



LOB in overview
As of 1 January 2017

Federal Law on the Occupational Benefit Scheme



Swisscanto

Stiftungen/Fondations/Fondazioni

Federal Law on the Occupational Benefit Scheme (LOB)

The mandatory part of the 2nd pillar in overview
As of 1 January 2017

Objective

The persons insured according to LOB should be able to maintain their accustomed standard of living after retirement in combination with the OASI/DI pension.

Who is subject to the LOB?

All employees who earn more than CHF 21,150 annually. The self-employed can insure themselves voluntarily.

Start date

1 January after completion of the 17th year of age (only cover of risks death and disability); 1 January after completion the 24th year of age (also occupational pension scheme).

Insured annual salary

The insured annual salary corresponds to the OASI annual salary, reduced by CHF 24,675 (coordination deduction). It is also termed "coordinated salary". But it amounts to:

- at least CHF 3,525;
- at most CHF 59,925.

Retirement benefits (men 65/women 64 years of age)

Retirement pension corresponds to a percentage of the projected retirement savings with interest (see definition of the "projected retirement savings" on the following page) currently 6.8% at the age of 64 for women, at the age of 65 for men.

Benefits in the case of death

- Spouse's pension: corresponds to 60% of the disability pension (in the case of death before retirement) or 60% of the retirement pension (in the case of death after retirement)
- Surviving registered partners have the same legal status as widowers
- Orphan's pension: 20% of the disability pension (in the case of death before retirement) or 20% of the retirement pension (in the case of death after retirement)

Benefits in the case of disability

- Disability pension: corresponds to a percentage of the projected retirement savings without interest (see definition of the "projected retirement savings" on the following page).
- Disability children's pension: 20% of the disability pension up to the 18th year of age of the eligible person or up to the 25th year of age if this person is still in training.

Conditions for claims to benefits

- Spouse's pension: A claim exists if at least one child subject to an obligation for maintenance exists or if the surviving spouse is over 45 and the marriage lasted at least five years.
- Child's pension: The entitlement exists up to the age of 18 of the eligible person or up to the age of 25 if this person is still in training.
- Disability pension: From a degree of disability of 40% there is an entitlement to a quarter pension, from 50% to a half pension, from 60% a three-quarter pension and from 70% to a full pension.

Nature of the pension benefits

Normally a pension is paid out. Capital settlement is possible if the regulations permit this. The employee benefit institutions regulate the modalities for capital withdrawal in detail. For married persons or insured persons living in a registered partnership, the written approval of the spouse or the registered partner is necessary.

Old-age credits in % of the insured annual salary

Men	Women	Amount
25 – 34 years	25 – 34 years	7%
35 – 44 years	35 – 44 years	10%
45 – 54 years	45 – 54 years	15%
55 – 65 years	55 – 64 years	18%

Distribution of the contributions

The employer assumes at least 50% of the total expenditure.

Projected retirement savings without interest

Corresponds to the accrued retirement assets including interest, increased by the total of future accrued retirement assets without interest.

Projected retirement savings with interest

Corresponds to the accrued retirement assets including interest, increased by the total of future accrued retirement assets including interest.

Vested benefits when changing jobs

When changing jobs, the entire old-age savings acquired up to the time of departure are in general transferred as termination benefits to the new employee benefit institution.

Adjustment to the price index

Survivors' and disability pensions, whose term has exceeded three years, are in general adjusted to price developments by order of the Federal Council, for men up to the age of 65, for women up to the age of 64.

Employee benefit institution

The following provisions apply to the employee benefit institution:

- It must have one of the following legal forms: foundation, co-operative or public law institution.
- It must be listed in the register for occupational benefit schemes.
- It must possess joint administration.
- It is checked by the auditors and an expert for occupational benefit schemes.
- It is supervised by the supervisory authority of the canton.

Guarantee fund

The functions of the guarantee fund are as follows:

- Payment of subsidies to employee benefit institutions with unfavourable age structures
- Guarantee of the legal benefits in the event of bankruptcy of the employee benefit institutions

Substitute schemes

The substitute scheme fulfils the following functions:

- Mandatory affiliation of employers who do not meet their affiliation obligation
- Affiliation of employers on their request
- Voluntary occupational benefit scheme of employers, the self-employed and the voluntarily insured
- Mandatory insurance of recipients of daily allowances of the unemployment insurance for the risks death and disability
- Maintenance of vested benefits accounts for vested benefits that cannot be assigned

Choice of employee benefit institution

The employer selects the employee benefit institution in agreement with their staff.

Health conditional acceptance

No health conditional acceptances can be applied in the context of the LOB minimum benefits.

Tax treatment

- The contributions can be deducted from direct tax for employees and employers.
- The pension benefits must be taxed as income.

