

A tried-and-tested system –
in simple terms

Switzerland's invalidity insurance system



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Home Affairs FDHA
Federal Social Insurance Office FSIO

Introduction

Switzerland has a strong social security system in place. Social insurance schemes provide comprehensive protection for the population. Together with supplementary benefits and social assistance, they prevent economic hardship and poverty.

One of the biggest social risks is a permanent loss of earnings as a result of illness or accident. Hardly anyone is in a position to bear this risk without outside help. Up to the middle of the last century, most people facing this situation had virtually no choice but to hope for help from their family, apply for poor relief or resort to begging in public.

Fortunately, these times are over. Since the introduction of invalidity insurance (AI/IV) in 1960, the entire population of Switzerland has been protected against the economic consequences of an illness- or accident-rated incapacity to work. The AI/IV scheme helps in the face of health problems, offers reintegration support to employees and employers, provides assistive devices such as wheelchairs or hearing aids and pays pensions.

That said, AI/IV is not the sole source of invalidity benefits. Accident insurance, occupational pension insurance and military insurance all play a role in ensuring that invalidity today no longer leads to poverty.

The present brochure provides basic information on invalidity benefits. It explains the goals behind the invalidity insurance system, describes how it works and shows which insurance provides which benefits.

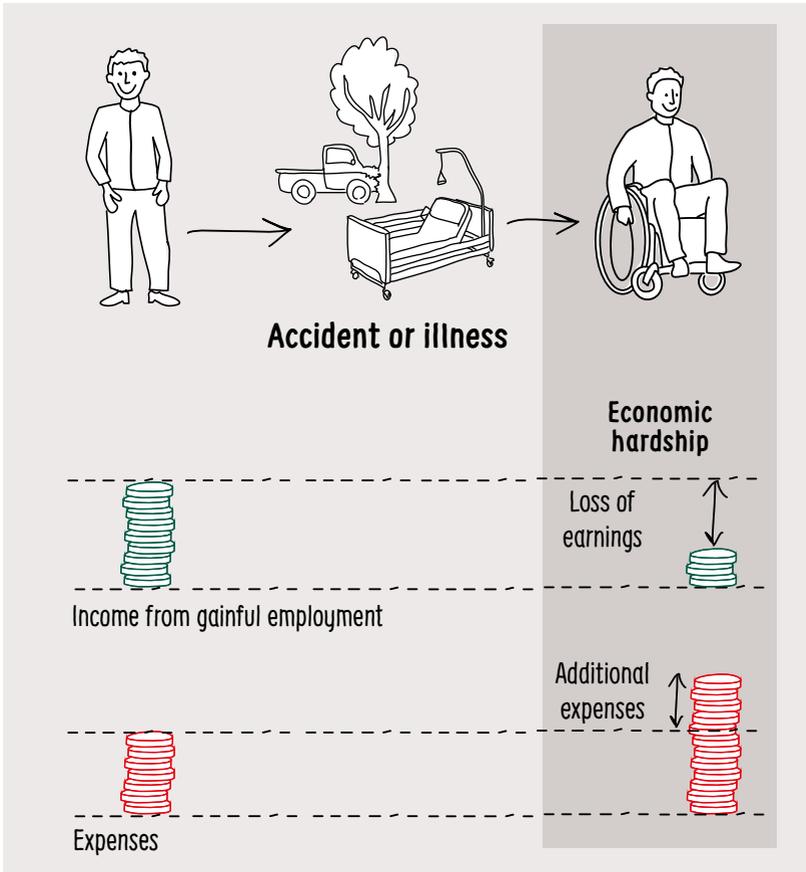
The information in this brochure is in accordance with legislation current at 1.1.2023. Numerical examples and concrete details of the amount and calculation of benefits are based on rates in force in 2023.

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Definition of invalidity

Invalidity is a legal term used in the context of social and private insurance. Within the meaning of the law, a person suffering economic hardship as a consequence of health problems is considered to be an invalid. Invalidity is therefore not the same as disability, nor is it a derogatory term.



The law defines invalidity as a total or partial incapacity to work or inability to perform previous tasks – for instance, household chores. The reason for the invalidity must be an impairment of physical, mental or psychological health that cannot be overcome with medical treatment and reintegration measures. Possible causes of the health impairment are a congenital infirmity, an illness, an occupational disease or an accident.

The degree of invalidity is not measured according to the gravity of the health impairment, but in terms of the extent of the economic hardship, e.g. the loss of earnings. If the capacity to work can be regained and the loss of earnings offset, for instance after retraining, then the invalidity status no longer applies from a legal standpoint – even if the health impairment still exists.

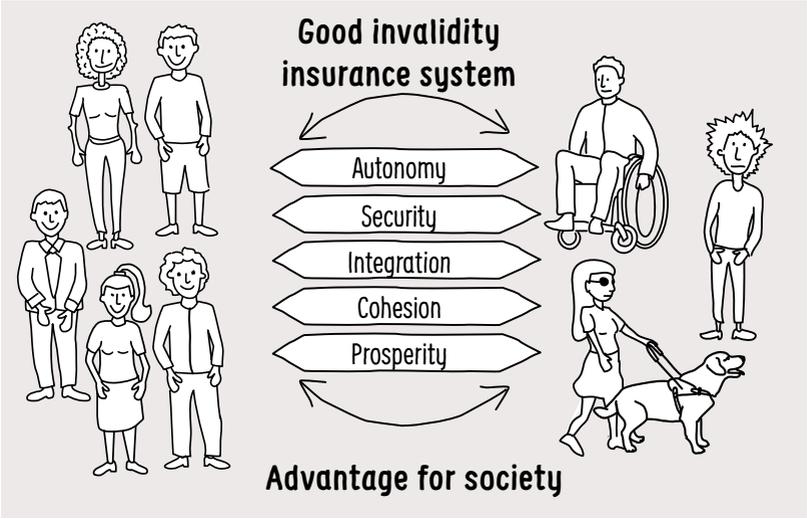
So it follows that invalidity and disability are not the same. If someone loses a finger as a result of an accident, in certain cases this can lead to invalidity, in others not.

An example of invalidity versus disability

A pianist who loses a finger can no longer play the piano. If she loses the capacity to work because of this health impairment, she is an invalid within the meaning of the law. On the other hand, a shop assistant who loses a finger is not usually incapable of working as a result. After a period of recovery, he can continue to do his job despite this disability.

Objective and advantage of the invalidity insurance system

The main objective of the invalidity insurance system is reintegration into the workforce. If this is not possible, pensions and other monetary benefits are paid to ensure that the persons affected can lead a life of dignity and independence. The invalidity insurance system plays a key role in fighting poverty and social exclusion.



The most important objective of invalidity benefits is to make certain that people with health impairments remain able to work or regain that capacity in order for them to lead an independent life and earn a living. If reintegration into the workforce is not possible, invalidity insurance, accident insurance, occupational pension insurance or military insurance will provide pensions to help offset the loss of earnings and ensure an appropriate income.

