

## 2.03 Contributions



# Non-employed contributions to Old-Age and Survivors' Insurance (OASI), Disability Insurance (DI) and Income Compensation Insurance (IC)

Position as of 1<sup>st</sup> January 2018



## The facts at a glance

The old-age and survivors' insurance (OASI), disability insurance (DI) and income compensation (IC) schemes are an important part of the compulsory Swiss social insurance system. Everyone living or working in Switzerland is insured and has to pay contributions.

The OASI scheme distinguishes between employed and non-employed individuals. Anyone with no income or only a low income is regarded as non-employed. This includes in particular:

- People taking early retirement
- Recipients of disability pensions
- Recipients of daily allowance payments in case of sickness or accident
- Students (see leaflet 2.10 - *Beiträge der Studierenden an die AHV, die IV und die EO* (Student contributions to the OASI, DI and IC schemes))
- World travellers
- Out-of-payment unemployed
- Divorced persons
- Widowed persons
- Spouses of retired persons who have not yet reached OASI retirement age
- Spouses of persons working abroad
- Insured persons who are in work, but whose annual contributions on gainful employment, including employer's contributions, amount to less than 478 francs (equivalent to a gross annual income of 4 667 francs).
- Insured persons who are not in permanent full-time work and whose contributions from gainful employment, including employer's contributions, amount to less than half of what they would have to contribute as a non-employed person. Anyone who works for less than nine months a year or works less than 50 % of normal working hours is regarded as not being in permanent full-time employment.

This leaflet provides information for non-employed persons on contributions to the OASI, DI and IC schemes.

## Obligation to pay contributions for non-employed persons

### 1 When does my obligation to pay contributions start?

Your obligation to pay contributions to the OASI, DI and IC schemes starts on 1<sup>st</sup> January of the year after you reach the age of 20 and ends when you reach ordinary retirement age. Ordinary retirement age is 65 for men and 64 for women.

### 2 Why do I have to pay contributions?

You should not have any gaps in your contribution record. If you do have any gaps you may receive a reduced pension.

If you are not working and are not already registered for contribution payments with a compensation office, you must register with the compensation office of the canton where you live or with the local branch in your municipality.

If you take early retirement, from the calendar year in which you reach the age of 58 you will continue to be affiliated to your existing compensation office organized by an employer's association.

It is the responsibility of the insured individuals to ensure that they comply with their obligation to pay contributions.

## Exemptions from the obligation to pay contributions

### 3 Do I have to pay contributions if my spouse is working?

You do not have to pay your own contributions if your spouse is employed for OASI purposes (see "Facts at a glance") and is paying contributions of at least 956 francs per year (twice the minimum contribution). This also applies to the year in which you got married or divorced.

If you work in your spouse's business without taking any cash salary you are not required to pay your own contributions if your spouse is paying contributions of at least 956 francs per year (twice the minimum contribution).

Entitlement to parenting and care credits does not release you from your obligation to pay contributions as a non-employed person.

## How contributions are set and calculated

### 4 How are the contributions calculated?

Your contributions to the OASI, DI, and IC schemes are calculated on the basis of your assets and an amount equal to 20 times your annual pension income.

In the case of married persons, each spouse's contributions are calculated on the basis of half of the marital assets and pension income, regardless of matrimonial property regime.

You are regarded as married for the whole of the calendar year in which your marriage took place. However, for the purposes of contribution legislation you are regarded as unmarried for the whole of the calendar year in which you got divorced. During a calendar year in which you are widowed, for the purposes of contribution legislation you are regarded as married until the date of your spouse's death. For the remainder of the calendar year, the surviving spouse will be regarded as unmarried.

The amount of the contributions is determined taking account of the assessment of the cantonal tax authorities. It is not possible to pay higher premiums on a voluntary basis. Your contributions are calculated on the basis of your current pension income and your assets during the contribution year. The decisive factor will be your assets on 31<sup>st</sup> December of the contribution year in question (e.g. 31<sup>st</sup> December 2017 for the 2017 contribution year).

