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Social Insurance System

Swiss residents are protected from various risks through social insurance. Insurance is helpful, for example, when a person loses their job or is ill. Insurance also protects families and older people.

Basic Principles

Social insurance is funded by Swiss residents. The principle of solidarity applies: the majority of the population pays and individuals and certain groups of people receive support. Usually, social insurance is compulsory. The contributions are deducted directly from employees' wages. Employers, self-employed, and unemployed persons make financial contributions as well.

Services

Social insurance supports persons in certain life situations. It pays a daily allowance, pension, benefits, or covers costs related to illnesses or accidents. All social insurances are state regulated.

When does one receive support?

- In old-age, in case of death, and invalidity (3 pillars: old-age and invalidity insurance, occupational pension, private pension)
- In case of illness or accident (health and accident insurance)
- In motherhood (maternity compensation)
- In unemployment (unemployment insurance)
- When one has children (family benefits)

Additional information (links, addresses, information sheets, brochures)

www.ciao-aargau.ch/en/social-security/social-insurance-system

Old-age Insurance

Old-age insurance ensures that retirees have enough money to live. The Swiss pension system has three pillars: old-age and survivor insurance, occupational pension, and private pension (3rd pillar).

Old-Age and Survivor Insurance (1st Pillar, 1. Säule)

Old-age and survivor insurance (AHV) is a state institution. Most adults must make financial contributions. The contributions are deducted directly from employees' monthly wages. The employer covers half of the contributions. Self-employed or unemployed persons should ask their community's social insurance institute (Gemeindezweigstelle der Sozialversicherungsanstalt, SVA) how to pay their contributions. AHV pays retirees a monthly pension. The amount paid depends on the contributions made. In case of death the AHV also pays the spouse and children of the deceased a pension (widow's and orphan's pension). Every person receives an AHV card with a personal insurance number.

Occupational Pension (2nd Pillar, 2. Säule)

AHV alone is often not enough to maintain a person's previous standard of living after retirement. This is why there is an occupational pension for employees (pension fund, Pensionskasse) which is mandatory when a certain annual salary is reached. Contributions to pension funds are deducted directly from employees' monthly wages. The employer covers at least half of the contributions. Self-employed individuals do not have to make contributions, but can if they wish to and, if so, are fully responsible for their own contributions. The money saved in the pension fund is distributed at the time of retirement in the form of a pension or a single payment. In certain cases the money can be distributed at an earlier time: if one starts a business, leaves Switzerland, builds a house, or buys an apartment.

Private Pension (3rd Pillar, 3. Säule)

The 3rd pillar (3. Säule) is a voluntary private pension that is rewarded with tax deductions. It can be set up through a bank or insurance company. Saving money in a pension fund in order to have a reserve in retirement is recommended.

Supplementary Benefits

Older persons who do not have enough money to live despite support from the AHV and pension fund are, in addition, entitled to supplementary financial benefits (Ergänzungsleistungen). These must be applied for at the community social insurance office. Eligibility is clearly regulated. The supplementary benefits are funded by taxpayers.

Additional information (links, addresses, information sheets, brochures)

www.ciao-aargau.ch/en/social-security/old-age-insurance

Invalidity

Persons who are unable to work over a long period of time or unable to work full time for health reasons may have the right to receive financial support from invalid insurance (IV). The IV does not only offer financial support. It also helps the insured enter or re-enter the work force.

Invalid Insurance

Invalid insurance (IV) is a state institution. Most adults must make financial contributions. Contributions are deducted directly from employees' monthly wages. The employer covers half of the contributions. Self-employed or unemployed persons should ask their community's social insurance office (Gemeindezweigstelle der Sozialversicherungsanstalt, SVA) how they should pay their contributions.

Support from Invalid Insurance

Persons who are unable to work or unable to work full time over the course of at least one year due to their health (physical or mental) are entitled to support from invalid insurance. The IV pays a monthly pension. The pension is paid only if the insured are unable to enter their working lives due to invalidity. The IV supports invalid persons in finding suitable work. Support from the IV must be applied for through community social insurance offices.

Supplementary Benefits

Persons who do not have enough money to live despite support from IV are, in addition, entitled to supplementary financial benefits (Ergänzungsleistungen). These must be applied for at the community social insurance office. The supplementary benefits are funded by taxpayers.

Additional information (links, addresses, information sheets, brochures)

www.ciao-aargau.ch/en/social-security/invalidity

Unemployment

All employees are insured against unemployment. Generally, persons who become unemployed receive financial support over a certain period of time. Unemployed persons must contact the regional employment centre (RAV). The centre will help with finding employment.

Unemployment Insurance

Unemployment insurance (ALV) is a state institution and compulsory for all employees. The contributions are deducted directly from employees' monthly wages. The employer covers half of the contributions. Self-employed persons cannot receive unemployment insurance. Persons who become unemployed receive monthly compensation for loss of income (unemployment benefits, Arbeitslosengeld) from the unemployment fund. If, when, and how much money is paid depends on various factors. For example, duration of employment or reasons for unemployment.

How to Proceed in Unemployment

Persons who become unemployed must contact their community of residence as soon as possible. Ideally, this is done before the last day of work and no later than the first day of unemployment. At the same time, one must register with the responsible regional employment centre (RAV). The centre will describe further procedures.