Advantage for the individual

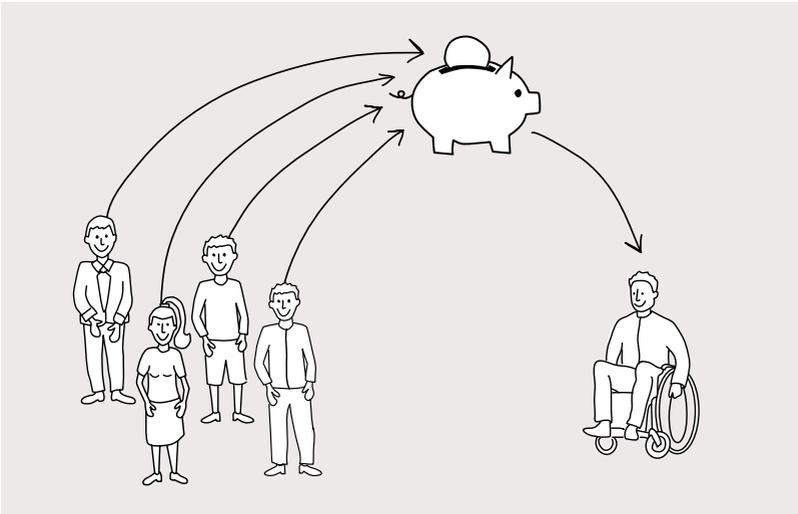
The invalidity insurance system covers medical treatment for congenital infirmities, helps young beneficiaries to access training, pays for assistive devices such as hearing aids or wheelchairs, finances reintegration into the workforce and funds pensions. Invalidity benefits are instrumental in ensuring that people with health impairments can also lead an independent life and play an active part in society.

Advantage for society

Promoting autonomy and social integration is extremely important not only for those affected and their families, but also for society as a whole. The invalidity insurance system prevents the exclusion of part of the population and strengthens social cohesion. The economy profits from occupational integration measures just as much as the individual insured do. As a result, invalidity benefits contribute to Switzerland's stability and prosperity, which is good for the entire population.

Solidarity and individuality

Without solidarity, the invalidity insurance system cannot work. It is difficult for an individual person to bear the economic consequences of an accident, an illness or an occupational disease on their own. This is why a collective benefits scheme based on solidarity is necessary.



Under a collective benefits scheme, costs are borne jointly even though only a small proportion of the population are actually persons with invalidity. As a rule, insureds form a solidarity collective. By paying premiums to protect themselves in the event they should lose the capacity to work, they finance the benefits of those who are in fact in that situation. Tax-payers also form a solidarity collective by financing military insurance benefits and supplementary benefits as well as part of the invalidity insurance (AI/IV) benefits.

Solidarity between contributors and beneficiaries

The most visible form of solidarity is between everyone who pays contributions and those who draw invalidity benefits. AI/IV statistics show, for example, that some 4 per cent of insureds receive an AI/IV pension. They profit from the solidarity of the remaining 96 per cent, who pay contributions but do not need a pension. The statistics also show that a larger number of older insureds than younger ones receive an AI/IV pension. This creates an additional base of solidarity between generations. Most of the people who draw benefits were themselves contributors prior to invalidity and played their part in building solidarity within the invalidity insurance system.

Solidarity between poor and rich

While the AI/IV, accident insurance and military insurance schemes all show strong solidarity between poor and rich, different mechanisms are at play. First, high-income insureds pay higher contributions than those with lower incomes. High earners therefore bear a larger proportion of overall costs. Second, invalidity benefits are capped. For example, the maximum AI/IV pension is CHF 2450 (current for 2023), regardless of how high contributions previously were. Measured in terms of the contributions paid, the benefits received by high earners are thus lower. Third, wealthy contributors also pay higher taxes. More than one third of AI/IV funding comes from taxes, while military insurance is almost 100 per cent tax-financed. Supplementary benefits are funded entirely from tax revenues.



See also section headed “Financing”, pages 45–47

Actors involved

The risk of invalidity is covered by various social insurance schemes and private insurance plans. The most important are invalidity insurance, accident insurance, occupational pension insurance and military insurance. Benefits and eligibility requirements differ depending on the insurance but are coordinated. Besides insurance providers, other actors also play a key role, including employers, doctors, organisations for disabled persons and the cantons.

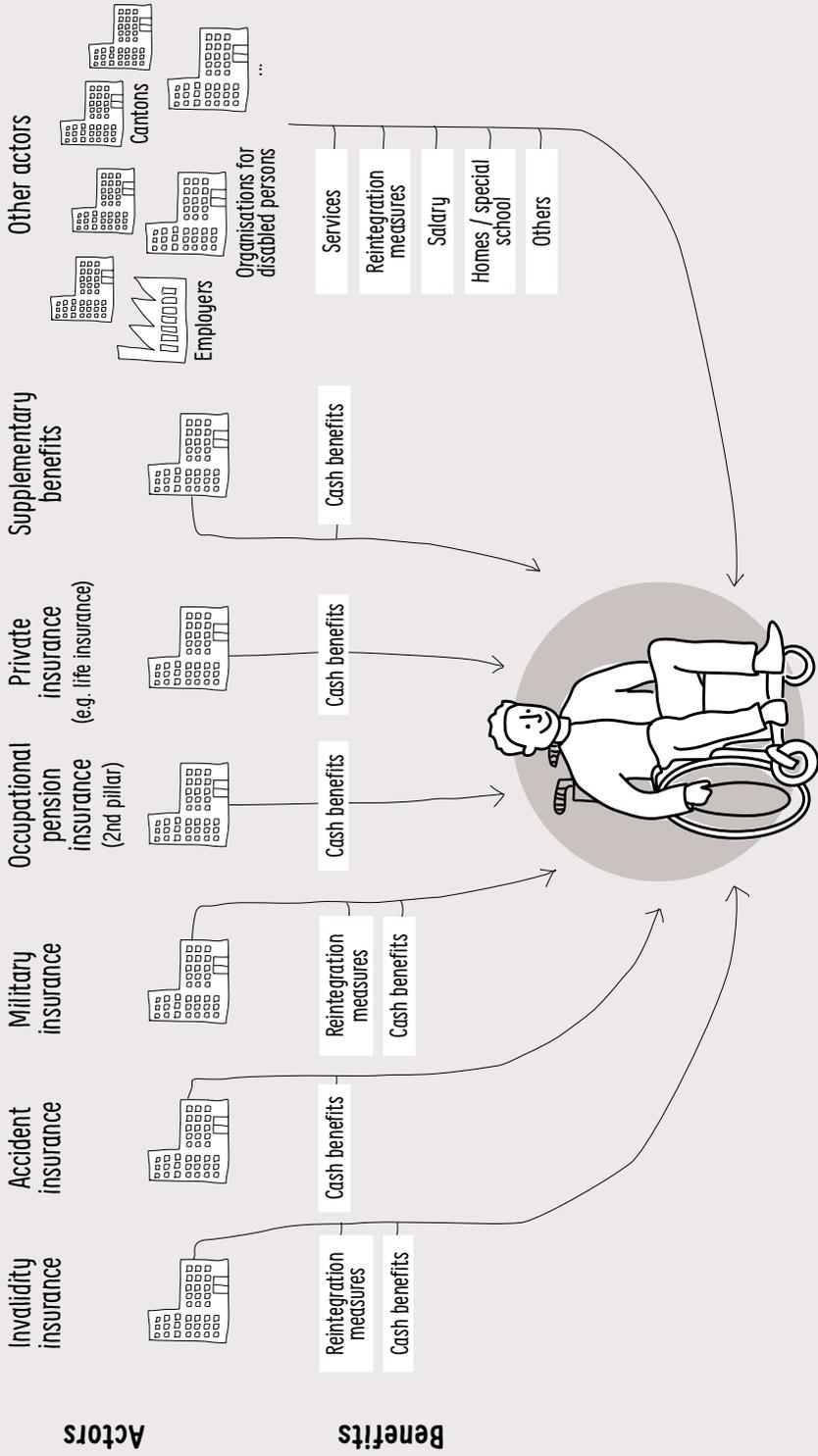
Invalidity insurance (AI/IV)

