

Switzerland

Exchange rate: U.S.\$1.00 equals 1.65 francs.

Old Age, Disability, and Survivors

Regulatory Framework

First and current laws: 1946 (old-age and survivor pensions); 1959 (disability pensions); 1982 (occupational pensions).

Type of program: Social insurance system and mandatory occupational pension system.

Coverage

Base pension: All persons domiciled in Switzerland or those who are gainfully employed there. Swiss citizens and citizens of EU countries who live in a country may join voluntarily if they have been insured for at least 5 years without interruption.

Mandatory occupational pension: Employees whose earnings exceed 24,720 francs annually (maximum old-age base pension for single person). Persons who are unemployed as of July 1997 are insured for disability and survivors benefits. The self-employed may insure on a voluntary basis.

Source of Funds

Insured person

Base pension: 4.2% of earnings for old-age and survivors, 0.7% for disability insurance. No maximum earnings for contribution purposes for base pension. Self-employed, 7.8% of income for old-age and survivors and 1.4% for disability (according to a decreasing scale of contributions).

Mandatory occupational pension: Contributions vary from 7% to 18% (depending on age and gender) on income between 24,720 francs and 74,160 francs.

Employer

Base pension: 4.2% of payroll for old-age and survivors, 0.7% for disability.

Mandatory occupational pension: Contribution is at least equal to employee's contribution.

Government

Base pension: Annual subsidies to social insurance system cover about 20% of cost for old-age (16.36% from federal government, 3.64% from cantons) and 50% of cost for disability (75% from federal government, 25% from cantons).

Mandatory occupational pension: None.

Qualifying Conditions

Old-age pension

Base pension: Age 65 (men) or 63 (women). The age requirement for women will be 64 in 2005. A full pension requires that contributions be made in all years from age 21. A

partial pension is payable for shorter insurance periods; however, at least 1 year's contribution is required in order to make a claim for any pension.

Mandatory occupational pension: Payable at age 65 (men) or age 63 (women).

Disability pension

Base pension: Full pension if at least 66.6% disabled. Half pension, if at least 50% disabled. Quarter pension if at least 40% disabled (half pension if at least 40% disabled in special cases). To receive a full pension, the insured must make contributions in all years from age 21. Minimum is 1 year of contributions.

Mandatory occupational pension: Full pension if at least 66.6% disabled. Half pension, if at least 50% disabled.

Survivor pension

Base pension: For full pension for widow/widower, the deceased must have contributed from age 21. At least 1 year of contributions is required to receive any pension.

Mandatory occupational pension: Pension paid if widow/widower has children, or if 45 years of age or older and the marriage has lasted for at least 5 years. Orphan's pension paid to orphans younger than age 18 (25 if in education).

Old-Age Benefits

Base pension: If average annual income is less than or equal to 37,080 francs, flat amount of 9,146 francs a year plus a variable amount calculated by multiplying annual income by 13/600; if average annual income is above 37,080 francs, flat amount of 12,854 francs a year plus a variable amount calculated by multiplying average annual income by 8/600.

Minimum and maximum old-age base pensions are 1,030 francs and 2,060 francs a month, respectively. Combined individual pensions of a couple cannot exceed 150% of maximum old-age base pension of 3,090 francs a month.

Partial pension: Percentage of full pension according to relationship between the insured's years of contributions and those of their age group.

Dependent supplement: Each child under age 18 (25 if student), 40% of pension.

Special pension: For Swiss nationals who do not meet the required minimum duration of contribution period.

Benefit adjustment: Adjusted every 2 years for changes in prices and wages.

Mandatory occupational pension: Annual payment of 7.2% of accumulated funds in personal account, with interest.

Benefit adjustment: Adjusted for price increases at same time as base pension.

Permanent Disability Benefits

Base pension: Same arrangement as for old-age pension. Full, half, or quarter pension, depending on degree of disability.

Partial pension: Percentage of payable pension is determined according to the relationship between the insured's years of contributions and those of their age group.

Dependent supplement: Wife, 30% of pension. Child under age 18 (25 if student), 40% of pension.

Special pension: For Swiss nationals who do not meet the required minimum duration of contribution period.

Benefit adjustment: Adjusted every 2 years for changes in prices and wages.

Mandatory occupational pension: Annually, 7.2% of funds that would be accumulated at retirement age. Full pension if 2/3 disabled; half pension if 50% disabled.

Benefit adjustment: Adjusted for price increases at same time as base pension.

Survivor Benefits

Base pension: 80% of pension of insured, payable to widow if caring for child, or if age 45 and married at least 5 years when widowed. Minimum and maximum benefits are 824 francs and 1,648 francs a month, respectively.

