



# Comparison of Pillars 2 and 3

|                      | Pillar 2 – occupational pensions   |                                      | Pillar 3 – private pensions   |                               |
|----------------------|--|--------------------------------------|---|-------------------------------|
|                      | Mandatory pensions – OPA (Pillar 2a)   | Extra-mandatory pensions (Pillar 2b) | Tied pensions (Pillar 3a)   | Flexible pensions (Pillar 3b) |
| <b>Procedure</b>     | Possibility of voluntarily joining employees' collective foundation or the professional association's foundation<br><b>Makes good sense for high earners</b>   |                                      | Voluntary purchase of a tailored private pension product based on actual needs and with regular adjustments<br><b>Necessary if no occupational pension exists</b>   |                               |
| <b>Financing</b>     | <ul style="list-style-type: none"> <li>Retirement credits: 7–18 % of insured salary (by age group)</li> <li>Risk premiums (death and disability)</li> <li>Contributions for Guarantee Fund and administration costs</li> </ul>   |                                      | <b>Insurance</b><br>Regular premiums, option of making additional payments (depending on product) and interrupting premium payments for up to four years<br><br><b>Bank</b><br>Flexible payments in any amount  |                               |
| <b>Restrictions</b>  | Within the statutory framework, the regulations of the specific pension fund apply.  |                                      | Statutory limits on amount paid in<br><ul style="list-style-type: none"> <li>Employees: no more than CHF 7,056</li> <li>Self-employed: 20 % of taxable income, but no more than CHF 35,280</li> </ul>   | No restrictions               |
| <b>Contract term</b> | For men:<br>OASI reference age 65      To be drawn at the earliest from age 60      To be drawn at the latest by age 70<br><br>For women:<br>Year      Year of birth      OASI reference age      To be drawn at the earliest from age      To be drawn at the latest by age<br><br>2024      1960      64      59      69<br>2025      1961      64 + 3 months      59 + 3 months      69 + 3 months<br>2026      1962      64 + 6 months      59 + 6 months      69 + 6 months<br>2027      1963      64 + 9 months      59 + 9 months      69 + 9 months<br>from 2028      1964      65      60      70<br>or later |                                      | <ul style="list-style-type: none"> <li>To be drawn at the earliest five years before the OASI reference age<br/>               Exceptions:<br/>               – Moving abroad<br/>               – Becoming self-employed<br/>               – Buying a home</li> <li>To be drawn at the latest five years after reaching the OASI reference age if still in paid employment</li> </ul>   |                               |
| <b>Risk benefits</b> | <ul style="list-style-type: none"> <li>Disability pension</li> <li>Spouse's/partner's pension or lump sum payment</li> <li>Orphan's pension</li> <li>Premium waiver in the event of occupational disability (continued financing by pension fund)</li> </ul> <b>Group rates mean that risk benefits are generally more favorable than with Pillar 3a individual life rates.</b>  |                                      | <b>Insurance</b><br><ul style="list-style-type: none"> <li>Occupational disability: pension and premium waiver (continued financing by insurer)</li> <li>Guaranteed lump sum payment on death plus any surpluses earned; payment to beneficiary</li> </ul> <b>Bank</b><br>Savings capital and interest fall to the estate<br><br><b>Regular income from a disability pension can secure your private and professional livelihood.</b> |                               |

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| <b>Capital protection</b>  | <p>The pension fund's coverage ratio is decisive.</p> <p>Statutory disbursement guarantee for retirement assets (even if the pension fund is insolvent)</p>  |  | <p><b>Insurance</b><br/>Statutory guarantee for disbursement of contractually agreed capital /guaranteed lump sum at maturity (even if the insurance company goes into bankruptcy)</p> <p><b>Bank</b><br/>Statutory depositor protection for up to CHF 100,000 if bank goes bankrupt. Possible protection for a further CHF 100,000 with Pillar 3a pension accounts.</p> <p> <b>With the insurance option, assets and guaranteed amounts are 100% secure.</b></p> |                               |
| <b>Retirement benefits</b> | <p><b>Annuity</b><br/>Every year, 6.8% of the retirement assets (conversion rate) are disbursed in the form of a retirement pension (plus any children's pension if the insured person is obliged to provide support).</p> <p><b>Lump sum</b><br/>On request, a maximum of 25% of the retirement assets can be disbursed as a one-time lump sum (remainder paid as a life-long annuity).</p> <p>Any lump sum withdrawal must be requested within the period stipulated in the regulations. If the insured person has purchased benefits within the three years prior to the requested lump sum payment, this will have tax implications.</p> <p> <b>If the insured person dies while drawing a pension, the pension fund retains the remaining retirement assets, provided no spouse's or orphan's pensions come into effect.</b></p> |  | <p>One-time lump sum payment plus any surpluses earned</p>   |                               |
| <b>Interest rate</b>       | The Federal Council sets the minimum OPA interest rate (1.0%).   | There is no statutory minimum interest rate. | <p><b>Insurance</b></p> <ul style="list-style-type: none"> <li>• Technical interest rate: set by the Swiss Financial Market Supervisory Authority (FINMA)</li> <li>• Any surpluses earned</li> </ul> <p><b>Bank</b><br/>Interest rate changes with market situation</p>  |                               |

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| <b>Taxes</b>      | <ul style="list-style-type: none"> <li>Annual premiums of up to 20% of OASI income can be deducted from income tax.</li> <li>Pension payments are taxable in full.</li> <li>Lump sum payments are taxed at a reduced tax rate and separately from other income.</li> </ul> |                                      | <p><b>Bank and insurance</b></p> <ul style="list-style-type: none"> <li>Annual premiums can be deducted from income tax (up to a limit).</li> <li>Interest income and surpluses are tax-free.</li> <li>No wealth tax is levied during the term.</li> <li>Lump sum payments are taxed at a reduced tax rate and separately from other income.</li> </ul> <p><b>Insurance</b></p> <ul style="list-style-type: none"> <li>Subject to certain conditions, annual premiums can be deducted from income tax (flat-rate deduction).</li> <li>Interest income and surpluses are tax-free.</li> <li>The surrender value of a life insurance policy is subject to wealth tax.</li> <li>Lump sum payments from life insurance policies financed with regular premiums are tax-free.</li> <li>Lump sum payments from single-premium life insurance policies are tax-free subject to certain conditions.</li> </ul> <p><b>Bank</b></p> <ul style="list-style-type: none"> <li>No tax advantages</li> </ul> <p><b>No withholding tax on life insurance policies</b></p> | <p><b>Insurance</b></p> <ul style="list-style-type: none"> <li>Subject to certain conditions, annual premiums can be deducted from income tax (flat-rate deduction).</li> <li>Interest income and surpluses are tax-free.</li> <li>The surrender value of a life insurance policy is subject to wealth tax.</li> <li>Lump sum payments from life insurance policies financed with regular premiums are tax-free.</li> <li>Lump sum payments from single-premium life insurance policies are tax-free subject to certain conditions.</li> </ul> <p><b>Bank</b></p> <ul style="list-style-type: none"> <li>No tax advantages</li> </ul> |
| <b>Privileges</b> | Exempt from inheritances, debt collection and bankruptcy proceedings, and taxes  |                                      | Exempt from inheritances, debt collection and bankruptcy proceedings, and taxes   | Exempt from inheritances, debt collection and bankruptcy proceedings (provided spouse, registered partner or children are beneficiaries), and taxes   |
|                   |  |                                      | <b>Only insurers offer pension privileges.</b>  |   |