AI/IV is the central element of the invalidity benefits system. It is designed to achieve the occupational and social integration of insureds and to ensure that their basic material needs are met. AI/IV is a mandatory national insurance scheme. In addition to persons in gainful employment, it covers homemakers, children and students. AI/IV provides benefits if an insured person sustains invalidity as a result of an accident, an illness or a congenital infirmity.

Accident insurance

All employees are covered by mandatory occupational accident insurance. Those working at least eight hours a week are also insured against non-occupational accidents. Accident insurance also pays an invalidity pension if an accident or occupational disease was the cause of the invalidity.

Overview of actors in the invalidity insurance system



Actors

Benefits

Occupational pension insurance

Anyone drawing an AI/IV pension and who is insured under an occupational pension insurance will also receive an invalidity pension from the pension fund. Persons who are gainfully employed by an employer in Switzerland and who earn an annual income of at least CHF 22 050 (current for 2023) are insured with their employer's pension fund.



Further information can be found in the brochure "Switzerland's old-age insurance system" published by the Federal Social Insurance Office (FSIO).

Self-employed persons

Self-employed persons can improve their protection against invalidity and supplement the mandatory AI/IV insurance by voluntarily taking out accident insurance as well as contributing to an occupational pension fund.

Military insurance

Military insurance assumes the costs of invalidity benefits for people on military, civil defence or civilian service. It also covers all health impairments and related economic consequences during security and peace missions. All persons on military, civil defence or civilian service or on assignments with the Swiss Humanitarian Aid Unit, engaged in peace-keeping missions or providing the good offices of the Swiss government are covered by military insurance.

Private insurance

Private insurance companies offer suitable solutions for persons requiring more extensive protection against the consequences of invalidity, for instance under a life insurance policy.

Supplementary benefits

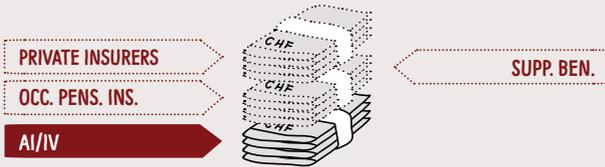
In instances where it is not possible to cover subsistence costs with an invalidity pension and other income and assets, supplementary benefits may be claimed. In practice, this is mainly the case with people living in a care home as a result of invalidity.



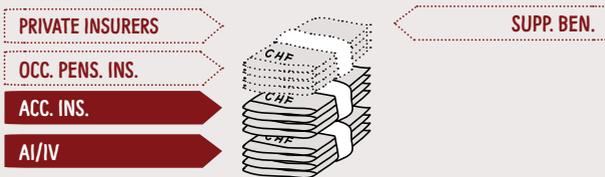
Further information can be found in the brochure “Supplementary benefits” published by the Federal Social Insurance Office (FSIO). This brochure is available in German, French and Italian only.

Actors involved, depending on invalidity

Invalidity due to illness



Invalidity due to accident / occupational disease



Invalidity due to illness / accident during service



Treatment for congenital infirmity

Up to age 20

AI/IV



From age 20

HEALTH INSURANCE



Eligibility requirements

The individual schemes forming part of the invalidity insurance system stipulate different requirements which must be met by the persons affected in order for them to be eligible to claim benefits.

In principle, only persons who are insured (see section headed “Actors involved”, pages 12–17) and have satisfied their obligation to pay contributions and premiums are entitled to insurance benefits. Military insurance and supplementary benefits are special cases. There is no general requirement to pay contributions in these two instances since benefits are largely or entirely financed from tax revenues. Only persons receiving a pension or a daily allowance under invalidity insurance (AI/IV) are entitled to supplementary benefits.

Nationals of states which have an agreement with Switzerland

Nationals of an EU or EFTA state have the same entitlements as Swiss nationals. The basis for this is the agreement on the free movement of persons with the EU. It specifies that Switzerland and the EU states must treat the nationals of the other state as they would their own nationals.

Switzerland has concluded social insurance agreements with almost 20 other countries. They lay down the eligibility requirements for the receipt of social security benefits. As a general rule, with respect to the branches of social insurance covered by the agreement (OASI, AI/IV; some agreements also include rules on the coordination of accident and health insurance), the nationals of a contracting state are to be treated the same as Swiss nationals. However, stricter eligibility requirements apply for certain benefits, such as reintegration measures under invalidity insurance.

Nationals of states without an agreement with Switzerland

In respect of various invalidity benefits, nationals of states which do not have an agreement in place are subject to stricter eligibility requirements than Swiss nationals or the nationals of a contracting state (e.g. reintegration measures under invalidity insurance, or an extraordinary pension). In particular, the payment of OASI and AI/IV pension benefits is conditional on residence in Switzerland. However, a claim can be filed for reimbursement of OASI contributions (limited to the amount of the capitalised hypothetical pension). Pension benefits under occupational pension insurance, accident insurance and military insurance are not subject to export restrictions on the basis of nationality.

Claim submission and assessment

Any health impairment which has led or still might lead to invalidity must be reported to the appropriate insurance provider as quickly as possible.

Persons who have become or are in danger of becoming unable to work as a result of an illness must submit a claim to their invalidity insurance (AI/IV) office. The following also applies: In the case of occupational diseases, the accident insurance office must be informed first; persons who become ill while on service duty must contact the military insurance office first.

Incapacity to work following an accident falls under the remit of the accident insurance scheme if the person affected is covered against accidents. This is usually the case with persons in gainful employment. Otherwise, it falls within the remit of the AI/IV or military insurance scheme.

Persons covered by an occupational benefits scheme should always also contact their pension fund, and anyone who has taken out a pillar 3a policy, for instance, should inform their insurance company.

Invalidity insurance (AI/IV)

► **CLAIM SUBMISSION**

Anyone wishing to draw AI/IV benefits must submit a claim to the appropriate AI/IV office. For insureds resident in Switzerland this is the AI/IV office of the canton of residence; for cross-border commuters it is the AI/IV office in the canton in which their place of work is located; for insureds resident and working abroad it is the AI/IV Office for Insured Persons Resident Abroad, which is based in Geneva.