Widower's pension: 80% of pension of insured if caring for a child under age 18. Same minimum and maximum benefits as for widow.

Orphan's pension: 40% of pension of insured for each orphan under age 18 (25 if student); 40% if both parents deceased, but not more than 60% of the maximum old-age pension.

Special pension: For Swiss nationals who do not meet the required minimum duration of contribution period.

Benefit adjustment: Adjusted every 2 years for changes in prices and wages.

Mandatory occupational pension: For widows, 60% of full pension payable to insured. For orphans, 20% of full pension of insured for each orphan.

Benefit adjustment: Adjusted for price increases at same time as base pension.

Administrative Organization

Base pension: Under the general supervision of Federal Department of Interior. Federal Social Insurance Office supervises implementation.

Collection of contributions, recording of contributions, and payment of pensions are carried out by decentralized network of cantonal, industrial, and federal compensation funds.

Central compensation office maintains register of all insured persons and pensioners.

Mandatory occupational pension: Under general supervision of Federal Social Insurance Office and cantons.

Administration by registered occupational pension institutes (in 1998 there were 10,409 institutes).

Sickness and Maternity

Regulatory Framework

First law: 1911.

Current law: 1994 (implemented 1996).

Type of program: Mixed compulsory (medical care) and voluntary social insurance (cash benefits) systems.

Coverage

Medical care: All persons living in Switzerland.

Cash benefits: All persons living in Switzerland and involved in gainful activity who are over age 15 but under age 65 can buy insurance that provides daily allowances.

Source of Funds

Insured person

Medical care: Single premium for funds within the same region.

Cash benefits: Premiums vary depending on the fund, benefits for insured, age of entry, and the region.

Employer

Cash benefits: Not required by law, but some collective agreements require employer to share employees' membership fees.

Government

Medical care: Federal subsidies to cantons for reduction of premiums paid by low-income earners. Cantons must add additional assistance.

Cash benefits: None.

Qualifying Conditions

Cash maternity benefits: 9 months (270 days) of membership without interruption of more than 3 months.

Sickness and Maternity Benefits

Sickness benefit: Amount of daily allowance is set by agreement between insurer and insured. Allowance is payable after a waiting period of 3 days, unless agreed otherwise, for up to at least 720 days in a period of 900 consecutive days.

Maternity benefit: Payable for up to 16 weeks, including at least 8 weeks after confinement.

Workers' Medical Benefits

Medical benefits: Comprehensive list of service benefits is set by law. Funds can also provide additional benefits through complementary insurance. No time limit on duration.

Medical care cost-sharing: Patient pays 100% of costs up to ceiling (standard ceiling is 230 francs) and 10% of costs above this ceiling up to a set annual total. In addition, there is a daily

contribution of 10 francs for hospitalization costs (except for insured who live with at least one member of their family). No cost-sharing for maternity care.

Dependents' Medical Benefits

Receive same benefits in own right. Insurance is individual.

Administrative Organization

Federal Office of Social Insurance supervises compliance.

Recognized funds and private insurance companies are authorized to administer and provide health insurance (108 recognized funds in 2001).

Work Injury

Regulatory Framework

First law: 1911 (effective 1918).

Current law: 1981.

Type of program: Compulsory insurance with semipublic or private carrier.

Coverage

All employees; optional coverage for the self-employed. If working time does not exceed 8 hours a week, insurance covers only work-related injuries (including travel to and from work).

Source of Funds

Insured person: None for work injuries, but total cost of insurance against nonoccupational accidents.

Employer: Total cost, at contribution rates varying with risk (0.04% to 17.2%, according to classification).

Maximum earnings for contribution and benefit calculation purposes is 106,800 francs a year.

Government: None.

Qualifying Conditions

Work injury benefit: No minimum qualifying period. Benefits are payable for occupational accidents and disease and nonoccupational accidents.

Temporary Disability Benefits

Benefit is 80% of earnings if totally disabled. Reduced benefit if partially disabled. Payable after 3-day waiting period until recovery or certification of permanent disability.

Permanent Disability Benefits

Permanent disability pension: 80% of insured earnings if totally disabled.

Constant-attendance supplement: Two to six times the maximum insured daily earnings, according to severity of impairment.

Partial disability: Percentage of full pension corresponding to degree of incapacity.

Lump-sum award: For lasting injury according to schedule in law, payable in addition to pensions above.

Benefit adjustment: Pensions adjusted every 2 years for changes in cost-of-living index.

Workers' Medical Benefits

Medical, hospital, and pharmaceutical treatment; prostheses and other necessary care; and travel expenses. No time limit on duration.

