ZURICH

Dear money, we should look ahead.

Everything important about pensions

Foreword

“The future interests me more than the past, because I intend to live in it.”
Albert Einstein (1879–1955)

So why plan ahead? You’re healthy, nothing will happen to you. Well, at least you hope it won’t. You never know. After all, we’re people who risk busy streets and work under often enormous pressure day after day. We have children expected to perform from kindergarten, grow up in a digitalized world and be ceaselessly connected – quite literally – to the entire world. We go skiing and snowboarding, climb Mount Kilimanjaro and travel the world – not just today, but also while in retirement. We don’t retire as much as we used to in retirement these days. And nobody stands still – neither today, nor will they tomorrow.

We’re vulnerable. Mentally and physically. In Western Europe, 25 percent of people are unable to work, at least for a time.

This e-book will help you to identify financial risks and act on them. Zurich wishes you an interesting read.

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01 What does it mean to be financially secure?

Security is the state of taking precautions to avoid trouble. We take precautions every day by locking our doors or going to the doctor for our annual health check. But comprehensive financial security covers more than just everyday things. It represents planning for our whole lives. It protects you and your loved ones from the financial consequences of sickness, accidents and in old age. Financial security ensures that you will always have enough financial resources throughout your life, even if something happens – for instance, if you become unable to work, or if you're suddenly no longer there, and this affects someone in your family.

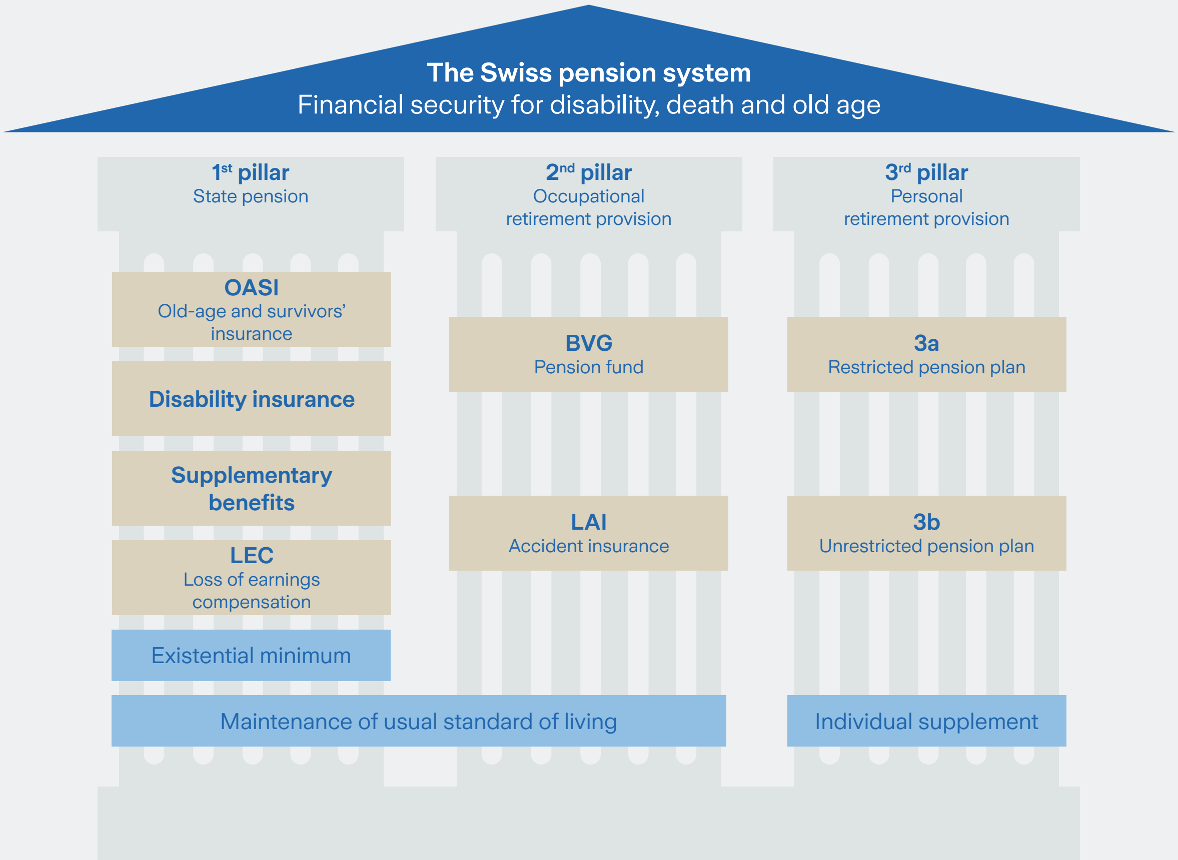
There are different ways that you provide yourself and your family with financial security. Building up a nest egg gradually like a squirrel collects nuts for the winter is one way; insuring yourself against life's risks is another. Saving takes time, which is why it is advisable to set aside money early on for education or for retirement. If, on the other hand, you already wish to protect your family now from financial risk, insurance will serve their purposes well. But what are the financial risks in life?