Early notification

The primary goal of the AI/IV scheme is to keep insureds with health problems in gainful employment. The sooner measures can be taken, the greater the chances of success are. This is why it is important for the relevant AI/IV office to be notified early on if someone is having health problems at work and might be at risk of invalidity. Anyone unable to work during a continuous period of at least 30 days or repeatedly absent from work for brief periods should notify the AI/IV office. Relatives of the insured person or their employers, doctors and other insurance providers (e.g. daily sickness benefits insurers) may also inform the AI/IV office.

► **ASSESSMENT**

After a claim has been submitted, the AI/IV office will assess whether the insured person is entitled to benefits and if so which ones (see also section headed "Individualised benefits", pages 24–43). In order to make an assessment, the office will ask for all the necessary information, above all on the insured's state of health and employment situation or the household activities they perform. The office is assisted by its own doctors organised into Regional Medical Services (RMS). In instances where the AI/IV office is unable itself to clarify matters beyond all doubt, it will mandate an investigation by an independent appraiser. In the event of disputes between insureds and the AI/IV office, the courts can also demand such appraisals.

Insureds are obliged to cooperate. They are also required to play their part in reducing the damage. This means, for example, accepting every appropriate treatment if it helps reintegration.

Accident insurance

► CLAIM SUBMISSION

Accidents at work requiring medical treatment or causing incapacity to work must always be reported to the employer or the latter's accident insurer – e.g. the Swiss National Accident Insurance Fund (Suva). For the majority of employees this also applies to accidents that occur during leisure time, since employers also have to insure staff working at least eight hours a week against non-occupational accidents. Anyone not covered by accident insurance through their employer or not working is required to report accidents to their health insurance company. Persons registered as unemployed must report accidents to their regional job centre or Suva. Surviving dependants who are eligible for benefits are required to report accidental deaths.

► ASSESSMENT

After the claim has been submitted, the accident insurer will make all the necessary assessments and ask for the required information. If medical or specialist examinations are necessary and appropriate to assess entitlements, the insured person is required to undergo them.

Occupational pension insurance

► CLAIM SUBMISSION

Anyone unable to work after an illness or an accident must report this to the pension fund. Pension funds are only required to pay benefits if benefits are also being paid under the IA/IV scheme, but many pension funds voluntarily pay more than the mandatory minimum benefits. Insureds may be entitled to an occupational invalidity pension or bridging allowances in the case of a long-term incapacity to work, and not only in the event of invalidity.

If at the time of the illness or accident, a person did not have occupational insurance cover or subsequently changed employer, it is not always clear whether a pension fund is required to pay invalidity benefits and, if so, which pension fund is. The deciding factor is the beginning of the period of incapacity to work which led to invalidity. When in doubt, the insured is advised to report the illness or accident to the pension fund they currently belong to or last belonged to.

► **ASSESSMENT**

As a rule, pension funds base their benefits on the decision of the AI/IV office. They can, however, assess certain benefits based on their own assessments, for instance if they request for a medical examination to be carried out.

Military insurance

► **CLAIM SUBMISSION**

Military and civilian doctors are required to submit to the military insurance office any claims for health impairments in connection with military, civil defence or civilian service.

► **ASSESSMENT**

The military insurance office will examine the request, conduct the necessary investigation and ask for the required information. If medical or specialist examinations are necessary and appropriate for the assessment, the insured person is required to undergo them.

Supplementary benefits

Anyone who draws an AI/IV pension is entitled to supplementary benefits if their income and assets are not sufficient to cover basic needs, accommodation and health requirements.



Further information can be found in the brochure “Supplementary benefits” published by the Federal Social Insurance Office (FSIO). This brochure is available in German, French and Italian only.

Regular reviews

Entitlement to invalidity insurance benefits, in particular the right to a pension, is regularly reviewed. If, for example, there is a change in the capacity to work, the pension will be adapted to the new situation – as necessary, it will be increased, reduced or discontinued. Pension recipients must inform the insurance office of any change in personal, health or economic circumstances and are required to cooperate with any necessary investigations.

Individualised benefits

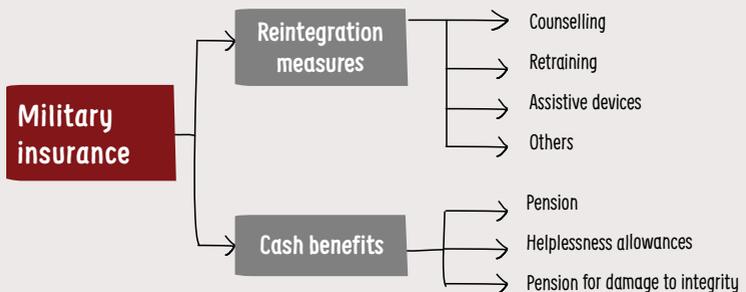
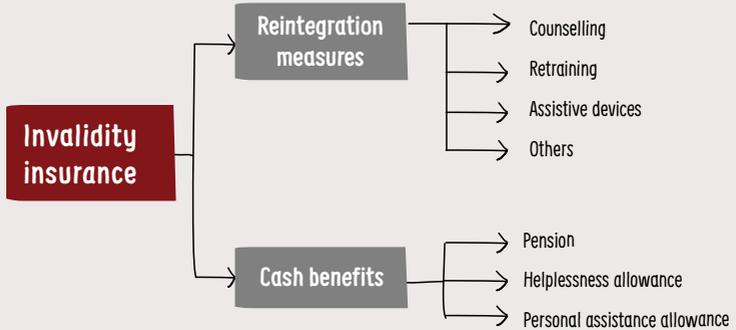
When it comes to individualised invalidity benefits, a distinction is made between reintegration measures and cash benefits. The aim of reintegration measures is to prevent or reduce impending or existing invalidity. The objective of cash benefits is to secure the livelihood of the persons affected and help them to lead an independent life.

Invalidity insurance (AI/IV) and military insurance both support the reintegration of people with health impairments. Concrete measures include counselling, retraining or aids to promote independence at the workplace or in everyday private life.

Subject to entitlement, cash benefits such as invalidity pensions are paid by AI/IV insurance, accident insurance, occupational pension insurance and military insurance. Helplessness allowances paid under the AI/IV and accident insurance schemes also fall into the category of cash benefits.

The primary goal of invalidity benefits is reintegration into the workforce. That is why pensions are only paid out if this goal cannot be achieved.

Individualised invalidity benefits



Reintegration measures

There are a range of reintegration measures at the core of the invalidity insurance system. The uppermost aim behind these measures is to ensure that people with health impairments remain able to work or regain that capacity. In addition to reintegration into the workforce, participation in social life is also promoted.

Reintegration measures under the invalidity insurance system

Measures to reintegrate an insured into the workforce show the greatest promise as long as the health impairment has not yet led to the loss of a job. Workplace adjustments and training courses are among the measures adopted by the AI/IV scheme to help those affected and their employers to maintain the previous working relationship. Where this is not possible, the AI/IV office will provide assistance in changing to a different workplace with the current employer or a new one. For instance, the office will help with the job search, offer vocational counselling or arrange employment programme placements.

Occupational integration is more difficult when the health impairment has already led to the loss of a job. In such cases, the AI/IV office will endeavour to ensure that those affected remain able to work so they are not excluded from the working world. This frequently calls for a career change. The AI/IV office's main role in these instances is to provide vocational counselling, retraining and assistance with the job search. Medical measures and assistive devices such as wheelchairs and hearing aids may also be necessary to maintain the capacity to work independently. Measures can also be put in place to help persons with psychological difficulties acclimatise to the work process or achieve personality stability.

