survivor pension is 1,720 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 (1,290 francs).

The minimum monthly orphan's pension is 430 francs.

The maximum monthly orphan's pension is 860 francs.

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

**Mandatory occupational pension (widow(er)):** 60% of the deceased's full occupational disability pension is paid.

**Mandatory occupational pension (orphan):** Each orphan receives 20% of the deceased's full occupational 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 implementation.

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 care 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 care:** 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 care:** 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 care:** 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 gross salary.

There are no maximum earnings for contribution purposes.

**Medical care:** None.

## Government

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

**Cash maternity benefits:** The insured must have been affiliated with 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 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 payable 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 payable 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

Medical insurance is individual. Insured persons receive benefits 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 93 recognized funds in 2003.)

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 from 1.67% to 2.71% of insured earnings, according to the assessed degree of risk.

The maximum annual earnings for contribution purposes are 106,800 francs.

**Self-employed person:** Voluntary insurance.

### Employer

*Work-related injuries and occupational diseases:* The total cost. Premiums vary from 0.04% to 17.2% of payroll, according to the assessed degree of risk.

The maximum annual earnings for contribution purposes are 106,800 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 payable 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 payable after a 3-day waiting period until recovery or certification of permanent disability.

The maximum daily earnings for benefit calculation purposes are 293 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 annual earnings for benefit calculation purposes are 106,800 francs.

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

The maximum daily earnings for benefit calculation purposes are 293 francs.

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 widow(er) receives 40% of the deceased's 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 payable 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 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 earnings.

The maximum survivor pension is equal to 70% of the deceased's earnings; 90% if benefits are payable to both the current and the divorced spouse.

**Funeral grant:** A lump sum up to a maximum of 2,051 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 earnings.

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

**Self-employed person:** Not applicable.

**Employer:** 1% of payroll.

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

**Government:** Federal government contributes up to 0.12% 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 totally or partially unemployed, 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 of person), 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 payable 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 the self-employed (flat-rate contributions or 1% of gross income).

### Employer

**Nonagricultural employer:** From 0.1% to 5% 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 the self-employed 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 175 francs a month for each of the first two children (195 francs in mountain regions); 180 francs a month for the third and each subsequent child (200 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 154 francs and 344 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 600 francs and 1,500 francs is paid, according to canton.

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