Regional Employment Centre

The regional employment centre (RAV) helps persons quickly reenter the workforce. Counseling is compulsory if one is receiving unemployment benefits. RAV also offers classes or employment programmes. Some of these are compulsory. Persons who have never worked in Switzerland and are looking for a job can also contact RAV. However, they will not receive unemployment benefits.

Additional information (links, addresses, information sheets, brochures)

www.ciao-aargau.ch/en/social-security/unemployment

Illness and Accidents

Persons living in Switzerland must have health and accident insurance. These private insurances cover the costs of illness, accidents, or pregnancy. Both insurances must be within three months of entering the country.

Health Insurance (Basic Insurance)

All Swiss residents are obligated to individually obtain health insurance (basic insurance, Grundversicherung). Persons moving to Switzerland must do so within three months. Costs of illnesses that arise before this three month period will be retroactively covered. Basic insurance is offered by numerous private health insurances (Krankenkassen) and may be chosen freely. Health insurances must accept all Swiss residents. Those insured pay a monthly premium. Premiums vary according to insurance company and insurance model. Comparing offers is recommended. Changing insurance companies is possible only once a year (November). Basic insurance covers the costs of illness as well as pregnancy and childbirth. Benefits are legally bound. Attention: costs for dental care or glasses are generally not covered.

Accident Insurance

Employees who work over 8 hours a week are automatically insured against accidents at work and in their free-time through their employers. Persons who work fewer hours are not insured for accidents that happen in their free-time and must obtain their own accident insurance. This also applies for self-employed and unemployed persons. Unemployed persons must obtain accident insurance through their health insurance company. Those who are self-employed can obtain accident insurance from other insurance companies. Insured persons must pay a monthly premium. Employees' premiums are deducted directly from their monthly wages.

Premium Reductions

Persons who cannot afford to pay a health insurance premium may be entitled to a premium reduction (Prämienvorbilligung) for basic insurance. An application for a premium reduction must be submitted to the social insurance of Canton Aargau SVA by 31. December of the preceding year. If the request is granted one pays a lower premium the following year. Special rules apply to persons who have moved to the canton after 31. May. The community social insurance office (Gemeindezweigstelle der Sozialversicherungsanstalt SVA) has further information on premium reductions and will receive applications.

Supplementary Insurance

In addition to compulsory basic insurance one can take out various supplementary insurances (Zusatzversicherungen). These offer benefits that basic insurance does not, such as dental care. Most insurance companies offer supplementary insurance. They are not obliged to offer supplementary insurance to all persons, in contrast to basic insurance, and can impose conditions.

Additional information (links, addresses, information sheets, brochures)

www.ciao-aargau.ch/en/social-security/illness-and-accidents

Motherhood and Family

In Switzerland persons with children receive financial support through child and education benefits. Working mothers are entitled to paid maternity leave of at least 14 weeks.

Maternity Compensation

Generally, working mothers are entitled to a paid maternity leave (Mutterschaftsurlaub) of 14 weeks. During this time they receive at least 80 percent of their wages. Unemployed women or women unable to work should ask their community social insurance office (Gemeindezweigstelle der Sozialversicherungsanstalt SVA) whether they also qualify. In this case, special rules apply. Women are not permitted to work during the first eight weeks following childbirth (maternity protection).

Paternity Leave

Fathers are entitled to two weeks of paid paternity leave after the birth of a child. Unlike maternity leave, paternity leave is flexible: one can take it at one time or in individual days. However, only within six months after the birth of the child.

Family Allowances

Persons with children receive financial support through family benefits (Familienzulagen). These are issued as child support until a child reaches age 16 and as an education allowance for young people until the age of 25. All parents are entitled to these benefits, whether they are employed, self-employed, or unemployed with little means. Employees receive the allowances with their monthly wages. Additional information on family benefits will be provided by employers or community social insurance offices. The amount paid differs according to canton.

Additional information (links, addresses, information sheets, brochures)

www.ciao-aargau.ch/en/social-security/motherhood-and-family

Social Assistance

Social assistance helps persons who have little means to live and who receive little or no financial support from social insurance. The objective is that persons quickly regain the ability to support themselves. Social assistance is not a form of insurance. It is assistance provided by the state.

Social Assistance

Social assistance (Sozialhilfe) helps all persons in financial emergencies in Switzerland. It covers the minimum cost of living. Counseling is offered in addition to financial support. The objective is that persons regain economic independence as quickly as possible. Social assistance is not available to persons who receive sufficient financial aid for the cost of living, for example, unemployment benefits, pensions, wages, or support from relatives. Social assistance does not pay off debts. Debt must be repaid once sufficient financial means are available. Social assistance is funded by taxpayers.

Applying for Social Assistance

Persons wishing to apply for social assistance do so through the social services (Sozialdienst) in their community of residence. One must disclose income and assets so that social services can verify that requirements are met. The authorities determine the amount and type of support based on the individual's situation. Providing inaccurate or incomplete information is punishable. Social services may issue instructions or impose conditions. If these are not followed or met social services may reduce the financial help that is provided. Taking part in counseling is compulsory. Persons are obligated to make serious efforts to reduce their dependency on social assistance.

Parental Assistance

Parental assistance (Elternschaftsbeihilfe) is for parents who have little means, but who do not receive social assistance. This support enables mothers or fathers to care for their newborn child for 6 months. In order to receive parental assistance one must have lived in Canton Aargau over the course of at least one year. Applications must be received by the community of residence within 3 months following childbirth.

Additional information (links, addresses, information sheets, brochures)

www.ciao-aargau.ch/en/social-security/social-assistance