Pension provision in Switzerland - clearly explained

Why is pension provision important? Even after you retire or are no longer able to work, you still need money to live. Switzerland has a pension system with three pillars to ensure that in such cases, you will receive an income.

Pillar 1
State pension (OASI)

- Covers basic needs: rent, food, health insurance
- Everyone pays into it. You receive money when you retire or are no longer able to work.
- **OASI pension:** about 30 % of your last salary before you retire

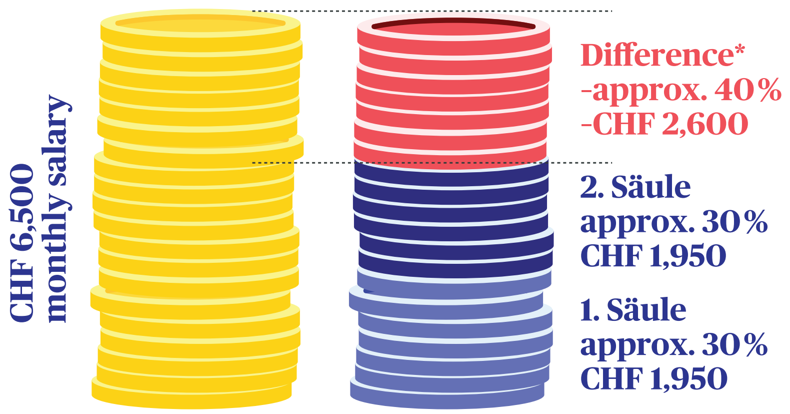
Pillar 2
Occupational benefits insurance (pension fund)

- Serves to maintain your standard of living after you retire
- **Pension fund annuity**: about 30 % of your last salary before you retire

Pillar 3
Private retirement provision (Pillars 3a/3b)

- Money for aspirational purchases or financial security. Pillars 1 and 2 together cover about 60 % of your last salary. You can close this gap using Pillar 3
- This lets you save on taxes
- **Payout**: individual

What remains after retirement? An example



*The difference between your last monthly salary and the payouts from Pillars 1 and 2 is what is known as a pension gap. In our example, this works out to CHF 2,600 per month. On the next page, we'll show you how you can close this gap.

How to improve your pension provision

Pillar 1
State pension (OASI)

1. **Avoid gaps:**
   Make sure to pay into your plan every year. Even if you work part-time or are abroad. You must pay into it for 44 years in order to receive a full pension. This means you need to start working full time at around age 21. Every missing year lowers your pension. You can make up missing contributions within five years.
2. **View your contribution history:**
   Your OASI office (compensation office) can show you how your contributions are progressing.
3. **The state supports parents:**
   If you are caring for children, you are eligible for additional child-rearing and care credits.

Pillar 2
Occupational benefits insurance (pension fund)

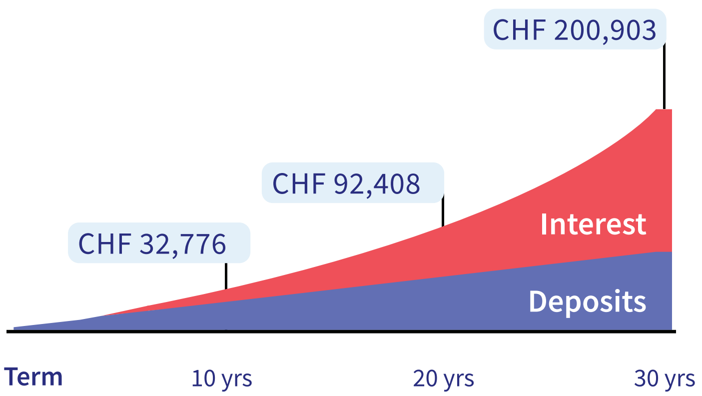
1. **Working full-time or near full-time**
   The more you earn, the more gets paid into your pension fund.
2. **Making voluntary contributions to your pension fund:**
   You can choose to make extra contributions to close pension gaps. You can also save on taxes this way.
3. **Compare pension funds when you change jobs:**
   Not all pension funds are the same. The fees and benefits vary.

Pillar 3
Private retirement provision (Pillars 3a/3b)

1. **Pay in the maximum:**
   You can contribute up to CHF 7,258 (as of 2026) to Pillar 3a annually.
2. **Decide on how you want your money invested:**
   with little risk or higher risk for potentially larger gains.
3. **Start early to save:**
   Even paying in small amounts helps, especially if they are going to be invested over a long time.

What happens if you make small contributions over a long period? An example

annual interest	6 %	monthly payment	CHF 100



Here's one scenario: You pay in CHF 100 per month. After 30 years, you have paid in CHF 36,000 – but you have over CHF 200,000 on your account! How does that work? Compound interest. This means you earn interest on your interest.

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