



## Social benefits

Social insurance is financed by the inhabitants of Switzerland. The principle of solidarity applies: the majority of the population pays in, while individuals and certain groups receive support. Social insurance payments are usually compulsory. Contributions are deducted directly from the employee's salary. In general, the deductions amount to around 12–18% of the gross income. Employers, the self-employed and those not currently in work also make financial contributions.

### Swiss social insurance system: period of stay in Switzerland and departure

#### Retirement provision

The retirement provision system ensures that you have enough money to live on once you retire. The Swiss pension system has three pillars: Old Age and Survivors' Insurance (AHV), the Occupational Pension Fund (Pensionskasse) and the voluntary private pension plan (3rd pillar).

#### Old Age and Survivors' Insurance AHV (1st pillar)

Old Age and Survivors' Insurance (AHV) is a state institution. In principle, all persons residing in Switzerland, regardless of their nationality, are subject to AHV contributions (employed persons from 1 January after their 17th birthday and all others from 1 January after their 20th birthday). For salaried employees, contributions are deducted monthly from their wages together with the share set aside for loss of earnings compensation (Erwerbsersatzordnung – EO) and disability insurance (Invaliditätsversicherung – IV); the employer pays the remaining half.

The pension is paid to women aged 64 and over and to men aged 65 and over. The monthly pension received depends on the contributions paid in. However, the AHV also supports the spouses and children of the deceased in the event of death (widow's and orphan's pensions). Everyone receives an AHV card with their personal insurance number.

[AHV/IV / www.vs.ch](http://www.vs.ch)

[Compensation Office, Canton of Valais / www.vs.ch](http://www.vs.ch)

[Supplementary benefits, Canton of Valais / www.vs.ch](http://www.vs.ch)

#### Occupational benefit plan (2nd pillar)

Old Age and Survivors' Insurance alone is usually not sufficient to continue the life you are used to after retirement. For this reason, there is also an Occupational Pension Fund, which is compulsory starting from a certain annual salary. The contributions are deducted directly from the salary every month, and the employer must pay at least half. The money saved in the Occupational Pension Fund is distributed in old age either as an annuity or as a one-off payment. In certain cases, the money may be paid out earlier, for example, when you start your own business, move away from Switzerland, build a house for yourself, or buy a flat.

[Occupational benefit plan / www.ahv-iv.ch](http://www.ahv-iv.ch)

[Occupational benefit plan, Canton of Valais Compensation Office / www.vs.ch](http://www.vs.ch)

#### Private pension plan (3rd pillar)

The 3rd pillar is a voluntary private pension scheme that is rewarded with tax deductions. It can be taken out with banks or insurance companies. It is advisable to use the 3rd pillar to save money as a reserve for old age.

[private pension plans / www.ch.ch](http://www.ch.ch)

[Comparison portal / www.comparis.ch](http://www.comparis.ch)

#### Unemployment

All employees are insured against unemployment. People who become unemployed usually receive financial support for a certain period of time. Whether unemployment benefits are paid, as well as the timing and amount of the payments, depends on various

factors, for example, how long you worked for and why you have become unemployed. Unemployed persons must register with the Regional Job Centre (RAV). All further steps are explained there.

[RAV Upper Valais / www.vs.ch](http://www.vs.ch)

[Unemployment insurance, Federal Administration / www.seco.admin.ch](http://www.seco.admin.ch)

#### Disability

Disability insurance (Invalidenversicherung – IV) provides the insured person with a livelihood if they become disabled. It mainly supports vocational reintegration. If the insured person can no longer be integrated, a pension is paid out.

[Cantonal IV office Valais / www.aivs.ch](http://www.aivs.ch)

**Reference:** [www.hallo-aargau.ch](http://www.hallo-aargau.ch)