The AI/IV office can also apply these measures to help people who have been excluded from the working world and are drawing a pension. They too may have an opportunity to reintegrate.

Daily benefits during reintegration

Adults taking part in reintegration measures are, as a rule, entitled to daily benefits. They are intended to cover living costs for the duration of the reintegration measures. The amount of these daily benefits depends on the previous income, but cannot exceed CHF 407 per day (current for 2023). While reintegration measures are ongoing, AI/IV normally also covers necessary travel and childcare costs.

Medical measures to treat of congenital infirmity

AI/IV covers medical measures necessary for the treatment of recognised congenital infirmities until the beneficiary reaches their 20th birthday. After the beneficiary's 20th birthday, these measures are covered by mandatory health insurance.

Reintegration measures for persons not in employment

AI/IV also covers persons who are not in gainful employment, e.g. homemakers or members of cloistered communities. In their case, the aim of these measures is to ensure that they can pursue their previous tasks in spite of the health impairment.

AI/IV measures for reintegration into the workforce

Situation	General measure	Specific measures
 <p>Insureds at risk of invalidity</p>	<ul style="list-style-type: none"> • Counselling and support 	<ul style="list-style-type: none"> • Workplace adjustments • Training courses
 <p>Insureds affected by invalidity without AI/IV pension</p>	<ul style="list-style-type: none"> • Job search • Vocational counselling • Socio-professional rehabilitation 	<ul style="list-style-type: none"> • Medical measures • First-time vocational training • Retraining • Capital assistance
 <p>Insureds affected by invalidity with AI/IV pension</p>	<ul style="list-style-type: none"> • Employment programme placements • Provision of assistive devices 	<ul style="list-style-type: none"> • First-time vocational training • Trial placement • Induction allowances • Retraining • Compensation for increase in contribution

Reintegration measures under the military insurance scheme

To achieve the reintegration of insureds into the workforce and society, military insurance finances measures such as vocational counselling, first-time vocational training, retraining or structural alterations at home or the workplace. While reintegration measures are being implemented, military insurance makes up losses of earnings with daily benefits and pensions.

Cash benefits

Invalidity cash benefits are designed to compensate for a loss of earnings, to ensure a secure livelihood and promote an independent life. Cash benefits are intended to give the persons affected a life of dignity without material hardship and to prevent poverty.

The individual insurance schemes provide different cash benefits:

INSURANCE / BENEFITS	INVALIDITY INSURANCE	ACCIDENT INSURANCE	OCCUPATIONAL PENSION INSURANCE	MILITARY INSURANCE
Invalidity pension	x	x	x	x
Child pension	x		x	
Helplessness allowance	x	x		x
Personal assistance allowance	x			
Integrity allowance		x		
Pension for damage to integrity				x

Invalidity pensions under invalidity insurance (AI/IV)

If reintegration measures do not achieve their aim or they fail to do so fully, the AI/IV office will look into entitlement to a pension. This criterion is met if a person has, on average, been at least 40 per cent unable to work for a period of no less than one year and will probably remain so.

Anyone who has paid contributions for at least three years will receive an ordinary AI/IV pension. Persons who do not satisfy this condition can receive an extraordinary AI/IV pension if they are resident in Switzerland

and the invalidity is the consequence of a congenital infirmity or before they have reached age 23. Extraordinary AI/IV pensions are calculated differently from ordinary AI/IV pensions.

Anybody reaching OASI retirement age will receive an OASI retirement pension in place of the AI/IV pension.



Further information can be found in the brochure “Switzerland’s old-age insurance system” published by the Federal Social Insurance Office (FSIO).

The amount of the ordinary AI/IV pension is calculated on the basis of the following factors:

- Degree of invalidity
- Relevant income
- Satisfaction of requirement to pay contributions

1. DEGREE OF INVALIDITY

The degree of invalidity cannot be calculated on the same basis for all insureds. The assessment method depends on whether the insured person was in gainful employment full-time, not at all or part-time prior to invalidity.

In full-time gainful employment prior to invalidity: income comparison

In the case of persons gainfully employed full-time prior to invalidity, the degree of invalidity is determined by comparing the “healthy person’s income” with the invalidity income. Healthy person’s income is the income that the insured person would achieve without a health impairment. Invalidity income is the income that the insured person can, despite impairments, still achieve with appropriate work and after any reintegration measures. The loss in income expressed as a percentage of the healthy person’s income shows the degree of invalidity.

The following example illustrates the income comparison method:

Annual salary without impairments (healthy person's income)		CHF 65 000
Annual salary with impairments (invalidity income)		CHF 26 000
Loss in income	CHF 65 000 – CHF 26 000	CHF 39 000
Degree of invalidity	$\text{CHF } 39\,000 \times 100 \div 65\,000$	60 %

Not in gainful employment prior to invalidity: activity comparison

An income comparison is not possible in the case of persons who were not in gainful employment prior to invalidity. Instead, an assessment is made of how strongly the health impairment affects the performance of previous activities, for instance housework. This consists of determining the weighting of the individual activities without impairment as well as how severely they are now limited.

The following example illustrates the activity comparison method:

An insured person can no longer perform household chores or only to a limited degree:

ACTIVITIES	WEIGHTING OF ACTIVITY	LIMITATION DUE TO IMPAIRMENT	WEIGHTED INVALIDITY
Meals	30%	50%	15%
Homemaking	10%	100%	10%
Shopping	10%	100%	10%
Laundry and clothing care	10%	100%	10%
Caring for and looking after children and/or relatives	40%	40%	16%
DEGREE OF INVALIDITY			61%

In part-time gainful employment prior to invalidity: mixed method

In the case of persons gainfully employed part-time prior to invalidity, the two calculation methods are combined into a mixed method. First, the degree of invalidity is determined for gainful employment activities and the degree of invalidity for unpaid tasks. These two figures, weighted according to their respective share in total activities, produce the degree of invalidity.

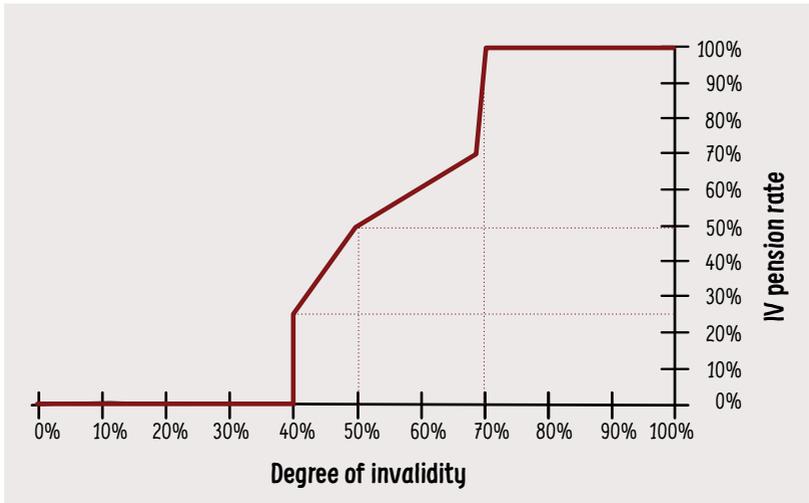
The following example illustrates the mixed method:

Insured person who was gainfully employed 60 per cent and devoted the remaining 40 per cent to housework and childcare. The income comparison produces a limitation of 50 per cent, the activity comparison a limitation of 30 per cent.

