



Secure pension provision – for young people as well

The pension system in Switzerland is not easy to fathom and, in addition, many fears are being stoked up. It's no wonder that many young adults have the impression that one day there will be no retirement and survivors' pension (AHV) for them. That's not true, because that could only happen if the economy collapsed, or the world came to an end – or if the middle-class parliamentary majority destroys the old-age and survivors' pension system by cutting spending on it. Banks, insurance companies and their middle-class lobbyists in parliament have a vested interest in propagating such fears. We will show you why this is the case on this page.

A brief explanation of the three-pillar system



The first pillar is the AHV, which is the most robust social welfare institution in Switzerland. It was introduced in 1948 and is financially stable – contrary to the claims of the middle class and the Federal Council. The AHV actually represents an (almost) unconditional basic income for everyone. From the age of 17, AHV contributions are paid based on a percentage of your salary, with employers contributing half. What is special about the AHV is that the maximum pension is only twice the minimum pension. So, there's a lot of redistribution involved. You can see elsewhere on this page which conditions must be met in order to receive the minimum pension or more.



The second pillar is the BVG [Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans] occupational pension scheme or pension fund. Only those who earn a certain annual income and pay contributions into a pension fund receive such a pension; it is essentially a personal savings account with a specific purpose. Self-employed people must finance their occupational pension plans entirely by themselves.

The principle is simple: the more contributions are paid into the pension fund account, the higher the pension fund pension

will be. Anyone who only has low-paying jobs or part-time jobs throughout their lives will not receive a high pension fund pension – if they receive one at all. Like AHV contributions, pension fund contributions are paid based on salary percentages, but graded according to age. Here too, employers contribute at least half. In addition, voluntary contributions can be made, and purchases can be made in the personal account.



The third pillar consists of voluntary payments with banks or insurance companies, i.e. you have to pay them in yourself. For a long time, not everyone has been able to afford the third pillar. It offers tax advantages, can enable early retirement and helps with unexpected high bills or travels in old age.

Why is the pension system criticised?

The AHV pension is based on solidarity, the pension fund pension on work, the third pillar on capital. Banks and insurance companies earn nothing from the AHV, so it is of no interest to them. Banks earn money from pension fund assets by managing this money (2021: managed assets of CHF 1,159 billion) and charging corresponding fees for it. Insurance companies and pension funds also make money by charging administrative costs, some of which are very high and not very transparent. The third pillar is of interest to both banks and insurance companies



because they earn additional money from it. At the end of 2022, capital amounting to CHF 140 billion was invested in pillar 3a.

Here you can find statistics regarding occupational pension provision and the 3rd pillar of the Federal Social Insurance Office:



[Statistics regarding occupational pension provision and the 3rd pillar \(admin.ch\)](#)

It's no wonder banks and insurance companies have an interest in criticising the AHV, because they don't earn anything from it, and their criticism increases the chance of political decisions being made in favour of the second and third pillars. There are many lobbyists from banks and insurance companies in parliament. They are responsible for the uncertainty and the decisions against the AHV and sometimes also against the occupational pension scheme. The institutions having the last laugh are the providers of third pillars, i.e. banks and insurance companies, who can divert more and more capital from the first and second pillars to the third pillar over time.

A dignified life instead of profits for banks and insurance companies

Certain statements from bank and insurance employees or middle-class politicians to the effect that the AHV or pension funds are in peril are not true. But with these inaccurate statements they are weakening the foundations of the social welfare system and strengthening the third pillar, from which banks and insurance companies make a lot of money. The unions, on the other hand, are not concerned with profits, but with a dignified life for everyone in their old age.

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What are the likely pension expectations?

Many people believe that the pension they will receive is the same as their last salary. This would be nice, but unfortunately the reality is different. We base our statements on the first and second pillars, i.e. the AHV and occupational pension schemes:

- According to the constitution, the AHV should ensure an independent existence. Anyone who has paid AHV contributions for at least one year is entitled to a retirement pension; to be entitled to the full AHV pension, 44 years of contributions are required. But who can live on a full minimum retirement pension of CHF 1,225 per month? Even with the full maximum retirement pension of CHF 2,450, things don't look much rosier (married couples CHF 3,675, all figures apply to 2024).
- According to the constitution, a pension fund pension should ensure the current standard of living. But this constitutional mandate is not being implemented either. The personal retirement capital and the conversion rate are decisive for the amount of the pension: for example, if you have CHF 500,000 in your retirement account when you retire, with a conversion rate of 5% you will receive an annual pension of CHF 25,000, i.e. CHF 2,083.35 per month.

Anyone who only receives a minimal AHV retirement pension and nothing or very little in terms of a pension fund pension is entitled to supplementary benefits, but these are quite low and come with strict regulations. This unsatisfactory situation can only be improved if the AHV pensions are significantly increased: a 13th month first pillar pension payout, pension being adjusted every year to take account of inflation, a fundamental increase in AHV pensions with the aim of fulfilling the constitutional mandate of ensuring an independent existence.



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Success on the stock market and the pension gap

Pensioners who are doing well financially enjoy a high retirement fund pension of CHF 5,000 or more per month, but this is only thanks to having a high income. In addition, they are often wealthy, be it due to savings, success on the stock market or inheritance.