### 5 What do your assets consist of?

Your assets include in particular:

- savings accounts,
- securities,
- real estate, taking account of intercantonal tax valuations,
- assets in which the insured has a beneficial interest.

## **6 What does pension income consist of?**

Pension income includes in particular:

- pensions of all types (except for DI pensions), including foreign pensions,
- maintenance payments made by a divorced spouse, except for maintenance payments for children,
- child pensions to which the children do not have any entitlement in their own right (e.g. disabled person's LOB child pensions),
- daily benefits paid by health and accident insurance schemes,
- scholarships and similar grants,
- rental value of housing provided free of charge,
- regular payments received from third parties,
- bridging pensions paid by occupational pension schemes,
- unemployment benefits provided under cantonal law,
- spouse's earnings which are not subject to compulsory contributions to Swiss insurance.

## **7 What does not form part of pension income?**

Pension income does not include:

- disability insurance benefits,
- benefits to supplement the OASI and DI benefits,
- investment income,
- statutory maintenance and support contributions received from family members in so far as these are not part of the pension income as defined in Section 6,
- child pensions which children are entitled to in their own right (e.g. orphans' pensions paid by OASI, LOB or AIA).

## 8 Contribution table for non-employed persons

	Assets and annual pension income multiplied by 20	OASI/DI/IC contributions per			
		year	half year	quarter	month
under CHF	300 000.00	478.00	238.80	119.40	39.80
above CHF	300 000.00	512.50	256.20	128.10	42.70
	350 000.00	615.00	307.80	153.90	51.30
	400 000.00	717.50	358.80	179.40	59.80
	450 000.00	820.00	409.80	204.90	68.30
	500 000.00	922.50	461.40	230.70	76.90
	550 000.00	1 025.00	512.40	256.20	85.40
	600 000.00	1 127.50	564.00	282.00	94.00
	650 000.00	1 230.00	615.00	307.50	102.50
	700 000.00	1 332.50	666.00	333.00	111.00
	750 000.00	1 435.00	717.60	358.80	119.60
	800 000.00	1 537.50	768.60	384.30	128.10
	850 000.00	1 640.00	820.20	410.10	136.70
	900 000.00	1 742.50	871.20	435.60	145.20
	950 000.00	1 845.00	922.80	461.40	153.80
	1 000 000.00	1 947.50	973.80	486.90	162.30
	1 050 000.00	2 050.00	1 024.80	512.40	170.80
	1 100 000.00	2 152.50	1 076.40	538.20	179.40
	1 150 000.00	2 255.00	1 127.40	563.70	187.90
	1 200 000.00	2 357.50	1 179.00	589.50	196.50
	1 250 000.00	2 460.00	1 230.00	615.00	205.00
	1 300 000.00	2 562.50	1 281.00	640.50	213.50
	1 350 000.00	2 665.00	1 332.60	666.30	222.10
	1 400 000.00	2 767.50	1 383.60	691.80	230.60
	1 450 000.00	2 870.00	1 435.20	717.60	239.20
	1 500 000.00	2 972.50	1 486.20	743.10	247.70
	1 550 000.00	3 075.00	1 537.80	768.90	256.30
	1 600 000.00	3 177.50	1 588.80	794.40	264.80
	1 650 000.00	3 280.00	1 639.80	819.90	273.30
	1 700 000.00	3 382.50	1 691.40	845.70	281.90
	1 750 000.00	3 485.00	1 742.40	871.20	290.40
	1 800 000.00	3 638.75	1 819.20	909.60	303.20
	8 350 000.00	23 780.00	11 890.20	5 945.10	1 981.70
	8 400 000.00	23 900.00	11 950.20	5 975.10	1 991.70

The contributions of those with assets and pension income multiplied by 20 amounting to more than 1.75 million francs will increase by 153.75 francs per year for every additional 50 000 francs.

The maximum contribution of 23 900 francs per year will be reached where an individual's assets and pension income multiplied by 20 amount to 8.4 million francs.

