



Insurance

Social Security Benefits

The Swiss social security system combines state, corporate and individual provisions and then coordinates them with each other. This system is based on the “3 pillar” principle. Thus, the whole burden of both taxes and social deductions is kept moderate.

- 1st Pillar:** The security of the first pillar serves as an existence security. This consists of pension and surviving dependent insurance (AHV), disability insurance (IV), and supplemental allowance (EL). When the age of retirement is reached a social security pension is set up. Disability insurance covers in case of illness or accidental injury, professional re-integration measures and disability pension. Both AHV and IV are mandatory and are financed by means of salary dependent contributions made by employer and employee.
- 2nd Pillar:** The security of the second pillar serves as a supplement to the first pillar maintaining the accustomed standard of living at the end of one’s working-life. Contributions to professional pension plans (BVG) are mandatory for all employed persons. Employer and employee finance these pension plans equally. The second pillar is voluntary for self-employed persons who are free to make their own pension-related arrangements.
- 3rd Pillar:** This individual, voluntary pension plan for the entire working population is intended to cover further needs by means of bank and/or insurance savings plans. The construction of the third pillar is voluntary. However, state tax incentives promote its construction.

Further information regarding this can be found at:

www.aargauservices.ch / www.bsv.admin.ch

Health Insurance

According to the Health Insurance Law (KVG), basic health insurance is mandatory for all people living in Switzerland. Such insurance is financed privately. Voluntary supplemental insurance can cover individual services that the insured finds necessary.

The daily allowance insurance in case of illness (KTG) covers the employer’s costs of temporary loss of earning due to illness or pregnancy of an employee. Further, self-employed persons can insure themselves from loss of earnings due to illness.

Incidental Labor Costs

In addition to the previously mentioned social services are unemployment insurance (ALV) and accident insurance (UVG).

Unemployment insurance covers employees in case of loss of employment when attributed to by unemployment, short-time work, unfavourable conditions or inability to pay salaries. All employees paying social security are required to contribute to unemployment funds. Employer and employee finance this fund equally.

All employed workers in Switzerland must be insured in case of accident at or on the way to work by means of accident insurance (UVG). Employers are responsible for the entire amount of this premium. However, the employees part my deducted from his/her salary.



An Overview of Social Insurances

Insurance	Employer	Employee	Self-employed	Responsible body
AHV, IV, EO	5.05%	5.05%	9.5%	City, state and association funds
Administrative costs	0.8 - 3% mandatory	none mandatory	0.8-3% mandatory	
Family allowance	1.5% mandatory	none	none	ditto
ALV	1% up to income of CHF 106'800.-- mandatory	1% up to income of CHF 106'800.-- mandatory	not insurable	ditto
Pension fund	approx. 7% mandatory	approx. 7% mandatory	voluntary	Collecting donation or company-owned mechanism
Occupational accident	0.04 - 13.5%	none	Depends on branch and coverage	Suva, insurance company, health insurance company
Non-Occupational accident	none	0.73 - 3.09%	voluntary	
(Suva premium)	basic insurance mandatory	basic insurance mandatory		
Health insurance	Daily allowance voluntary Costs depend on coverage	Basic nursing insurance mandatory, costs depend on place of residence; supplemental and daily allowance insurance voluntary; costs depend on coverage	Basic nursing insurance mandatory, costs depend on place of residence; supplemental and daily allowance insurance voluntary; costs depend on coverage	Health insurance company, insurance company

Source: WM Wirtschafts-Medien AG, Bilanz: Erfolgreich Selbstständig



Example of the weight of social security benefits

Salary dependent social contributions made by the employer:

Salary costs per completed working hour		100,00%
Effective social security benefits according to salary		
paid vacation days	20 - 25 days	9,00%
paid public holidays	approx. 10 days	4,20%
paid short-time absences	approx. 4 days	1,50%
paid sick holidays	10 days	4,00%
year's end allowance	13 th month salary	8,30%
Total		27,00%
<i>Salary costs and salary included social costs per working hour</i>		<i>127,00%</i>

Additional social security benefits contributed by the employer:

Abbreviation:	Basis:	out of 127,00%:
AHV, IV, EO	5,05%	6,40%
ALV	2,00%	2,50%
BVG	8,00%	10,20%
UVG	2,50%	3,20%
Family allowance	1,50%	2,10%
Total		24,40%

Summary

The effective salary costs and social security for each completed working hour are:

Salary costs	100,00%
Salary included social costs	27,00%
Additional social costs	24,40%
Total social security benefits	51,40%

Source: www.standortschweiz.ch/seco/internet

Further information regarding this can be found at:

www.aargauservices.ch
www.suva.ch
www.sva-ag.ch