The “3 pillars” concept in Switzerland

People have feared sickness and accidents since time immemorial – “Drive carefully!” or “Put something warm on!” are just two examples of well-meaning suggestions that any person will have had drilled into them since childhood by their parents. It’s in the nature of people to want to protect those closest to them.

Health and the ability to work are essential to a family’s well-being – if the mother or father become unable to work, this is not only an emotional burden but can also cause massive financial losses.

The “3 pillars” concept of the Swiss pension system focuses on these considerations. Since 1972, this principle has been based on state, occupational and private retirement provisions. This welfare structure aims to cushion the financial consequences of retirement, premature death, and temporary or long-term disability due to sickness or an accident. Each of the pillars serves a different purpose. More information on the individual purposes of the three pillars can be found in chapters 03 and 04.



What are life risks?

We have listed the risks below that you should take into particular consideration when planning your life insurance and pension.

Disability risk

It is important to differentiate between short-term and long-term disability here. A brief period of disability of just a few weeks can come unexpectedly, but it's unlikely to bring anyone into financial difficulty – brief absences are usually very well covered by the obligatory continued wage payments or daily sick benefits.

If the disability is prolonged – or even permanent – this can cause financial shortfalls. For instance, a protracted diagnosis of a health issue can delay the first disability pension payments for a long time. Insurance for daily sickness benefits usually covers two years of payments, and there may be other savings available. But if, for example, the disability lasts for ten years, the daily sickness benefits will have expired long before and benefits will be paid from the invalidity pension and occupational pension (OPA). However, these are often not enough to preserve your usual standard of living.

Risk of death

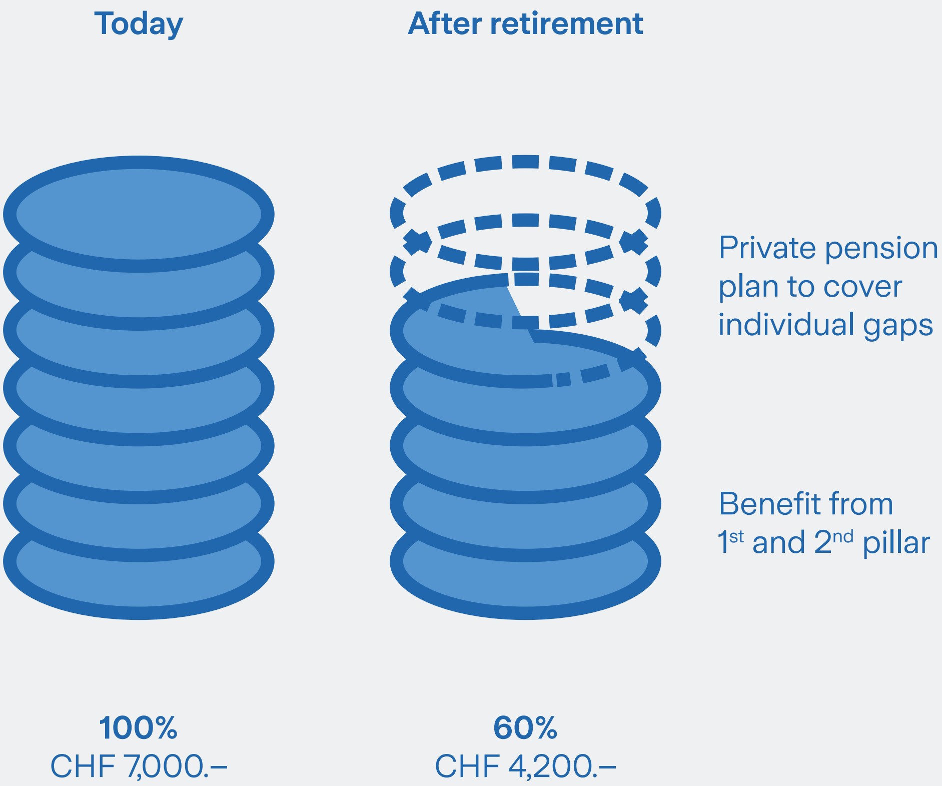
So that personal suffering is not further compounded by financial worries, it is important to know that at least the financial end can be secured properly in case of death.

