Executive summary
The Swiss Federal Council has updated the old age and invalidity pensions to reflect the current price and salary development index. At the same time the threshold for the occupational pension fund, especially the coordination deduction, has been changed. In addition, the tax deductible private pension fund contributions (pillar 3a) have been adjusted. The amended rules will be effective as of 1 January 2015.

Key features of the amended rules
1. Old Age, Survivors and Invalidity Insurance (Pillar 1)
The monthly single old age and invalidity pension amount will be increased to a minimum of CHF 1,175 and a maximum of CHF 2,350. For married couples the new maximum pension will be CHF 3,525.

The contributions for both employer and employee will remain at 5.15% each (from gross employment income, no cap). For self-employed persons and persons without a gainful employment the minimum contribution remains CHF 480 per year. For married couples the contribution obligation is considered to be fulfilled if the amount for both spouses reaches a minimum of CHF 960 per year in total.

The retirement age for men remains 65 years and for women 64 years.

2. Occupational pension fund (Pillar 2)
The occupational pension fund has also been updated. The entry threshold rises from CHF 21,060 to CHF 21,150 of income per year and the coordination deduction will be increased from CHF 24,570 to CHF 24,675. Therefore, the minimum coordinated salary amounts to CHF 3,525 and the maximum to CHF 59,925 per year.

The maximum insured salary will increase marginally with the changes in the occupational pension fund.

There are no changes to the possibility of buying back missing pension years. The contributed amount continues to be directly deductible from the taxable income.

3. Private pension fund (Pillar 3a)
From 1 January 2015, the maximum tax deductible contribution to the pillar 3a amounts to CHF 6,768 (2014 is CHF 6,739) per year for persons contributing to the occupational pension fund and CHF 33,840 (2014 is CHF 33,696) for persons without an affiliation to an occupational pension fund.
Next steps
Employers who have employees that are subject to the Swiss social security should review how the amendments will affect their liabilities and employment costs.

Employers with assignees to Switzerland who are paying Swiss social security, or have assignees from Switzerland who remain in Swiss social security, should determine whether these changes will have a material impact on the costs of these assignments.

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