



## Social security

In Switzerland, social security is based on a system of social insurances which provide financial support to individuals and their families who live and work in Switzerland in the event of unemployment, sickness and temporary layoff from work.

The social insurance system consists of three pillars:

### First pillar

The first pillar comprises basic insurance, which applies to all persons who live or work in Switzerland. Old age and survivors' insurance [*Alters- und Hinterlassenenversicherung (AHV)*] covers the subsistence needs of pensioners, orphans and widows/widowers. Disability insurance [*Invalidenversicherung (IV)*] gives insured people access to rehabilitation measures or financial support to secure their livelihood in the event of disability. All persons pursuing gainful employment are obliged to pay contributions as of 1 January of the year following their 18th birthday. Persons who are not pursuing gainful employment are obliged to pay contributions from 1 January of the year following their 21st birthday up to regular retirement age (women: 64, men: 65).

If you are employed, you share the contributions with your employer, with the employer being responsible for one half. Your share will be deducted directly from your salary and paid to the compensation office [*Ausgleichskasse*] together with the employer's share. The following contributions apply: AHV: 8.7% / IV: 1.4%. If you are not working or are self-employed, you are liable to pay the full contributions, or at least the defined minimum contribution. In this case, it is your responsibility to contact your cantonal compensation office since the offices are not required to take any action on their own initiative. The address is available on the Internet at [www.ahv-iv.ch/en/](http://www.ahv-iv.ch/en/). All insured persons are issued an AHV insurance certificate which states your personal AHV insurance number. Failure to pay in contributions may lead to reduced benefits in the future (e.g. reduced pensions). Pensions may be drawn one or two years early or deferred for up to five years (this will affect the amount).

Where AHV/IV pensions do not fully cover a pensioner's minimum living expenses, such pensioners are entitled to supplementary benefits [*Ergänzungsleistungen (EL)*]. Persons in need are thus entitled to an additional benefit. Their means will be tested and the benefit amount determined on an individual basis.

Further information regarding the supplementary benefits provided by the Canton of Basel-Stadt is available at the

### **Amt für Sozialbeiträge [Social Insurance Contributions Office]**

Grenzacherstrasse 62

CH-4005 Basel

Phone +41 61 267 86 66

[asb@bs.ch](mailto:asb@bs.ch)

[www.asb.bs.ch](http://www.asb.bs.ch)

### **Maternity leave**

Pursuant to the Swiss Code of Obligations, women in work are entitled to 14 weeks of maternity leave (provided they were insured with the AHV during the nine months preceding the birth and have worked a minimum of five months during their pregnancy). The Loss of Earnings Compensation Scheme [*Erwerbsersatzordnung (EO)*] will cover the lost income (maternity compensation). To make up for their lost income, women on maternity leave receive 80 % of their average previous income; however, no more than CHF 196 a day. Since this insurance is mandatory, contributions (0.45% if you are employed) must be paid by all persons who pay AHV/IV contributions.

### **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.

### **Unemployment insurance**

Analogous to old age and survivors' insurance, unemployment insurance [*Arbeitslosenversicherung (ALV)*] is mandatory in Switzerland. All employees liable to pay AHV contributions, and their employers, are required to pay ALV contributions. Up to a threshold of CHF 148,200, the ALV contribution rate amounts to 2.2 % of the relevant annual salary. Employers and employees each pay one-half of the contributions. The ALV pays benefits in the event of unemployment, reduced working hours and work stoppages caused by severe weather conditions. Insolvency compensation [*Insolvenzentschädigung*] compensates income lost due to an employer's insolvency.

### **Second pillar: occupational benefits provision**

The second pillar consists of occupational benefits which are provided by employee benefits institutions (e.g. pension funds) that vary in terms of their organisational structure. All employers employing persons who are subject to mandatory insurance are obliged to join a registered employee benefits institution. It is the aim of the occupational benefits scheme to safeguard the previous standard of living after retirement. All persons insured with the AHV/IV who earn at least CHF 21,150 a year (as at 2017) from one single employer are insured. Employees who have several jobs but do not earn this amount in any single job are not subject to mandatory insurance, even if their total salaries exceed this figure. In this case, they may take out insurance on a voluntary basis. Insurance is also not mandatory for self-employed persons. Insurance cover begins upon commencement of employment; however, not before the 18th birthday. The contributions are shared by the employer and the employee. Employers pay at least half of the contributions. Your share will be deducted directly from your salary and paid to the employee benefits institution together with the employer's share. If you change employer, you will switch to the new employer's employee benefits institution and bring your entire accrued savings capital with you (vested benefit). The previous employee benefits institution will transfer the vested benefit to your new employee benefits institution. Hence, the savings capital must always be held by your current employer's employee benefits institution. You are not free to dispose of this capital. Withdrawals before retirement can only be made under certain conditions. Each employee benefits institution is free to determine the amount within the statutory limits. The amount may therefore differ from one institution to the next. It is also dependent on your age. Since the 2nd pillar consists of a personal insurance, your family members are not subject to mandatory insurance unless they themselves are employed and earn a minimum of CHF 21,150 (as at

2017). Further information is available at your employee benefits institution. You can obtain its address from your employer.

### Third pillar

The third pillar consists of private, voluntary insurance that is taken out on an individual basis. It tops up the first and second pillars to ensure that the previous standard of living can be maintained in the event of incapacity for work or retirement. Policies can be taken out from insurance companies or private banks.

### Child allowances

Child allowances (financial support) for all children are guaranteed under Swiss family policy. Entitlement to the allowance commences in the month of the child's birth and expires at the child's 17th birthday or in the event of his/her death. For children who are not in work, the entitlement expires at their 21st birthday or in the event of their death.

Further information on child allowances, as well as information leaflets, are available at the

#### **Ausgleichskasse Basel-Stadt [Compensation Office of the Canton of Basel-Stadt]**

Wettsteinplatz 1 - P.O. Box

CH-4051 Basel

Phone [+41 61 685 22 22](tel:+41616852222)

[info@ak-bs.ch](mailto:info@ak-bs.ch)

[www.ak-bs.ch](http://www.ak-bs.ch) → Übersicht → → Familienzulagen [Family allowances]

### Personal liability insurance

Although liability insurance is not mandatory, we recommend taking out a personal liability policy. As well as being liable for intentional or unintentional injury of third parties or damage to their property, you are also liable if persons, animals or objects under your responsibility cause injury or damage to third parties. Liability extends to your entire assets as well as your current and future income. It is therefore advisable to take out personal liability insurance for yourself and your family. The insurance will cover you in the following cases:

- Injury to persons and damage to property
- Cost of loss prevention
- Financial loss arising from injury to persons or damage to property
- Defence against unjustified claims

### Household contents insurance

Although not mandatory, it is also advisable to take out household contents insurance which covers damage to household effects caused by fire, water, theft or glass breakage. Depending on the insurance provider, there may be further insurable benefits. Household contents insurance is often combined with personal liability insurance.

Various online services offer ratings of different providers of liability and household contents insurance.