

## The Swiss Three Pillar System

The concept of the three pillar system providing for the contingencies of death, disability and retirement is part of the Swiss constitution. The three pillars are:

### I) **Swiss Social Security System (State System)**

- AHV/AVS Retirement benefits and widow's, widower's and orphan's pensions
- IV/AI Cost of reintegration into gainful employment after disability, as well as disability pensions
- EL/PC Supplementary benefits: to cover the difference between AHV or IV pensions and the applicable subsistence level
- FZ/AF Family allowances: partial compensation for family expenses
- MV/AM Military insurance: widow's, widower's, orphan's and disability pensions as well as medical expenses
- EO/APG Compensation during military service (salary compensation)
- ALV/AC Unemployment insurance
- KV/LAMal Mandatory medical insurance

### II) **Occupational Benefits Provision**

- BV/PP Occupational pension legislation: retirement benefits. In case of death or disability due to illness: widow's, orphan's and disability pensions
- UV/AA Mandatory accident insurance: in case of death or disability due to accident in the workplace: widow's, widower's, orphan's and disability pensions, and medical expenses

### III) **Voluntary Benefits Provision**

- III a Tax-deductible provision for retirement, death and disability
- III b Non tax-deductible provision for retirement, death and disability, and insurance for medical expenses

These two or three letter abbreviations relate to the German/French designations and are widely used in Switzerland.

## Summary of available coverages

Main Categories:	Pillar I	Pillar II		Pillar III
		Accident	Retirement and Illness	
Retirement	✓	-	✓ if employed	voluntary
Disability	✓	✓ if employed	✓ if employed	voluntary
Death	✓	✓ if employed	✓ if employed	voluntary
Medical	✓ (illness and accident)	✓ if employed (accident only)	-	voluntary
	↓	↓		↓
	<b>mandatory</b> cover for all residents	<b>mandatory</b> cover for employees only		<b>voluntary</b> supplements to social and occupational benefits

### Other elements (Pillar I):

- EL/PC: Supplementary benefits
- FZ/AF: Family allowances
- MV/AM: Military insurance
- EO/APG: Compensation during military service
- ALV/AC: Unemployment insurance

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- 9. Unemployment insurance (ALV/AC)
- 10. Mandatory medical insurance (KV/LAMal)

**II) Occupational Benefits (II<sup>nd</sup> pillar)**

- 1. Occupational pension legislation (BV/PP)
- 2. Mandatory accident insurance (UV/AA)

**III) Voluntary Benefits Provision (III<sup>rd</sup> pillars)**

- 1. Pillar IIIa
- 2. Pillar IIIb