The death of an adult often involves the loss of an income. But the costs persist – rent, mortgage, electricity, heating, telephone, insurance, car, day care and hobbies. A substantial amount of the household's budget is spent on a regular monthly basis without the family even investing in something unique. Saving is difficult, especially with fixed expenses. So where do we start? Sell the car? Rent a smaller apartment? And who should be the first in the family to give up their hobby?

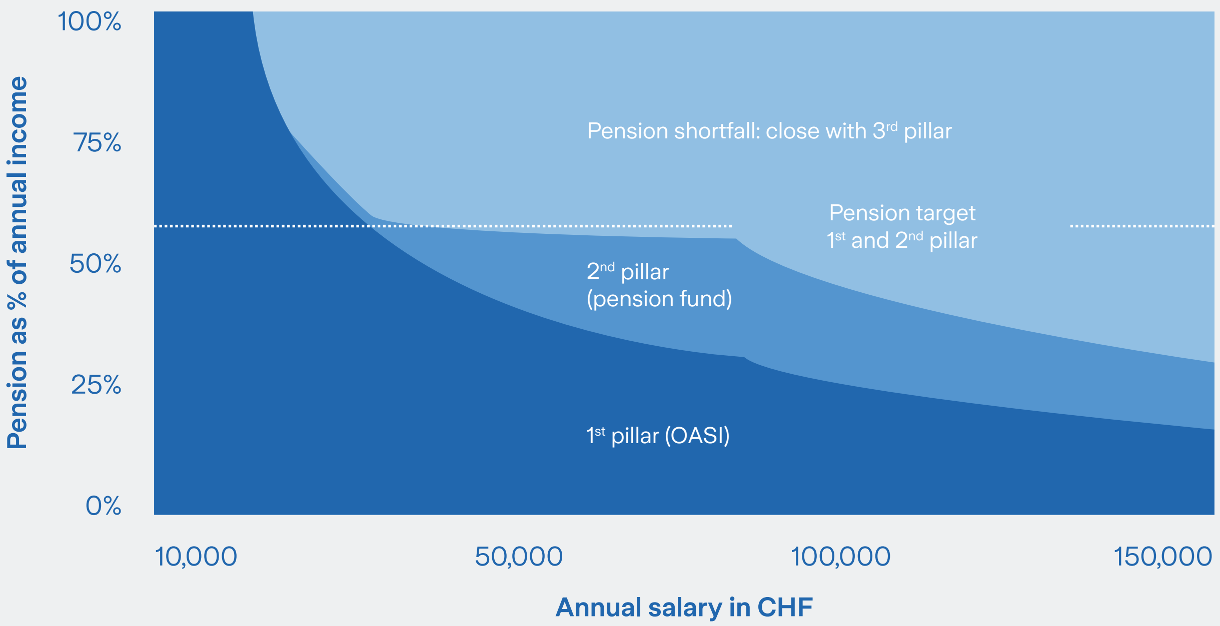
The state supports the surviving dependents with benefits from the first pillar (OASI) and the second pillar (occupational retirement provision). But how much is this exactly? It's not easy to calculate, as it can vary greatly depending on the individual situation. But one thing is practically certain – the benefits from the state and occupational retirement provisions don't come anywhere close to replacing the loss of income except in the lowest income brackets.

Age and longevity risk

Can I afford to get old? How will I cover my living costs when I stop working? These are questions that everyone should be asking themselves – and in their younger years too. Aging is not only a challenge to one's health – it's also a burden on the bank account.



The first two pillars usually cover up to 60 percent of the last salary. Example: Today, you earn CHF 7,000 in wages each month. After retirement, you will receive CHF 4,200. Over the course of a year, this is a drop of CHF 33,600. Extrapolated up to an age of 85, this is around CHF 670,000 that you may be short. Would you like to forgo this? Could you?