The minimum contribution amounts to 478 francs per year (see contribution tables for self-employed and non-employed persons, [www.estv.admin.ch](http://www.estv.admin.ch) > *Social insurances* > *Total social insurance accounts (TSIA)* > *Contributions for persons not in gainful employment* > *Tables*). The compensation offices also charge contributions toward administration costs amounting to a maximum of 5 % of contributions.

Crediting of contributions paid on income from gainful employment and compensation payments

## **9 Can I have my contributions on earnings count toward my non-employed contributions?**

Yes. If you have a small income from gainful employment (e.g. from part-time work), you can ask your compensation office to have your contributions on those earnings count toward your non-employed contributions.

The standard contribution of 10.25 % is due on IC compensation payments and DI daily allowance payments. On request, the premiums paid can be credited to your non-employed contributions.

You can find more detailed information on the crediting of contributions on earnings under Section 17 et seq.

## Contributions on account

### 10 How are the contributions on account set?

The compensation offices set contributions on account. These are provisional contributions based on your foreseeable pension income and assets during the current contribution year.

You should provide your compensation office with all the documents needed to enable it to set these contributions on account. You must inform the compensation office as soon as there is any significant change in the amount of your pension income or assets.

You should inform the compensation office immediately if you notice that your payments on account are too low. Failure to do so will mean that you run the risk of having to pay default interest.

## Final contributions

### 11 How are the final contributions set?

Your final contributions will generally be set on the basis of your tax assessment. The compensation office will calculate the difference between the contributions on account which have already been paid and the final contributions.

- If the contributions on account amount to more than the final contributions, the compensation office will refund the difference.
- If the contributions on account amount to less than the final contributions, the compensation office will issue an invoice for the difference.



## Payment of contributions

### 12 When do I have to pay my contributions?

Your contributions on account must be paid quarterly. The final payment deadline will always be the tenth day following the end of the quarter.

For example, contributions on account for the first quarter must reach the compensation office by 10<sup>th</sup> April at the latest.

If the contributions on account amount to less than the final contributions you will receive an invoice which must be paid within 30 days. The time limit is set at 30 days exactly as opposed to one month and cannot be extended. If the last day falls on a Saturday, Sunday or public holiday, the time limit will be extended until the next working day. The time limit starts as soon as the compensation office issues the invoice rather than when the invoice reaches you. In the invoice the compensation office will specify the date by which the sum must reach its account. Contributions will only be deemed to have been paid once the payment has reached the compensation office's account and not when the payment was initiated. Late payment of contributions will result in default interest being charged at a rate of 5 % p.a.

A reminder will be sent if you fail to meet the payment deadlines. A fee of between 20 and 200 francs will be charged for the issuing of reminders.

If you are in financial difficulty, you can submit a payment deferral application to the compensation office. However, default interest will still be due.

## Default interest

### 13 When is default interest charged?

Default interest is charged in the event of late payment of contributions – regardless of culpability and regardless whether a reminder has been issued.

Relates to	Payment not received within	Interest accrued from
Contributions on account	30 days of the end of the quarter	1 <sup>st</sup> day after the end of the quarter
Difference between contributions on account and final contributions	30 days of issuing of invoice	1 <sup>st</sup> day after issuing of invoice

Where there is a big difference between the contributions on account and the final contributions, and in the event of additional claims, the following default interest will be charged:

Relates to	Interest accrued from
Contributions on account amount to less than 75 % of the final contributions for the contribution year	1 <sup>st</sup> January one year after the end of the contribution year
Contributions for previous years	1 <sup>st</sup> January following end of relevant contribution year

## Credit interest

### 14 When will credit interest be paid?

If you have paid contributions that were not due (for example, if the contributions on account amount to more than the final contributions), the compensation office will pay you credit interest. Interest runs from 1<sup>st</sup> January following the end of the year in which these contributions have been paid.