Survivor Benefits

Survivor pension: 40% of insured earnings is payable to a spouse who has dependent children or is at least 2/3 disabled or to a widow over age 45.

Widow's settlement: Lump sum of varying amount related to duration of marriage is payable to widow if ineligible for pension.

Orphan's pension: 15% of insured earnings for each orphan under age 18 (25 if student) or 25% if full orphan.

Other eligible survivors: Surviving divorced spouse receives up to 20% of insured earnings.

Maximum survivor pension is 70% of insured earnings. If benefits are payable to both current and divorced spouse, maximum is 90%.

Funeral grant: Lump sum of up to 2,051 francs.

Benefit adjustment: Pensions are adjusted every 2 years for changes in cost-of-living index.

Administrative Organization

Under general supervision of Federal Social Insurance Office.

Managed by the Swiss National Accident Insurance Fund in case of accidents; private insurance companies for employers subject to compulsory insurance; public accident insurance; and approved sickness insurance funds.

Unemployment

Regulatory Framework

First law: 1924.

Current law: 1982.

Type of program: Social insurance system.

Coverage

Employed persons.

Source of Funds

Insured person: 1.5% of earnings.

Employer: 1.5% of payroll.

Government: If contribution rate attains 2% and reserve fund is not sufficient to cover current expenditures, federal and cantonal low-interest loans to cover deficits.

Maximum earnings for contribution and benefit calculation purposes: 106,800 francs a year. In order to cover deficits accumulated before 1996, 1% additional contribution on earnings between 106,801 francs and 267,000 francs a year.

Qualifying Conditions

Eligibility is based on total or partial unemployment. To be eligible, person must live in Switzerland, have 6 months of employment in last 2 years (waived for certain categories), be willing and able to accept suitable work, and must report once a month to unemployment office.

Unemployment Benefits

Benefit is 80% of last earnings if insured has dependents, earned less than 3,526 francs, or is disabled; 70% in all other cases. Payable after 5-day waiting period.

Maximum duration depends on age: 150 days if up to age 50; 250 days if between ages 50 and 60; 400 days if over age 60. Payment period can be extended to 520 days for those participating in active labor market programs.

Partial unemployment benefit: 80% of lost earnings in case of short-time work for up to 12 months in a 2-year period; or, in case of bad weather, for up to 6 months.

Administrative Organization

Federal Office of Economy approves and supervises unemployment funds.

Federal Social Insurance Office supervises contributions.

Cantonal and regional unemployment funds (public funds) administer program for cantons or regions.

In addition, some funds administer programs for certain professional groups.

Regional placement offices assist unemployed persons in finding employment.

Family Allowances

Regulatory Framework

First and current federal law: 1952 (agriculture only). All cantons have laws, enacted during or after 1943.

Type of program: Employment-related system.

Coverage

Federal program covers agricultural employees and small self-

employed farmers who have one or more children (family allowances) or spouse (housekeeping allowance).

Cantonal programs cover nonagricultural employees with one or more children. Several cantons also cover some self-employed persons, including farmers not covered by federal program.

Employers usually affiliate with family allowance funds; in some cantons, employers may guarantee payment.

Special system for civil servants.

Source of Funds

Insured person: None.

Employer: Agricultural employers, 2% of payroll (federal program). Nonagricultural employers, from approximately 0.1% to more than 5% of payroll, according to canton and fund.

Government: Federal and cantonal governments share residual cost for agricultural employees and total cost for small self-employed farmers (2/3 by federal government, 1/3 by cantonal governments).

Qualifying Conditions

In the federal program, child must be under age 16 (20 if unable to work and not receiving a disability pension, 25 if student). In most cantonal programs, child must be under age 16 (age 18 to 20 if disabled, 25 if student).

Family Allowance Benefits

Federal program pays 165 francs a month for each of the first two children (185 francs in mountain regions); 170 francs a month for the third and each subsequent child (190 francs in mountain regions). Household allowance is 100 francs for each married worker.

In cantonal programs, the legal minimum is 150 francs to 344 francs a month for each child according to canton. Funds often pay higher amount than legal minimum.

Some cantons pay birth grants (600 francs to 1,500 francs). Other cantons pay for vocational training allowances (175 francs to 444 francs a month). Some cantons pay both birth grants and vocational training allowances. In the cantons providing financial support for vocational training, the receipt of vocational training allowances replaces family allowances.

Administrative Organization

Federal program: Cantonal old-age and survivors' insurance funds collect contributions and pay allowances.

Cantonal programs: Administered by numerous public and approved private family allowance funds, supervised by cantonal governments.

Employers usually pay allowances with wages and settle only the surplus or the deficit with the respective fund; see coverage, above.