Pension as % of annual income
100%
75%
50%
25%
0%
Pension shortfall: close with 3rd pillar
Pension target
1st and 2nd pillar
2nd pillar
(pension fund)
1st pillar (OASI)
10,000
50,000
100,000
150,000
Annual salary in CHF

02 Pensions and education

If you briefly look back on your life, you'll quickly notice that everything changes again and again. These changes also affect your insurance needs and pension provisions. Most people feel at ease and appreciated living in their parents' house and don't think about insurance and pensions until they themselves become adults and move out. But what does it mean to become an adult? Just getting older isn't a sign of adulthood. Essentially, adults differ from children in particular by their ability to

be independent and assume responsibility for their own actions. In Switzerland, a person is responsible for their own actions before the law once they reach the age of 18 and is therefore deemed to be of age and legally competent. Accordingly, workers are subject to the obligation to contribute from the age of 18. However, any person from the age of 21 is deemed to be an adult for the first pillar – regardless of whether they are working or not.

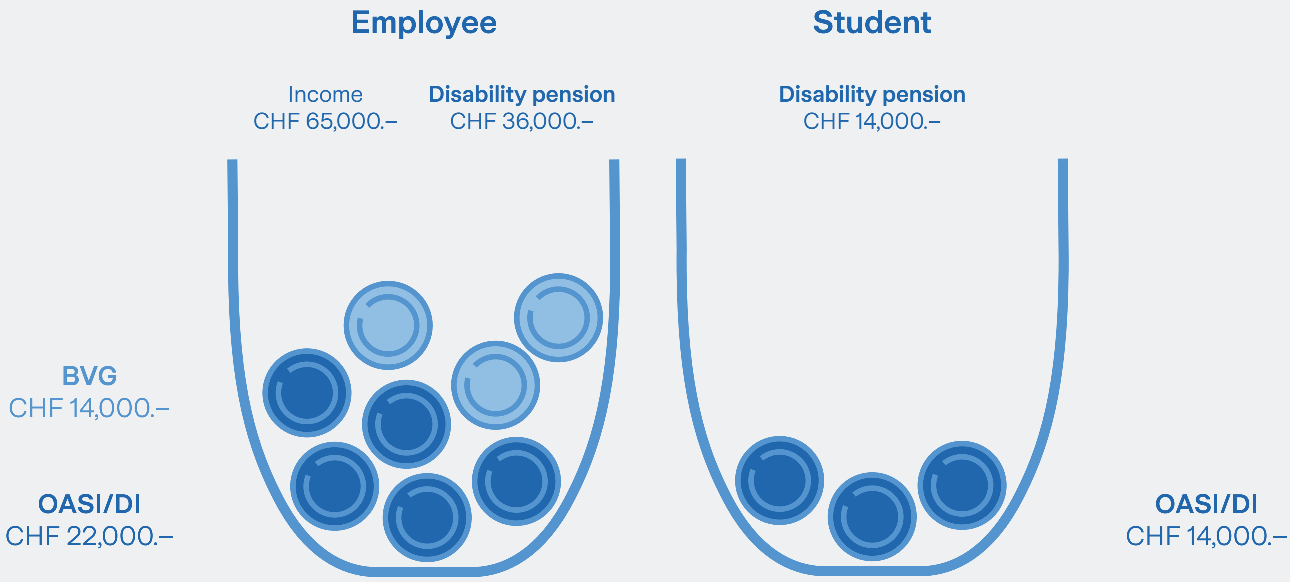
This means that from this time, OASI contributions must be paid, even if no income is being generated.

Working is a means of providing financial security

Working people pay their OASI contributions automatically through deductions from their wages, and accordingly they are entitled to receive support in the event of disability. For example, a 23-year-old who earns CHF 65,000 a year will receive an annual pension of around CHF 22,000 each year from the first pillar (OASI) in the event of full disability. Because the income of an employee is also insured via the occupational retirement provision, they also receive benefits from their pension fund. In this example, the 23-year-old is also insured in the second pillar (pension fund), which means that they can expect a disability pension of around CHF 14,000. Combined with the first pillar (OASI), this results in an annual pension of around CHF 36,000, if full disability persists for the beneficiary's entire life.