## Interest calculation

### 15 How is the interest calculated?

Interest is calculated on a daily basis, with one month being counted as equivalent to 30 days and one calendar year being counted as equivalent to 360 days. The interest rate is a standard rate of 5 %.

### 16 Example

The contribution on account reaches the compensation office on 31<sup>st</sup> January instead of 10<sup>th</sup> January.

- Contribution on account for the 4<sup>th</sup> quarter of 2017: 8 400 francs
- To reach the compensation office no later than: 10<sup>th</sup> January 2018
- Payment received by compensation office: 31<sup>st</sup> January 2018
- Default interest due from 1<sup>st</sup> January to 31<sup>st</sup> January (1 month):  
 $8\,400 \text{ francs} \times (30 \text{ days} / 360 \text{ days}) \times 5 \% = 35 \text{ francs}$

## Examples of how contributions are calculated

### 17 Business ceases trading

A 60-year-old self-employed man sells his business for 25 000 francs at the end of May. His income from self-employment up to that date comes to 27 800 francs. From then on he no longer engages in any gainful employment and does not receive any pension. His assets amount to 4 million francs. He still owes contributions to the OASI, DI and IC schemes on his self-employed earnings up until the end of May and on the proceeds from the sale of his business. As the man is gainfully employed for less than nine months of the year, a comparative calculation is performed:

#### a) Contributions owed on earnings

The man's self-employed contributions to the OASI, DI and IC schemes on a total relevant income of 52 800 francs (25 000 francs + 27 800 francs) amount to 4 636.80 francs (see contribution tables for self-employed and non-employed persons, [www.estv.admin.ch](http://www.estv.admin.ch) > *Social insurances* > *Total social insurance accounts (TSIA)* > *Contributions for self-employed persons* > *Tables*).

#### b) Contributions owed as a non-employed person

Because the man is not drawing a pension only his assets can be taken into account. These amount to 4 million francs. On these assets he owes a non-employed contribution of 10 403.75 francs (see Section 8).

c) Comparison

The man's self-employed contributions (4 636.80 francs) amount to less than half of his non-employed contributions (5 201.90 francs). He is therefore regarded as non-employed for the whole year.

Contribution owed as a non-employed person	CHF	10 403.75
Contribution already paid on earnings	- CHF	4 636.80
Amount still to be paid	CHF	5 766.95
+ contributions toward administration costs		

## 18 Early retirement

A single 60-year-old employee retires early at the end of February. From March onward he receives a monthly pension income of 4 000 francs. His assets amount to 250 000 francs. In January and February, he earned a total of 12 000 francs, i.e. 6 000 francs per month. As the man is gainfully employed for less than nine months of the year, a comparative calculation is performed:

a) Contributions owed on earnings:

$$12\,000 \text{ francs} \times 10.25\% = 1\,230 \text{ francs}$$

b) Contributions owed as a non-employed person:

The man's actual pension income for the year is multiplied by 20 and added to his assets amounting to 250 000 francs to arrive at the amount to be used as the basis for calculating his contributions.  $250\,000 \text{ francs} + (4\,000 \text{ francs} \times 10 \times 20) = 1\,050\,000 \text{ francs}$ . According to the contribution table (see Section 8), this corresponds to an annual contribution of 2 050 francs.

c) Comparison

The contributions paid by the insured person and his employer on his earnings (1 230 francs) amount to more than half of the contributions he would owe as a non-employed person (1 025 francs). He is therefore regarded as being employed for the whole year and does not need to pay any contributions as a non-employed person.

## 19 Married man in part-time employment, wife not working

A 63-year-old married man is still working part-time (10 %) in a housing cooperative and earns 8 000 francs a year. His 61-year-old wife is not working. The couple have assets of 500 000 francs and an annual pension income of 75 000 francs.

