

Moving to Switzerland, prepare for the future

Retirement: [Moving to Switzerland](#)

Moving to Switzerland

The pension system in Switzerland is based on three pillars. The state pension covers the basic costs of living. Occupational pensions contribute towards maintaining the accustomed standard of living. Additional private pension plans support retirees' individual needs. In addition to paying retirement benefits, the first two pillars also provide benefits in the event of disability or death. Like pillar 2, pillar 3 is also tax privileged. It offers various investment products and provides flexibility with respect to your personal investment preferences.

The Swiss pension system rests on three pillars

Retirement provision in Switzerland: three pillars, one objective – financial protection

Pillar 1: state pension	Pillar 2: occupational retirement planning	Pillar 3: private retirement savings
AHV Old-age and survivors' insurance	BVG Federal Law on Occupational Retirement, Survivors' and Disability Plans	Restricted pension plan (3a)
IV Disability insurance		Unrestricted pension plan (3b)
SB Supplementary benefits		
Safeguarding of basic income	Continuation of accustomed standard of living	Additional needs

Pillar 1, the state pension, provides for your basic needs

People employed in Switzerland must make contributions to pillar 1 from January 1 in the year after their 17th birthday. To do this, 5.3 percent of your salary is deducted directly (as at 2021). Your employer tops up this payment by the same amount.

The state pension is financed via an unfunded pay-as-you-go system. In addition to retirement benefits, it also covers the risks of disability and death. The size of your AHV pension after retirement depends on the number of contribution years and the amounts contributed in your name.

For self-employed individuals, the contributions vary according to income. If the income earned is greater than 57,400 francs, the current contribution rate is 10 percent on all income (as at 2021).

Pillar 2 will help you maintain your standard of living

Above an annual salary of 21,510 francs (as at 2021), your employer is obliged to organize occupational retirement provision for you. Depending on your age, salary and pension fund, a certain percentage will be deducted from your salary. Your employer will contribute at least the same amount.

Under your occupational scheme, you save for yourself and the funds you pay in accrued interest. Your annual pension fund statement and the pension fund regulations provide you with information on the current status of your assets and possible benefits in old age on retirement or in the event of disability or death.

In principle, voluntary contributions into your pension fund, so-called purchases, are income tax deductible, thus saving on income tax.

People moving to Switzerland who have never belonged to a pension fund may voluntarily pay in up to 20 percent of their insured income per year for the first five years, and deduct this from their tax bill.

Pillar 3, your private pension, supports your additional needs

Private retirement savings represent your personal retirement provision and are your own responsibility. There is a split between the restricted pillar 3a and the unrestricted pillar 3b.

Restricted pillar 3a plans – tax privileged with a preferential interest rate

By contributing to your pillar 3a plan, you benefit from preferential interest rates and tax concessions. Employed persons with a pension fund can deduct any payments into their pillar 3a account up to an annual maximum of 6,883 francs (as at 2021) from their taxable income. Employed persons without a pension fund may pay up to 20 percent of their net earned income, but not more than 34,416 francs (as at 2021) into their pillar 3a account.

Unrestricted pillar 3b pension – freely invested according to your risk profile

If you wish to fully maintain your usual standard of living after retirement, your pillar 3b will help you to offset any remaining shortfalls in income.

Depending on your investor profile, there are a variety of investment options available to you.

If your income is taxed at source, you can still pay into your pillar 3a

Foreign nationals with a “C” residence permit are taxed in the same way as Swiss citizens. If you have a “B” residence permit, your income is taxed at source. Income from employment and substitute sources of income (such as a disability pension) are subject to tax.

Irrespective of the type of taxation, as a resident of Switzerland who is in employment and pays AHV, you have the right to build up your personal retirement savings in a pillar 3a plan.

Pillars 2 and 3a can also help you purchase a home

Pillar 2 and 3a retirement savings can be withdrawn early to finance owner-occupied homes. At least 10 percent of the property’s value must be financed using equity that does not include funds from your company pension scheme.

Alternatively, you have the option to pledge the capital. In this case, your retirement savings merely serve as collateral and so are not reduced.

You can save tax when making withdrawals

If you open two pillar 3a retirement accounts, you have the option of having the capital you save in these accounts paid out on a staggered basis for your retirement. This spreads the rise in income across two years, which can reduce the impact of progressive taxation. By spreading the payment across two years, you reduce tax progression and can save on tax.

Good idea

So that you can make the best possible retirement preparation even before moving to Switzerland, we recommend a personal consultation with one of our retirement specialists. They can provide valuable, detailed advice based on their broad experience and understanding of the Swiss pension system. They will identify your individual needs and support your "new start" with forward-looking, prudent advice.

Make use of our know-how –
contact us now

Our main aim as financial services specialists is to provide people in your situation with comprehensive, expert advice. Your well-being is our priority. Feel free to make use of our know-how.

Further information

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