ACTIVITY	WEIGHTING OF ACTIVITY	LIMITATION DUE TO IMPAIRMENT	WEIGHTED INVALIDITY
Gainful employment	60%	50%	30%
Housework	40%	30%	12%
DEGREE OF INVALIDITY			42%

Linear rate schedule for IV pensions

The IV pension rate varies according to the degree of invalidity. A person is entitled to an IV pension if their degree of invalidity is 40% or more. A person with a degree of invalidity of 70% or over will be entitled to a full IV pension. However, the pension rate for individuals with a degree of invalidity in the 50–69% will correspond exactly to their degree of invalidity. For degrees of invalidity in the 40–49% range, the pension rate will follow a linear rate schedule of between 25% and 47.5%.



2. RELEVANT INCOME

The amount of the AI/IV pension also depends on the income achieved prior to invalidity. Any parenting and care credits are also factored in, e.g. in the case of persons who had childcare responsibilities. The average of all income and credits gives the income relevant for the amount of the AI/IV pension.

If the relevant income is CHF 14 700 or less, the total AI/IV pension (dependent on a contribution history with no gaps) is CHF 14 700 a year – this is the minimum pension. If the relevant income is CHF 88 200 or more, the total AI/IV pension is CHF 29 400 – this is the maximum pension (information current for 2023). Pensions are tiered in the case of incomes in between.

INCOME PER YEAR	AI/IV PENSION PER MONTH	AI/IV PENSION PER YEAR	PENSION RATE
≤ CHF 14 700	CHF 1225	CHF 14 700	Minimum pension
≥ CHF 88 200	CHF 2450	CHF 29 400	Maximum pension

3. SATISFACTION OF REQUIREMENT TO PAY CONTRIBUTIONS

The third calculation factor is the requirement to pay contributions. This commences by the latest at age 21 in the case of AI/IV insurance. Anyone who subsequently pays contributions without gaps is entitled to a full pension. Otherwise, the pension will be reduced proportionately for every missing year.

The amount of the AI/IV pension is calculated on the basis of the three factors degree of invalidity, relevant income and years of contributions.

The difference between total and full pensions

AI/IV pensions are tiered on the basis of two factors: (1) The degree of invalidity and (2) the number of years that contributions were paid. This is also reflected in the two terms “total pension” and “full pension”: Whether a pension is “total” or not depends on the degree of invalidity. A **total pension** is paid if the degree of invalidity is 70 to 100 per cent (see page 32). Whether a pension is “full” depends on the number of years that contributions were paid. A **full pension** is paid only if there are no gaps in the contribution history – otherwise the pension is reduced. Consequently, for example, full half pensions or reduced total pensions are possible.

CHILD PENSION

Persons receiving an AI/IV pension are entitled to a child pension for every child under the age of 18. For children who are studying or in training this entitlement extends until they reach the age of 25. A child pension is also paid for foster children taken in permanently on a non-remunerative basis.

The child pension amounts to 40 per cent of the corresponding AI/IV pension. If the father and mother are receiving an AI/IV pension, the total of both of their child pensions will not be more than 60 per cent of the maximum AI/IV pension.

Invalidity pension under accident insurance

Accident insurance covers an invalidity pension when it is no longer reasonable to expect a substantial health improvement from the continuation of medical treatment, and after completion of any necessary reintegration measures under the invalidity insurance scheme.

Assessment and pension tiers

Accident insurance covers degrees of invalidity of 10 per cent and higher. In cases of 100 per cent invalidity, the invalidity pension amounts to 80 per cent of the insured earnings. Eligible insured annual earnings are capped at CHF 148 200. In cases of partial invalidity, the invalidity pension is reduced according to the concrete degree of invalidity. The invalidity pension continues to be covered by accident insurance after the insured reaches OASI retirement age. It will, however, be reduced if the insured was older than 45 at the time of the accident.

If the degree of invalidity after an accident is between 10 and 40 per cent, the insured will only receive a pension under the accident insurance scheme. Where the degree of invalidity is higher than 40 per cent, accident insurance will also pay a so-called supplementary pension in addition to the AI/IV pension. This supplementary accident insurance pension will be reduced if, together with the AI/IV pension, it exceeds 90 per cent of the salary received within the year prior to the accident. This rule also applies to persons receiving an OASI pension.

The following examples show how the invalidity and supplementary pensions covered by accident insurance are calculated:

Invalidity pension under accident insurance for degrees of invalidity below 40%

Following an accident or occupational disease, an insured has an invalidity level of 30%.

Insured annual earnings		CHF 50 000
Annual accident insurance pension for an invalidity level of 100% (80% of insured earnings)		CHF 40 000
Annual accident insurance pension for invalidity level of 30%	$\text{CHF } 40\,000 \times 30\%$	CHF 12 000
Monthly accident insurance pension	$\text{CHF } 12\,000 \div 12$	CHF 1000

Supplementary accident insurance pension for degree of invalidity above 40%

Following an accident or occupational disease, an insured with an annual salary of CHF 50 000 has an invalidity level of 75%. They receive a total invalidity pension under the AI/IV scheme plus a supplementary pension under the accident insurance scheme. This is calculated as follows:

Insured annual earnings		CHF 50 000
Annual accident insurance pension for an invalidity level of 100% (80% of insured earnings)		CHF 40 000
Hypothetical annual accident insurance pension for a degree of invalidity of 75%	$\text{CHF } 40\,000 \times 75\%$	CHF 30 000
Annual AI/IV* pension		CHF 22 000
Hypothetical annual overall pension (accident + AI/IV)	$\text{CHF } 30\,000 + \text{CHF } 22\,000$	CHF 52 000
Maximum amount in accordance with ban on overcompensation (max. 90% of insured earnings)		CHF 45 000
Annual supplementary accident insurance pension: (90% of insured earnings minus AI/IV pension)	$\text{CHF } 45\,000 - \text{CHF } 22\,000$	CHF 23 000
Annual overall pension (AI/IV + accident)	$\text{CHF } 22\,000 + \text{CHF } 23\,000$	CHF 45 000
Monthly overall pension (AI/IV + accident)	$\text{CHF } 45\,000 \div 12$	CHF 3 750

* The amount of the AI/IV invalidity pension is calculated individually on the basis of the three factors "degree of invalidity", "relevant income" and "satisfaction of requirement to pay contributions". It may vary from person to person.

Child pension

Accident insurance does not cover child pensions.

Invalidity pension provided under an occupational pension insurance

Occupational pension insurance follow the AI/IV definition of invalidity. Accordingly, a person is also entitled to an occupational pension if they have been at least 40 per cent unable to work for a period of one year without any significant interruption and will probably remain so. This is conditional on the affected person being insured under the occupational pension insurance when the incapacity to work arose.

