

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