



# Switzerland plans changes to first and second pillars

*By Jan Koller, Fiona Webster and Stephanie Rosseau  
21 March 2022*

Reforms to Switzerland's AHV first pillar pension that comprises old age and survivors' insurance were agreed to by parliament in 2021, but could be subject to a referendum vote in September 2022 due to a proposed value-added tax (VAT) rate adjustment. The deadline to decide if a referendum will be held is 7 April. In addition, the Swiss National Council is considering proposed reforms of the BVG second pillar scheme that comprises old age, survivor and disability insurance.

## AHV first pillar scheme

- **Harmonized pension age for men and women.** The female retirement age of 64 would gradually increase by three months each year to age 65, and women in the first nine age cohorts impacted by the increase, and who retire at age 65, would receive a lifetime pension supplement.
- **VAT increase.** The reforms would be funded by a permanent increase to the standard VAT rate to 8.1%, up from 7.7%. The reduced VAT rate would increase by 0.1%.
- **Flexible pension withdrawals.** Individuals could retire flexibly from age 63 to 70, and take their pension early or defer it. Women in the nine age cohorts impacted by the retirement age increase could still retire early at age 62.

## BVG second pillar scheme

- **Reduction of conversion rate.** The BVG conversion rate would be reduced from 6.8% to 6% for retirement assets insured under the compulsory scheme. Individuals in the first 15 age cohorts impacted by the reduced conversion rate would be paid a pension supplement over a five-year period.
- **Earlier enrollment.** Individuals could enroll in the BVG from age 20, down from age 25.
- **Reduced salary threshold.** The minimum salary threshold for BVG enrollment would be reduced to CHF 12,548, down from CHF 21,510.

- **Reduced coordination deductions.** The deduction amount from an individual's salary already insured under old age and survivors insurance (OASI) would be halved to CHF 12,548; the reduction would boost the pension savings of lower paid individuals.
- **Contribution rates.** The contribution amounts calculated on an individual's salary would be simplified across the different age cohorts, and could boost the employment rate of older workers in particular. The new rates would be 9% for individuals aged 20 to 44 years, and 14% for those aged 45 or older.

## Related resources

- [Reform of AHV scheme](#) (German) (Parliament, 14 January 2022)
- [Reform of BVG scheme](#) (German) (Parliament, 22 November 2022)

*Note: Mercer is not engaged in the practice of law, accounting or medicine. Any commentary in this article does not constitute and is not a substitute for legal, tax or medical advice. Readers of this article should consult a legal, tax or medical expert for advice on those matters.*