Assessment and pension tiers

The degree of invalidity determined by the AI/IV office applies in principle to occupational pensions. AI/IV offices are therefore required to inform pension funds of their decisions. The degree of invalidity applied by the occupational pension insurance may, however, deviate from that determined by the AI/IV office since only limitations affecting the occupational domain are relevant in a pension fund context. By contrast, AI/IV offices factor in all tasks, including household activities.

Unlike AI/IV offices, pension funds may also provide benefits that go beyond the requirements of the law. Such extra-mandatory benefits may take the form of a pension fund which includes a more generous definition of invalidity in their regulations than is the case under the AI/IV scheme and which, for instance, already pays a pension as of the time that an insured is no longer able to do their current job. AI/IV offices, on the other hand, may grant a pension only when reintegration into the working world is no longer viable, including in an occupation other than the one previously held.



For information on how the degree of invalidity is calculated, see section headed "Pension tiers under the AI/IV system" on pages 30–33.

When calculating invalidity pensions, pension funds may also exceed the minimum benefits prescribed by the law.

Mandatory minimum benefits

Pension funds base their invalidity pensions on hypothetical retirement assets. These assets are made up of the retirement assets already accumulated by the insured up to the onset of invalidity, and the retirement credits that would still be accrued on continuing to work until ordinary OASI retirement age. These hypothetical retirement assets are then converted into an invalidity pension. The same conversion rate is applied as for calculating the retirement pension. For the legally prescribed minimum benefits, the rate is 6.8 per cent.

The amount thus calculated is then tiered based on the degree of invalidity determined by the AI/IV office. The same pension tiers apply to mandatory benefits as are used under the AI/IV system.

The following example illustrates how pension funds calculate invalidity pensions:

An insured person with hypothetical retirement assets of CHF 250 000 has an invalidity level of 63 per cent.

Hypothetical retirement assets		CHF 250 000
Total annual pension	$\text{CHF } 250\,000 \times 6.8\%$	CHF 17 000
Annual pension for invalidity level of 63%	$\text{CHF } 17\,000 \times 63\%$	CHF 10 710
Monthly pension for invalidity level of 63%	$\text{CHF } 10\,710 \div 12$	CHF 892

Based on the hypothetical retirement assets, the total pension per year is calculated using the conversion rate of 6.8 per cent. For an invalidity level of 63%, the pension funds pay a pension of CHF 10 710 a year.



Further information can be found in the brochure “Switzerland’s old-age insurance system” published by the Federal Social Insurance Office (FSIO).

Extra-mandatory benefits

Many pension funds provide in their regulations for benefits that go beyond the minimum legal entitlements. For instance, they can even grant an invalidity pension if the degree of invalidity is less than 40 per cent. They can also provide for different pension tiers or apply a different conversion rate – but always on condition that the resultant pension is not smaller than the legally stipulated benefits.

Child pension

Occupational pension recipients with children are also entitled to a child pension. The conditions are the same as under the AI/IV scheme: Entitlement applies for every child under 18, and for children who are studying or in training it extends until they reach the age of 25. The child pension paid by the occupational pension fund amounts to 20 per cent of the full invalidity pension.

Invalidity pension under the military insurance scheme

Military insurance covers an invalidity pension when it is no longer reasonable to expect a substantial improvement in the condition of the insured person from continuation of medical treatment, and after completion of any necessary reintegration measures. In cases of 100 per cent invalidity, the annual invalidity pension corresponds to 80 per cent of the insured annual earnings. Eligible insured annual earnings are capped at CHF 156 560. In cases of partial invalidity, the invalidity pension is reduced according to the concrete degree of invalidity. After the recipient reaches OASI retirement age, military insurance continues to pay a pension, but it is calculated differently.

If the degree of invalidity is less than 40 per cent, the insured will only receive a pension under the military insurance scheme. If the degree of invalidity is 40 per cent or more, the insured will be entitled to a pension under both the invalidity and the military insurance schemes. Where both pensions together would be higher than the salary that the insured person would presumably have earned without the health impairment, the military insurance office will reduce the invalidity pension accordingly.

Child pension

Military insurance does not cover child pensions.

Ban on overcompensation as a result of invalidity benefits

An insured may be entitled to a pension from various social insurance schemes (OASI, AI/IV, occupational pension fund, accident insurance, military insurance). However, the insurance benefits received under the different schemes may not amount to more than 90% of the income earned prior to invalidity. The ban on overcompensation is designed to prevent someone with pensions from being financially better off than with income from gainful employment.

Helplessness allowance

AI/IV, accident insurance and military insurance also cover a helplessness allowance on top of a pension in cases where, despite the assistance received, the insured is dependent on outside help for at least two everyday tasks (e.g. getting dressed and undressed, standing up and lying down, eating, personal hygiene).

Helpless allowances are only paid to persons in Switzerland. Their amount depends on how severely limited the insured is. The AI/IV and accident insurance schemes recognise three different degrees of helplessness: slight, medium and severe.

AI/IV offices calculate helplessness allowances as a percentage of the maximum AI/IV pension of CHF 2450 per month. Helplessness allowances covered by accident insurance are based on the maximum insured daily earnings of CHF 406.

Degree of helplessness	INVALIDITY INSURANCE		ACCIDENT INSURANCE	
	as a % of the maximum pension of CHF 2450	in CHF per month	based on the maximum insured daily earnings of CHF 406	in CHF per month
Slight helplessness	20%	490	times two	812
Medium helplessness	50%	1225	times four	1624
Severe helplessness	80%	1960	times six	2436

Current at: 2023

AI/IV helplessness allowances for persons living in a home are one quarter of the amounts listed above.

Helpless allowances paid under military insurance cover the additional costs effectively incurred for assistance.

Helplessness allowance for children and adolescents

AI/IV also covers helplessness allowances for children and adolescents with a disability living at home. This helplessness allowance is paid at a daily rate.

Helplessness	in CHF per day	in CHF per month	in CHF per year
Slight helplessness	16.35	490	5 880
Medium helplessness	40.85	1 225	14 700
Severe helplessness	65.35	1 960	23 520

Current at: 2023

AI/IV also covers an intensive care supplement for minors requiring particularly intensive supervision.

Personal assistance allowance under the invalidity insurance scheme (AI/IV)

Anyone receiving a personal assistance allowance under the AI/IV scheme and who lives at home and employs another person to provide necessary help may receive a personal assistance allowance through the AI/IV. The objective is to avoid the need to go into a care home. The provision of a personal assistance allowance under the AI/IV scheme is aimed at giving persons with health impairments more say over their own lives and encouraging them to assume more personal responsibility. This is why it is primarily intended for adults in a position to act as an employer and take on a personal assistant. Under certain circumstances, minors and persons with limited capacity to act are also entitled to a personal assistance allowance.

Amount of the personal assistance allowance

The personal assistance allowance is calculated based on how much assistance is regularly required. Different ceilings apply according to the type of assistance provided. The amount of the allowance depends on the qualifications that the personal assistant needs to possess.