In 2021, the average annual pension for women in Switzerland was CHF 35,442 and CHF 52,735 for men. Anyone interested in the detailed figures and the pension gap will find it interesting to read the information provided by the Federal Statistical Office:



[Pension gap | Federal Statistical Office \(admin.ch\).](#)

What can you do to receive a high pension?

There is a simple answer to the question of what you can do to subsequently receive the highest possible pension: a high income and no gaps in contributions to the AHV or occupational pension scheme, i.e. paying annual contributions into the AHV and the pension fund. Added to this is political mindfulness: you can't go wrong if you support the unions' recommendations in referendums. If you also work to ensure trade unionists are elected to parliament, they

will ensure the appropriate representation of interests when it comes to the laws on AHV and occupational pension schemes.



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[E-learning with Swiss Post's personnel fund](#)

If you want a healthy financial future, you would do well to start thinking about retirement planning at a young age. How retirement planning works and how you can have an influence is shown in this **e-learning session** and this brown bag training session **“Retirement Planning for Dummies”**.



[WBT Retirement planning DE \(post.ch\)](#)



A brief explanation of the minimum and maximum pension

The maximum AHV pension is twice the minimum AHV pension. The maximum couple's pension is one and a half times the maximum AHV pension.

Parliament decided this decades ago because it assumed that women need less money than men in retirement. This is no longer meets the requirements of today and could be adapted with the pertinent political will – with different majorities in parliament.

The AHV pension in figures

Expressed in figures, the situation is as follows: with 44 years of contributions, the minimum AHV pension is CHF 1,225, the maximum AHV pension is CHF 2,450 and a couple's pension is CHF 3,675 (2023 figures).

You can see under which conditions you will receive the minimum and maximum AHV pension in the relevant boxes.



The average AHV pension in Switzerland in 2022 was CHF 1,862 for men and CHF 1,884 for women (thanks to the parental and childcare credits). Would you like to see details of this? Then take a look here: [AHV-Statistik 2022.pdf](#)



Here you will find all the relevant information about the AHV pension: <https://www.ahv-iv.ch/p/3.01.d>



How do I receive the full minimum AHV retirement pension?

Anyone who has paid AHV contributions for at least 44 years is entitled to the full minimum AHV retirement pension of CHF 1,225 (as of 2024). This is also the case with low incomes. The higher the income, the higher the pension, up to the maximum AHV retirement pension of CHF 2,450 (as of 2024). However, for each year of missing contributions, the AHV retirement pension is reduced by 2.27% (100/44).

In order to avoid gaps in contributions, the minimum contribution of CHF 514 (as of 2024) should be paid in the event of a longer gap in employment (e.g. for long periods abroad). It is also possible to subsequently pay in missing contributions (max. 5 years retroactively) and thus avoid gaps.

There is no contribution gap for people who are raising children and do not work during this period, as they receive childcare credits for them up to the age of 16.



How do I receive the full maximum AHV pension?

In order to receive the maximum individual AHV pension (as of 2024), contributions to the AHV must be paid for 44 years and an average annual income of CHF 88,200 must be achieved.

The following factors affect the amount of the retirement pension:

- Permanent annual income below CHF 88,200.00;
- Unemployment;
- Gaps in employment that are not covered by minimum contributions;
- Part-time employment;
- Years studying;
- Long periods abroad;
- Separate taxation in the event of divorce;
- Long period of incapacity for work.



How can I influence my pension fund pension?

The following factors influence accumulation of capital under the 2nd pillar:

- Amount of the insured salary (BVG coordination deduction CHF 25,725.00);
- BVG entry threshold (annual minimum income of CHF 22,050.00);
- Level of employment;
- Amount of savings contributions;
- Voluntary savings contributions;
- Purchases;



- Capital withdrawal for home ownership;
- Life history, e.g. division of assets in the event of divorce;
- Gaps in employment;
- Unemployment;
- Annual interest rate;
- Amount of the conversion rate.



Tips regarding the 3rd pillar

From a political point of view, AHV state provision (1st pillar) and the occupational pension fund (2nd pillar) are preferable to private provision (3rd pillar). From an individual perspective, however, it can make sense to pay into the 3rd pillar. In this respect, we recommend the following:

- Compare interest rates;
- If possible, set up several accounts during your working life because this enables staggered payment
- Note the advantages and disadvantages of tied insurance provision compared to simple banking solutions (account only);
- Organise payment on a staggered basis from the age of 60 (tax advantages).
- Pension payment can be postponed until the age of 70.

For more tips, check out this article by Watson:



[Pillar 3a: Tips and tricks on how to avoid mistakes and money traps \(watson.ch\)](#)



Retirement advice from syndicom

syndicom offers individual and discreet retirement advice exclusively for members. Our experienced advisors will answer all your questions about retirement planning and pensions.



[Retirement advice | syndicom – Media and Communications Union](#)



Challenge us: ask questions!

Do you have questions about the pension system in Switzerland or your personal situation? If so, don't hesitate to use the form below and send us your questions.

[If possible, use an existing form field.]



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