If you're studying, you're barely saving

Students with no income are at more of a disadvantage – if students are not working, they must pay a contribution of CHF 503 to the compensation office or directly to the educational institute to prevent gaps in their contributions. Accordingly, if fully disabled, they are entitled to a pension of CHF 14,340. Because there is no income to insure through the occupational retirement provision, this is the only benefit provided. Because nobody in Switzerland can live on this amount, there are supplementary benefits or the welfare institutions will contribute with substitute benefits – making the hopeful degree candidate a welfare case.



02 The first salary

Your first salary is something quite special – an unforgettable moment. It's almost a shocking experience looking at your account – it's so full! And it's all yours – every penny earned.

You feel rich to begin with, but once the initial rush of euphoria subsides, you quickly notice that many things are vying for a share of your income – deductions for welfare benefits, taxes, rent, insurance, telephone and internet are merciless in consuming your well-earned wages.

And when the end of the month comes, the account is empty. But it shouldn't stay that way. After all, there are always bigger and costlier ambitions and goals – for instance a long-desired trip around the world, a nice car or your own house. These lofty goals require expenses to be logged and a budget to be prepared. This leaves a little to be saved – for ambitions and old age.

Understanding the wage slip

If you wish to achieve your savings goals, it's helpful to know what's in your wage slip, because alongside that wonderful take-home pay there are also a number of other impressive-sounding figures reported under the wage and pension fund deductions. It’s important to be aware of the pension benefits from the first and second pillars and to understand the relationship between the various insurance schemes.

Let’s take a look at which deductions are used for which social security scheme.

Gross salary CHF 5,000

Deduction	**OASI/disability insurance/LEC**	−5.30% = CHF 265.00
Deduction	**ALV**	−1.10% = CHF 55.00
Deduction	**LAI (non-occupational accidents)**	−1.80% = CHF 90.00
Deduction	**daily sickness benefits**	−1.30% = CHF 65.00
Deduction	**BVG/pension fund**	CHF 120.00
Net salary		CHF 4,405.00

OASI – the old age and survivors’ insurance

Benefits: OASI is Switzerland’s mandatory pension insurance. Together with the Disability Insurance and loss of earnings compensation (LEC, for maternity pay and official military service), it constitutes the state pension. The first pillar of the Swiss pension system is used to provide reasonable coverage of existential needs for pensioners, the disabled and surviving dependents. If the benefits from OASI and Disability Insurance are not sufficient to secure their livelihood, they also receive supplementary benefits to the old-age, survivors' and Disability Insurance.

Financing: Half of the OASI, Disability Insurance, LEC and supplementary benefit contributions are financed by deductions from the employee's wages. At present, this is 5.30 percent of the gross income. The same contribution is made by the employer. If you are interested in your personal contributions, you can order your individual account statement from the OASI compensation office. The individual account statement provides information about all registered personal payments to the account and is used as a basis to calculate the pension entitlement.

UI – unemployment insurance

Benefit: UI provides suitable substitute benefits upon loss of income, for instance caused by unemployment, reduced hours or insolvency of the employer.

Financing: Half of UI contributions are financed by deductions from the employee's wages. At present, this is 1.1 percent up to an income of CHF 148,200. Another half a percentage point is added for higher incomes. The same contribution is always also made by the employer.

LAI – accident insurance

Benefit: The LAI ensures that all employees receive care and monetary benefits in the event of an accident. This means that each employer is subject to the LAI and must insure their employees, either with a private insurer or with the Federal Accident Insurance Institution.

Non-occupational accidents: An employee who works at least eight hours a week for the same employer is also insured against non-occupational accidents. An employee who works for fewer than eight hours a week is only insured for occupational accidents.

Financing: Employers are legally required to assume the costs of accident insurance for their employees. At the same time, the employer is not required to also pay the premium for non-occupational accident insurance. This is deducted from the employee's gross income. In our example, the employee pays 1.8 percent of their gross income for the non-occupational accident insurance. This rate is calculated individually by the insurer.

Insurance for daily sickness benefits

Benefit: Insurance for daily sickness benefits is a non-mandatory insurance scheme that insures 80 percent of lost income in the event of sickness. Employers will usually conclude one to protect their employees and themselves from financial consequences in the event of sickness. If benefits become payable, the insured person receives daily allowances for a maximum of 720 days.

Financing: The employer and employee usually share the costs of insurance for daily sickness benefits. In our example, the employee pays 1.3 percent of their gross income. This rate is calculated individually by the insurer.