RATE	ASSISTANCE ALLOWANCE
Normal rate	CHF 34.30 per hour
Rate for persons with special qualifications	CHF 51.50 per hour
Maximum rate for assistance provided during the night	CHF 164.35 per night

Current at: 2023

Integrity allowance covered under accident insurance

If an insured person suffers a lasting significant impairment of physical, mental or psychological integrity, they are entitled to an integrity allowance under the accident insurance scheme. The amount of the allowance depends on the maximum insurable annual salary at the time of the accident and is tiered according to the gravity of the impairment. For instance, compensation for the loss of a hand (40 per cent allowance) is CHF 59 280 (40% of CHF 148 200, current for 2023) and for the loss of hearing in one ear (15 per cent allowance) is CHF 22 230 (15% of CHF 148 200). The overall integrity allowance cannot be higher than the maximum insurable annual salary at the time of the accident.

Pension for damage to integrity covered under military insurance

If an insured person suffers a lasting significant impairment of physical, mental or psychological integrity on military service, they are entitled to a pension for damage to integrity covered under military insurance. The pension for damage to integrity is determined according to the severity of the damage to integrity. For example, insureds who suffer a complete loss of hearing or sight will, as a rule, be awarded a 50 per cent pension for damage to integrity. The pension for damage to integrity is usually paid as a one-off compensation.

Contributions to institutions

In order to promote the social reintegration of people with health impairments, the invalidity insurance system provides financial support to umbrella organisations which are operating either nationally or in particular language regions of the country and provide private assistance for disabled persons.

The aim of these subsidies is to enable the persons affected to play as independent and self-reliant a part in society as possible. The main measures supported are those designed to help people help themselves, in particular to promote autonomy, inclusion and extensive participation. A further objective is to sensitise the general public, the authorities and institutions to disability issues.

Approximately 80 per cent of the financial aid provided is for activities that people with health impairments or their family directly benefit from. These include social counselling, building consultancy, legal advice, support at meeting places, arranging care and interpreting services, courses, assisted living, as well as measures to aid and promote reintegration. The remaining contributions go to indirect services such as groundwork, information campaigns and publicity.

Financial aid amounts to around CHF 150 million a year.



Financing

The different types of invalidity insurance have their own sources of financing. Financing comes mainly from contributions paid by employees and employers, public funding, and individual premiums.

Financing of invalidity insurance (AI/IV)

AI/IV is financed on a pay-as-you-go basis. In other words, current AI/IV expenses are paid directly with current revenues. These come largely from insureds and their employers. Insureds have 0.7 per cent deducted from their salary. Their employers pay in exactly the same amount. Self-employed persons contribute 1.4 per cent of an income above CHF 58 800. Those earning less pay lower contributions. The AI/IV contribution paid by persons who are not in gainful employment depends on their assets and any pension income. The federal government covers around 38 per cent of AI/IV expenses.

Financing of accident insurance

Daily benefits, therapeutic treatments and other short-term insurance benefits paid for under accident insurance are financed on a demand coverage basis. This means that the premium revenues in a given year should cover the expected costs of accidents for the same year – including provisions for costs that may be incurred later. Invalidity pensions and helplessness allowances provided under accident insurance are financed using the funding method. Surcharges are levied on premiums to cover administrative costs and cost-of-living supplements and for the prevention of accidents and occupational diseases.

Premiums for the mandatory insurance of occupational accidents and occupational diseases are borne by employers. Premiums for the mandatory insurance of non-occupational accidents are charged to the employee. The amount of the premiums depends on the nature of the company and the sector it is in and is designed to take accident risk into account. The premium is based on incomes up to maximum insured earnings of CHF 148 200 (current for 2023).

Financing of invalidity benefits provided under an occupational pension insurance

For the purpose of financing invalidity benefits, pension funds levy so-called risk premiums on insureds and their employers. Pension funds must determine the amount of these premiums themselves and can tier them according to sector and company.

Financing of military insurance

Military insurance is largely financed by the federal government with tax revenue. Only active and retired military professionals pay a premium for accident insurance and leisure accidents.

Financing of private insurance

Invalidity benefits covered by private insurers are financed with premiums paid by insureds. Benefits are determined on the basis of contractual agreements and the general terms and conditions of insurance.

Financing of supplementary benefits

Supplementary benefits are financed by the federal government and the cantons with tax revenue.



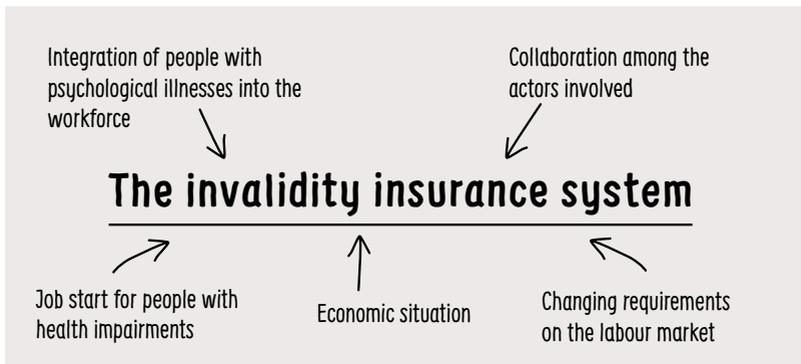
Further information can be found in the brochure “Supplementary benefits” published by the Federal Social Insurance Office (FSIO). This brochure is available in German, French and Italian only.

Financing of homes

Residential homes and workshops for people with health impairments are financed by the cantons. Residents and employees respectively share in these costs. The amount of this share depends on their financial situation.

Challenges

The central challenge facing invalidity insurers is the integration of people with health impairments into working life. This is likely to become more difficult in future than it is today.



Thanks to revisions of the law over the past few years, the invalidity insurance scheme (AI/IV) has been more successful than before in keeping people with health impairments in the labour market or reintegrating them into the working world. Integration is especially challenging in the case of people with psychological disorders because here it is not enough just to provide assistive devices and make workplaces accessible. More specific measures are required. Currently, almost half of all newly granted AI/IV pensions are due to a psychological disorder.

Particular attention must be directed at young people. An insured person who falls ill or suffers an accident at the start of their time in the working world faces a much higher risk of later being unable to find a job and so remaining dependent on a pension for their entire life. The transition from school or training into the professional world needs to be supported with specific measures.

Efficient and successful cooperation between the numerous actors poses a further challenge. The invalidity insurance system is complex and involves various insurance schemes which in turn work with beneficiaries, employers, schools, medical professionals and care facilities. It is therefore important that the roles of the individual actors be clearly defined and the various steps to be taken be well coordinated.

The changing job market represents a huge challenge in terms of the integration of people with health impairments into working life. We don't know what impact the increasing digitalisation of the working world is going to have. Digitalisation offers opportunities to implement and manage social insurance schemes efficiently. But it also involves the risk of a decrease in jobs that would be particularly suitable for people with an impairment.

Publication details

This brochure provides a general overview of the topic. A conclusive assessment of each individual case is possible only on the basis of the relevant legislation.

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Published by the Federal Social Insurance Office, December 2022. Copyright: FSIO, Bern, 2022

Distribution: Federal Office of Buildings and Logistics (BBL), Federal Publication Sales, 3003 Bern, Switzerland, www.bundespublikationen.admin.ch

Art. no 318.005.4ENG

12.22 150 862678303



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