The most important points in the proposed BVG reform

A referendum on the proposed BVG reform will be held on 22nd September 2024. Below you can find the key responses to the question what acceptance of the proposed reform would mean.

AT A GLANCE	CURRENTLY	AFTER REFORM
Pension conversion rate	6.8%	6.0%
Coordination deduction	CHF 25,725	20% OASI salary, max. CHF 17,640
Entry threshold	CHF 22,050	CHF 19,845
Min./Max. insured salary	CHF 3,675/CHF 62,475	CHF 15,876/CHF 70,560
Savings contributions in % of insured salary for each age group	7% / 10% / 15% / 18% 25-34 / 35-44 / 45-54 / 55-65	9% / 9% / 14% / 14% 25-34 / 35-44 / 45-54 / 55-65

Lower entry threshold

The entry threshold will be lowered from CHF 22,050 to CHF 19,845. The entry threshold constitutes the minimum annual salary which an employee must earn in order to qualify for compulsory occupational pension insurance. **Employees with an annual salary between CHF 19,845 and 22,050 will thus now also have occupational pension insurance.** For this, employees (salary deductions) and employers make contributions to the pension fund.

Pension fund contributions and benefits

Many social partners have already decided to adopt a pension plan with better benefits than the statutory minimum. If the reform is approved, “only” the statutory minimum benefits will change. In concrete terms, the BVG pension conversion rate, the BVG coordination deduction and the BVG savings contributions will be adjusted (see table above). If the chosen pension plan already covers the “new” statutory BVG minimum benefits, then the BVG reform has no significant effects for employers and insured individuals. **Excepted from this are the pension supplement for the transitional generation and the financing of this, as well as also in part lower retirement pensions**. **If the pension plan does not conform with the reform, then if the reform is approved this will need to be revised. As a rule, this is likely to mean higher pension fund contributions for insured individuals and for employers, but also in part an increase in insured benefits.**

Pension supplement for transitional generation

People retiring in the 15 years following implementation of the reform (presumably born from 1961 to 1976) are eligible for a pension supplement. The financial contribution levied for this is 0.24% of 80% of AHV salaries in the first year and is to be paid equally by the insured persons and their employers. From the second year onwards, the Federal Council determines the amount of this contribution. This financing contribution must be paid by all insured persons and their employers, regardless of whether they benefit from a pension supplement or not. The entitlement and the amount of the pension supplement depend on the amount of the individual retirement assets at the time of retirement. The annual pension supplements are planned as follows:

Year of birth	Retirement assets on retirement lower than CHF 220’500	Retirement assets on retirement CHF 220'501 – 441’000	Retirement assets on retirement higher than CHF 441’001
1961 – 1965	CHF 2’400	CHF 1’200	CHF 0
1966 – 1970	CHF 1’800	CHF 900	CHF 0
1971 - 1976	CHF 1’200	CHF 600	CHF 0

There is still some uncertainty with regard to the interpretation of the proposed legislative basis.

Financing of pension supplement for transitional generation

The pension supplement comes in part from **contributions by the pension funds to the BVG security fund.** These **costs will be passed on, directly or indirectly, to the insured individuals and/or employers.**

Current pensions

The reform has no impact on current pensions.

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