OPA – occupational pension (pension fund)

Benefit: Together with accident insurance (LAI), the OPA represents the second pillar of the Swiss pension system. Jointly with the OASI, the first pillar, it aims to enable an accustomed standard of living to be maintained. Unlike the first pillar, the OPA involves each insured person collecting their own pension assets, which accumulate interest. Benefits are calculated on the basis of the pension assets of the insured person. Generally speaking, the higher the income, the greater the insured income; the higher the insured income, the greater the savings. If you save a lot, you'll ultimately have a bigger pension. But caution is advised regarding generalized statements about benefits from pension funds, because these benefits are dependent on the pension fund scheme of the employer.

Financing: According to statutory requirements, the occupational retirement provision is half-financed by the employee and half by the employer. In many companies, the employer covers more than just the required 50 percent.

04 Smart saving

The first income also goes hand in hand with the first tax payments. Regardless of how much you earn, the tax deductions always seem too high – all the more reason to be smart in using tax benefits when saving, for instance in the restricted pension plan 3a.

Because 60 percent of the previous income is usually not enough to sustain your usual living standards (see diagram on page 9), the Swiss pension system also has the third pillar. Each individual is themselves responsible for the benefits received from the third pillar. This means that you must save privately for old age so that you can fulfill your dreams once you retire. This can be achieved in restricted (pillar 3a) and unrestricted (pillar 3b) pension plans, with the tax effect for the restricted pension plan normally being much greater than for the unrestricted pension plan.

Tax benefits for restricted pension plans (3a)

Payments in pillar 3a can be deducted up to a maximum of the taxable income. At the same time, the money from the 3a pot is taxed at a more favorable rate upon disbursement.

TIP:
The amounts that can be paid into the restricted pension plan are limited by law.

- For working persons with an occupational retirement provision: CHF 6,883
- For working persons/self-employed persons with no occupational retirement provision: 20 percent of the net employment income, maximum CHF 34,416

For this benefit, the saved 3a funds are restricted until OASI retirement age and may only be used beforehand in certain cases – for instance, if you become self-employed, or if you buy a residential property. Otherwise, you have no access to the money until at least five years before you reach the normal OASI age of retirement.

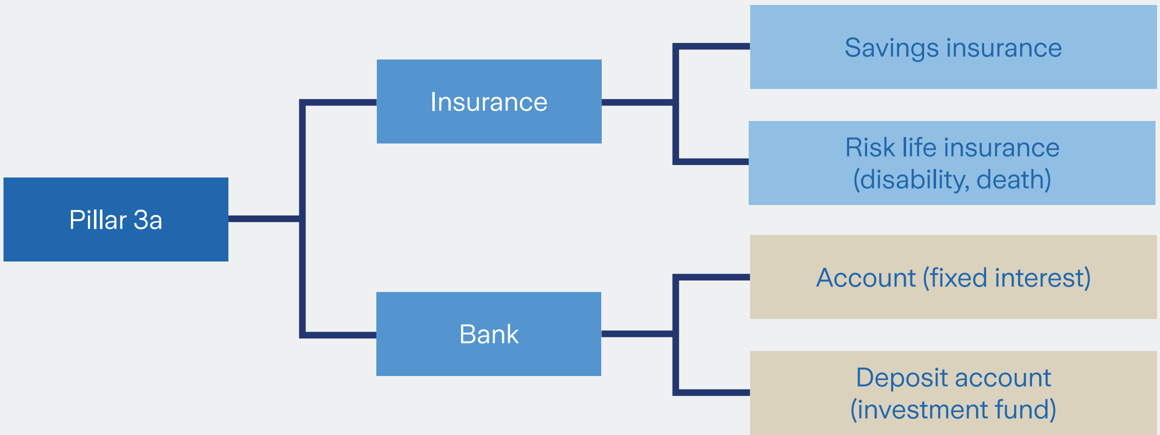
Cases in which you can dissolve your 3a account ahead of time:

- Five years before reaching the normal OASI retirement age
- Acquisition of residential property for your personal use
- Commencement of self-employment
- Permanently leaving Switzerland (emigration)
- Acquiring a full Disability Insurance pension.

Saving options for restricted pension plans

In pillar 3a, you can either save through your bank – for instance with a 3a account – or with investment funds. Or you can select an insurance product – for instance savings insurance with premium waiver. Of course, insurance solutions can also be combined with bank solutions.

The choice of saving through a bank can offer more flexibility, but modern insurance products are also flexible, and offer a key advantage – if the insured person becomes unable to work as a result of an accident or sickness, the insurance company will continue to pay the savings premiums during this time. The savings goal will be achieved either way.



