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This newsletter focuses on the three pillars of Switzerland's pension system and for each of these what you need to do when you start work here and what pension rights and options you may have if you leave the country.

First pillar-Basic old age pension-Assurance-vieillesse et survivants (AVS)

For all employees and the self-employed over twenty years old enrolment in the state old age pension system is compulsory. Both the employer and employee contribute an equal amount with the employee's share deducted from salary. Retirement age is 65 for men and 64 for women and the pension is payable to anyone who has contributed for at least one year. The amount of pension payable is a factor of the number of years of contributions and the relative average income for those years.

When an employee starts work there is no action to take since enrolment is arranged by the employer.
Anyone who leaves Switzerland and comes from a country which does not have a bilateral pension agreement with Switzerland can have their contributions refunded after departure. However anyone who comes from a country with a bilateral pension agreement with Switzerland will receive a Swiss pension on retirement and so no contributions are refundable on departure. Special rules apply for seconded staff.

Second pillar-Occupational pension plan - Loi pour la prévoyance (LPP)

The second pillar is a company pension. Employers have to enrol into their company plan all employees whose salary is greater than CHF 24,570 a year. The employer's share of contributions has to be at least 50%. The government sets the annuity rate when the plan pays out at retirement.

When an employee starts work there is no action to take since enrolment is arranged by the employer. Employees can make additional voluntary contributions. Before retirement part of the fund can be withdrawn to pay for the purchase of a main residence. When someone permanently leaves Switzerland the funds in the pension plan can be paid out.

Third pillar: Private pension plan

Anyone, who wishes to, can invest annually in a private pension plan (3a Policy), for which in 2013 the annual limit is CHF 6,739. The payments are tax deductible. When someone permanently leaves Switzerland the funds in the pension plan can be paid out.

<u>Who are we?</u>

Dryden Associates is an independent firm of Chartered Accountants based in Geneva focused on providing services to international corporate and personal clients. If you would like more information on the topics in this newsletter please email Geneva@Dryden.ch quoting 'Newsletter' in the subject line.

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