Husband:

- a) Contributions owed on earnings  
8 000 francs  $\times$  10.25 % = 820 francs
- b) Contributions owed as a non-employed person
- |   |     |                     |
|---|-----|---------------------|
| Assets  | CHF | 500 000.00          |
| Pension income (75 000 francs $\times$ 20)                          | CHF | 1 500 000.00        |
|   | CHF | <u>2 000 000.00</u> |
| of which half   | CHF | 1 000 000.00        |
| Annual contribution according to contribution table (see Section 8) | CHF | 1 947.50            |

- c) Comparison

The husband's contributions as a part-time employee amount to 820 francs, which is less than half of the non-employed contributions of 973.75 francs). He is therefore regarded as non-employed for the whole year.

Contribution owed as a non-employed person	CHF	1 947.50
Contribution already paid on earnings	- CHF	<u>820.00</u>
Amount still to be paid	CHF	1 127.50
+ contributions toward administration costs		

Wife:

The wife is also not working and has to pay a contribution of 1 947.50 francs, plus contributions toward administration costs.

## 20 Married man has reached ordinary retirement age and his younger wife is not working

A married man has reached the age of 65 and is retired. His wife is 60 and is not working. The couple's assets amount to 300 000 francs. In addition, the husband is drawing an OASI old-age pension of 27 612 francs p.a. and an occupational pension of 45 000 francs p.a. Because of his age, the husband is no longer required to pay contributions, but his wife has not yet reached ordinary retirement age and has to pay non-employed contributions. These are based on half of the couple's assets and pension income.

OASI pension income (CHF 27 612 x 20)	CHF	552 240.–
Pension income (CHF 45 000 x 20)	CHF	900 000.–
Assets	CHF	<u>300 000.–</u>
	CHF	1 752 240.–
of which half	CHF	876 120.–
Annual contribution according to contribution table (see Section 8)	CHF	1 640.–
+ contributions toward administration costs		

## 21 Divorced woman with part-time job

A married couple get divorced in March. Under the divorce settlement, the ex-wife is awarded assets of 1 million francs and a monthly maintenance allowance of 1 000 francs. Until the divorce, she receives maintenance payments of 1 500 francs per month. From April onward, she works part-time (20 %) and earns 800 francs per month.

As the ex-husband makes a loss on his self-employed work during the year in question and has therefore not paid twice the minimum contribution, the ex-wife's contributions are not regarded as having been paid and a comparative calculation therefore has to be performed.

a) Contributions owed on earnings:

Over a 9-month period (April to December) the ex-wife earns 7 200 francs, equivalent to 800 francs per month.

$$7\,200 \text{ francs} \times 10.25 \% = 738 \text{ francs}$$

b) Contributions owed as a non-employed person:

The woman's actual pension income  $[(3 \times 1\,500 \text{ francs}) + (9 \times 1\,000 \text{ francs}) = 13\,500 \text{ francs}]$  is multiplied by 20 and added to her assets (1 million francs) to arrive at the asset total to be used as the basis for calculating her contributions.

According to the contribution table (see Section 8), 1 million francs +  $(13\,500 \text{ francs} \times 20) = 1.27 \text{ million francs}$  corresponds to an annual non-employed contribution of 2 460 francs.

As the couple are regarded as unmarried for the full calendar year in which their divorce took place, their individual assets and pension income form the basis for calculating their contributions.

c) Comparison

The woman's contributions as a part-time employee amount to 738 francs which is less than half of her contributions as a non-employed person (1 230 francs). The woman is therefore regarded as non-employed for the whole of the current year.

Contribution owed as a non-employed person	CHF	2 460.–
Contribution already paid on earnings	- CHF	738.–
Amount still to be paid	CHF	1 722.–
+ contributions toward administration costs		

## Enquiries and further information



This leaflet merely provides an overview. Individual cases can only be assessed conclusively on the basis of the relevant legislation. The compensation offices and their branches will be pleased to answer any enquiries. A list of all compensation offices can be found at [www.ahv-iv.ch](http://www.ahv-iv.ch).

In this leaflet, the terms below describing a person's marital status also have the following meanings:

- Marriage: registered partnership
- Divorce: legal dissolution of a registered partnership
- Widowhood: death of a registered partner

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