Saving at your own discretion

Pillar 3b represents unrestricted savings methods – you save at your own discretion, often with bank accounts, life insurance policyholders, asset investments and residential property. The saver is not restricted by statutory requirements or by a certain period of time. Unrestricted savings methods can be paid out at any time – unless contractual agreements stating otherwise have been concluded with the bank or insurance company. Incidentally, a savings account with an insurer may be a compelling proposition tax-wise under certain circumstances.

05 Common-law partnerships

Love keeps us together, love is why we provide for one another – if two people spend their lives together, they are also jointly responsible for their obligations. There's an acute awareness of certain obligations: mortgage payments need to be made and bills need to be paid, and there needs to be a little something left over to go on vacation and buy Christmas presents. But as a family member, you're also responsible for providing for your family if you're suddenly no longer there or can no longer work as usual, which is why it's important to understand social security well.

Entitlement to social security benefits is in part dependent on the marital and family status of a person. The conditions for common-law and married couples are different. Because it is a very complex topic, only the most important aspects will be highlighted below.

What is a common-law partnership? This refers to a household not based on a marital relationship, also referred to as "co-habiting." In Switzerland, the general term is Konkubinat and is essentially defined as two people sharing a table and a bed (referred to as a common-law partnership in many English-speaking countries). After five years, the partnership is referred to as a "qualified common-law partnership." The concept of a common-law partnership is not governed by law, which is why common-law partners are legally not treated as spouses, but as separate individuals. This means that a common-law partnership does not enjoy the same legal protection that a married couple does.

A common-law partnership agreement is strongly recommended for any unmarried couples, as this allows misunderstandings and disappointments to be avoided. This is especially important when children are involved and a partner is only working part-time or is a full-time child carer, because following separation or in the event of the death of a partner, a househusband or housewife has no statutory protection – unlike married couples.

06 Pensions in common-law partnerships

Common-law partners cannot count on each other's benefits from the first pillar, for instance following their partner's death, which is why it is especially important for such couples to include not only an inventory and a breakdown of household and living costs, but also pension assets in the agreement: How do we divide our assets? How do we cushion the loss of the benefits from the first and second pillars? It is also recommended to provide your partner with financial security in the event of your death, because the OASI does not provide survivor's pensions for common-law partnerships. Only surviving children receive an orphan's pension, because children out of wedlock are treated as equivalent to children in wedlock.

Benefits are by no means guaranteed from the second pillar either – this is highly dependent on the rules of the pension plan. Every person must check for themselves whether a survivor's pension will be paid out. Many pension plans make the second-pillar benefits dependent on the duration of the common-law partnership.

TIP:
Find out what the rules are directly from your pension fund. If you are part of a common-law partnership, check whether you have a choice on who can receive the survivor's benefits from your pension fund.

Common-law partners as beneficiaries

The extent to which common-law partners can benefit from private pension plans and savings methods is dependent on whether it is a restricted pension plan (3a) or some other unrestricted savings method (3b). Restricted pension plans have very strict rules governing beneficiaries, while beneficiaries can be chosen at discretion with unrestricted savings methods.

No entitlement to retirement assets following separation

If two common-law partners separate, they are at a disadvantage compared to divorcees, because the break-up of a common-law partnership does not confer entitlement to the first- and second-pillar retirement assets accumulated during the partnership. This is especially problematic for the person who mainly took care of the household during the relationship.

07 Marriage

When two people give their matrimonial vows, they are sealing the bond of their love with the promise to love each other until death do them part and to always be there for one another. Marriage is usually a highly emotional moment for loved ones, family and friends – a milestone in life.

Practically speaking, though, the lovers are simply choosing a legally recognized partnership with personal, legal and financial consequences – living as part of a marriage means

that you are no longer considered to be an individual person, but rather part of a couple. A married couple is expected to support one another – through good times and bad, financially and morally.

The state and occupational retirement provisions encourage the fundamental principle of marriage, which is why marriage mainly brings benefits in state and occupational retirement provisions.

AHV pension

In the first pillar, both partners are treated equally after retirement. The OASI pension is calculated on the basis of the average insured income. As soon as both spouses draw benefits from the first pillar, the amounts insured during marriage are divided by two. Spouses receive a maximum of 150 percent of the maximum individual pension, and following separation, the shared pension assets are divided up. There is only a difference with survivor’s pensions – if a widow is assured a survivor’s pension, she is granted this for the rest of her life or until she remarries. A widower will only receive a survivor’s pension if his children are younger than 18 years of age.

