

Market and Benchmark Insight Report for Switzerland – 2021

Competitive benefit norms for midmarket employers in Switzerland

Introduction

Weibel Hess and Partner AG (WHP) is a reliable asset, pension, and insurance partner for private individuals and companies since 1995.

WHP offers the Asinta Partnership and its clients dedicated, seasoned professionals who are highly experienced in the Swiss market. Employers who work with WHP can know their employee benefits and company insurances are well managed by a team with many years of experience and depth insights into the local market. Since 2006, WHP publishes yearly the [pension fund comparison](#) with two major newspapers in Switzerland. Following Asinta's brand promise, employers can also expect a very high level of responsiveness and for all aspects of Swiss benefits to be explained in a contextually relevant way.



This document considers:

- The Benefits Landscape in Switzerland – Mandatory Requirements, Employee Benefits, Perks, and Fringe Benefits
- Typical Benefits Design and Costs
- Adviser Remuneration

We are proud to be an Asinta partner, and hope this document is of use to you.

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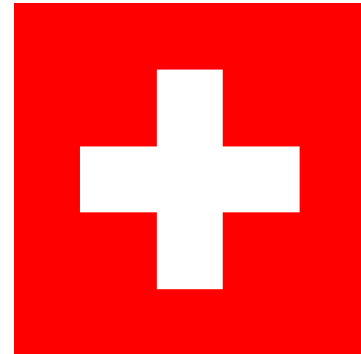
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1. Swiss Benefits Landscape

Switzerland has a comprehensive social security system based on three pillars. The first pillar, also known by the initials AHV/IV/EO, is the state social insurance plan. The second pillar is the employer-provided occupational coverage, and the third pillar is voluntary employee-funded supplemental benefits.



1.1 Industry Type

Benefits vary according to industry type and competitiveness.

1.2 Salary Level

In Switzerland, wages are negotiated individually or collectively. Collective bargaining is conducted by the social partners (trade unions and employers' associations) for an entire industry or for specific companies. Working conditions and wages are then set by mutual agreement in a collective labor agreement (CLA). This includes, among other things, provisions on wages, payment of wages, vacation, working hours, and vacations. The median salary in Switzerland amounts to CHF 6'502 per month. The highest salaries are paid within the pharma industry, the financial sector, IT, and the insurance industry. Some employers offer performance-based bonuses. Other benefits can include a company car, mobile phone, or coverage for yearly transportation costs.



1.3. Location

Switzerland is divided into 26 cantons (states) and split into three country parts: The Swiss-German part, the French part, and the Italian part. Out of the four largest cities, two are located in the French part (Geneva and Lausanne) and two in the Swiss-German part (Zurich and Basel). Zurich and Geneva have a strong financial sector, whereas Basel has a powerful pharmaceutical/biotech industry base. The stable political environment, the Swiss Franc, and the working population's higher educational levels are crucial factors in Switzerland's business environment. The Swiss Government has its seat in Bern (capital of Switzerland) and is a source of jobs in the public administration sector.

2. The Swiss Employee Benefits System

The Swiss social security system is one of the most comprehensive in Europe.

Switzerland's social insurance system provides retirement, life, unemployment, workers compensation, disability, sickness, maternity, and medical benefits. The social security system (1st pillar) provides a basic retirement income level at age 65 for men and 64 for women (reform in discussion). The company is also required to contribute to a mandatory pension schedule known as BVG and include mandatory accident insurance.



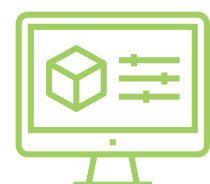
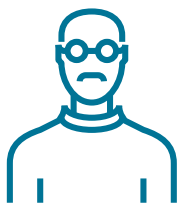
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2.1 Examples of Mandatory Benefits 2021

Benefit	Statutory Requirement	Market practice
1st Pillar (AHV/IV/EO)	10.60% of gross salary	Follow statutory requirement
Annual leave	Between 20 to 25 days	Usually 25 days
Maternity Leave	Provide 98 days (14 weeks) of maternity leave	Follow statutory requirement
Paternity leave	Provide 2 weeks (14 days) of parental leave	Follow statutory requirement

2.2 Perks and Fringe Benefits

Benefit	Market practice
Transportation allowance	Provide transportation allowance solely for business related purposes
Education Reimbursement	Provide reimbursement for job-related training, in addition to providing time off to attend the course.
Mobile Phones/ Laptop/ Company Car	Provide mobile phones, laptops and company cars to staff based on business needs
Flexible working hours	Offer flexible working hours arrangement.
Flexible leave models	Focus on employee leave needs: <ul style="list-style-type: none"> - offer the opportunity to buy extra holidays - parental leave - care related leave





3. Common Insured Employee Benefits

Within the occupational benefits (2nd pillar), the employer must offer at least statutory benefits to its employees, consisting of a pension scheme and accident insurance. Employers usually provide extra-mandatory benefits to be competitive in the Swiss market. Below are the most popular insured employee benefits in Switzerland and typical cover:

Benefit	Statutory Requirement	Market practice
Pension Scheme	Age dependent defined contribution plan	Depending on industry, better solutions are offered. Defined contribution scheme
Partners pension	Defined contribution scheme	Defined benefits scheme
Orphans pension	Defined contribution scheme	Defined benefits scheme
Disability coverage	Defined contribution scheme	Defined benefits scheme
Accident Insurance	Allowances, medical costs in the general ward, death or permanent disability due to an accident	Supplement benefits such as private ward as well as lump sum payments in case of death and disability, etc.
Medical Insurance	Medical benefits are provided through health insurance (KVG) administrated by employee	Not typical market practice for employers (except very large ones). Employee responsibility
Sick leave	Salary continuation for a certain period of time according to the law of obligations	Replace mandatory salary continuation by a sickness pay insurance

4. Insured Employee Benefits Explained

Employers often ask us to set up an insured benefit package in Switzerland. Below you will find more details about the mandatory pension scheme.

4.1 Pension Scheme

All employers are required to establish and maintain a pension plan for their employees (with very few exceptions) under the BVG law. An employee must be covered if he/she is covered under social security and if he/she is at least 17 years old and has an annual earning of at least 75% of the maximum annual pension (2021: CHF 21'510). Coverage for retirement pension begins on the 1st of January following the individual's 24th birthday. Total savings contributions by law for the employer and employee (combined) are shown hereafter.

Employees Age	Saving Contributions
25-34	7%
35-44	10%
45-54	15%
55-64/65	18%
Insured Salary: Yearly gross salary capped by 300% of annual maximum pension (=86'040) reduced by 87.5% of maximum annual AHV pension (2021: 25'095)	maximum insurable salary: 60'945

The employer must pay at least 50% of the contributions, but most employers provide higher benefits than required by the legal minimum.



4.2 Dependents Pension in the Event of an Illness

The pension scheme always includes cover in the form of a spouse and an orphan's pension. By law, the benefit amount depends on the mandatory accrued savings at the time of death and the insured salary. The accrued mandatory capital is projected without any interest to the age of retirement (64 women and 65 men) and converted with 4.08% into a lifelong widow's pension. The orphan's pension is 20% of the widow's pension. The insured amount of widow's / orphan's pension is paid out as an annuity. Employers most often opt for a defined benefits plan.

4.3 Disability Pension (Illness)

The pension scheme always includes cover in the form of disability and disability children's pension. By law, the benefit amount depends on the mandatory accrued savings at the time of disability and the insured salary. The mandatory accrued capital is projected without any interest to the age of retirement (64 women and 65 men) and converted with 6.80% into a lifelong disability pension. The disability children's pension is 20% of the disability pension. The insured amount of disability pension / disability children's pension is paid as an annuity. Employers most often opt for a defined benefits plan.

4.4 Accident Insurance

Compulsory accident insurance covers employees in case of occupational and non-occupational accidents (provided employee works more than 8 hours per week). Benefits are paid out in the event of short or long-term disability and death. Furthermore, medical expenses are insured in the general ward. Employers often optimize with supplementary accident insurance.

4.5 Group Sickness Pay Insurance

A group sickness pay insurance replaces the mandatory salary continuation obligation from the employer (requirement 80% coverage taken out and premium is paid 50% by employer). If an employee is sick, the group sickness pay insurance pays out allowances to the employer for up to two years.





5. Onboarding and Policy Administration

5.1 Onboarding

In Switzerland, the employer plays a prominent role in putting together the employee benefits package and taking out insurance contracts with the insurer. The employer acts as the contracting party for the policy and is responsible for notifying the insurer should there be any changes. The employer is also responsible for paying the premium. Group insurance policies have, for the most part, automatic enrollment for employees. When the insurance policy takes effect, the employers and insurers will exchange information to ensure that the policies remain up-to-date. WHP manages this whole process for you, and you can rest assured that we will take the initiative in this regard. The employee covered by the policy does not need to contact the insurer directly. Pension schemes are slightly different because a pension fund commission needs to be defined and needs to consist of an employer representative and an employee representative. New contracts, or amendments to existing pension fund contracts, must be signed off by the pension fund commission.

Additional services

As a client of WHP, you have access to additional services, including:

Benefits Information and Onboarding Sessions

- Clear communication helps employees appreciate their benefits even more. WHP provides presentations and one on-one meetings to discuss employee benefits with new employees.
- WHP provides HR support with fact sheets and overviews to help your employees understand the value of their benefits package.

6. Adviser Remuneration

Remuneration is based on fees and/or commissions. We define services and remuneration in a service agreement. It describes management and advisory services which an employer needs during the year including contract renewal, employee communication, benefit plan management, and claims support. Received commissions are fully disclosed.

7. WHP International Team

Marcel Fenner is your primary contact for incoming business and requests:



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