

Zurich, April 2023

Amendments regarding the Old Age and Survivors' Insurance (OASI)

On 25th September 2022, the Swiss voters accepted the amendments regarding the Old Age and Survivors' Insurance (OASI). The most evident changes are the increase of the retirement age for women and the increase of the VAT rates. The legislative reform will enter into force on 1st January 2024.

New reference age for women

Current regulation

Until now, the normal retirement age or reference age for women was 64 years, for men 65 years.

AHV/OASI 21

Due to the legislative reform AHV/OASI 21, the reference age of women will be adjusted to the retirement age of the men and increased to 65 years. It will be gradually increased by three months per year. Women born in 1960 who will turn 64 in 2024 are not affected by the increase. Subsequently, the reference age will be increased as following and be aligned with that of men in 2028:

Year	Age	Born in
2024	64 years (no increase)	1960
2025	64 years + 3 months	1961
2026	64 years + 6 months	1962
2027	64 years + 9 months	1963
2028	65 years	1964

“Transition Generation”

Women aged 55 or more (born between 1961 and 1969) are considered as a transition generation. This generation receives a supplement on their pension for a lifetime, provided the pension is not drawn in advance. The supplement depends on several individual factors, such as the contribution period and the average income earned in these years. Women of the transition generation also benefit from lower reduction coefficients in case of early retirement.

Flexible withdrawal of AHV/OASI pension

Current regulation

Today, women and men can withdraw their old-age pension two years prior to the normal retirement age, at the earliest, and only for whole years, i.e., for 12 months. The pension is reduced by 6.8% per year of early retirement.

The pension can be postponed for a maximum of five years and a pension supplement of 5.2 % to 31.5 % is granted. The amount of the pension supplement depends on the duration of the deferral.

AHV/OASI 21

Men and women can withdraw the old-age pension between 63 and 70 years of age. Women of the transition generation already have this opportunity from the age of 62. It will now also be possible to withdraw and postpone the pension on a monthly basis. In addition, partial early retirement and partial pension deferral have been introduced. The proportion of the old-age pension is freely selectable between 20% and 80%, thus enabling a smooth transition from working life to retirement. The reduction coefficients for early withdrawal and the surcharges for postponement will be adjusted to average life expectancy by 2027 at the earliest.

Employment at official retirement age

Current regulation

Today, an allowance for social security contributions of CHF 1,400.00 per month or CHF 16,800.00 per year applies when working at retirement age. Contributions paid after the official retirement age do not lead to a higher old age pension.

AHV/OASI 21

There is now the possibility to waive the allowance. As a result, social security contributions can be paid on the full salary even after reaching the reference age of 65. This is advantageous for those who want to close possible contribution gaps or improve the AHV/OASI pension up to the maximum pension.

Impact of the AHV/OASI 21 reform on the mandatory occupational pension

The new reference age for women applies not only to the social security but also to the occupational pension provision. Thanks to the longer savings process, the pension may increase.

Together with the harmonization of the reference age, the minimum requirements for flexible retirement in occupational pensions were fixed and aligned with the social security. Pension funds must now offer the option to withdraw the pension from the age of 63 or to postpone it until the age of 70. However, pension funds are still free to allow early withdrawals from the age of 58 in their regulations.

Likewise, a partial withdrawal or partial postponement is now also possible in occupational pensions. Pension funds are obliged to offer a gradual retirement in at least three steps. This could look like this, for example: First, only part of the pension is drawn, this part is increased in a second step and, finally, the full retirement benefit is drawn. However, it should be noted that the part of the retirement benefit received before the statutory retirement age may not exceed the reduction in employment (wage reduction). Furthermore, the continued insurance of the previous wage level can be offered from the age of 58.

Until now, there was no legal obligation to allow the postponement of pension benefits. Recently, pension funds are obliged to offer such a postponement. Since the deferral of retirement benefits is linked to tax privileges, the continuation of a gainful employment is required. The legal obligation to pay contributions ends when the reference age is reached. This also applies if the withdrawal is deferred. However, regulations can grant the possibility to pay contributions even after reaching the reference age.

In conclusion, the partial harmonization between the social security and occupational pensions makes it easier to determine the timing of withdrawal or postponement of the pension.

We are happy to support and advise you on the new possibilities regarding early retirement or deferral, but also with regard to the new retirement age for women and its gradual increase.