OPA

While the OPA benefits remain unchanged for married persons, the same principles apply in terms of financial security for the second pillar as they do for the first pillar. As long as certain requirements are met (e.g. length of the marriage or age), the partner of the insured person will receive a pension upon disability or death – there is no difference whether it is a man or woman. All of the pension fund assets accumulated during the marriage are also divided between the two spouses equally following a separation.

Restricted pension plan (3a)

The law also governs the beneficiaries of restricted pension plans – the third pillar. If a partner dies, the preferred beneficiary is always the spouse – even if the couple is separated. Only a divorce can change this beneficiary rule.

All of the pension assets accumulated during the marriage are also divided between the two persons equally following a separation, regardless of the name in which the accounts were set up.

What's mine? What's yours?

The participation in acquired property as defined in Swiss law is generally applied. The assets acquired prior to the marriage remain separate, as do the debts, while everything acquired during the marriage is owned by both spouses, regardless of who has essentially earned the money. However, an alternative agreement can be made by way of contract, governing for instance shared or separate property.

Participation in acquired property

Both spouses retain ownership of the goods that they contribute to the marriage ("owned goods"). "Owned goods" can also include personal gifts and inheritances during the marriage. Everything that is accumulated during the marriage (savings, interest, pension contributions) is owned by both spouses. Accordingly, this accumulated part is also divided equally into two upon divorce. In general, both spouses are only liable for their own debts, unless they are made with their common agreement or are necessary to cover day-to-day necessities.

Separate property

Separate property must be defined by a marital agreement that must be notarized. Both spouses have their own property, so there are no shared goods or debts. This means that there is no division of goods if the marriage is dissolved.

Shared property

Shared property must be defined in a notarized marriage agreement. If this is done, assets and income belong to both spouses, regardless of who contributed the assets to the marriage. An exception to this is entirely personal objects registered as owned assets in the marriage agreement. The shared property is divided upon divorce, and both spouses are liable for debts. Upon separation, each spouse takes what they brought into the marriage – just as with separate property. However, in the event of death, the collective assets are divided as with the "participation in acquired property" principle.

Same-sex marriage

If two partners of the same sex marry, they contractually enter into a partnership referred to as a registered partnership. For legal purposes, such a registered partnership is equivalent to a marriage. The spouses are taxed together. However, there is one difference – both partners are treated as widowers in the first pillar, not as widows, even if the same-sex marriage is between two women. Widowers' benefits are always worse than widows' benefits. However, this only applies to the OASI – with occupational retirement provisions, we have the partner pension.

The principle of separate property applies with registered partnerships. Other arrangements for the ownership of goods must be agreed in a notarized marriage contract. For the purposes of inheritance law and inheritance tax, registered partnerships are treated as marriages – both spouses are the primary inheritor.

08 Marriage or common-law partnerships

While there may be no disadvantage to common-law partnerships in the affection and love they provided compared to marriages, the law deems common-law partners to be individual persons. This can be disadvantageous in the event of separation or death, but there are benefits too. For instance, common-law partners in the first pillar receive two individual pensions of a maximum of CHF 2,390, thus totaling CHF 4,780. Married couples on the other hand receive a shared pension of a maximum of CHF 3,585, which is just 150 percent of the maximum individual pension.

Common-law partnerships also have tax advantages, as their incomes are taxed individually, whereas the incomes of married couples are taxed jointly. The income is higher from a tax point of view and the tax progression system consumes quite a bit of money.

In marriage, the law is strongly oriented towards protecting the financially disadvantaged person, for instance the one who takes care of the children and household. The law requires financial balance between the two spouses, regardless of who earns more – acquisitions during the marriage are treated as a joint unit. This has major benefits for the person managing the household, if they retire partially or entirely from working life.

Today, there are many different partnerships and patchwork families who under law are between a rock and a hard place. Partners share equal responsibility for taking care of the children or household and decrease or increase the amount of work they do in certain phases of their lives. For partnerships like this, it can be complicated to establish which type of partnership provides them with more financial benefits in terms of security, protection and wealth. Personal values often play a more important role here. Often such couples may find assistance in professional advice.

09 A baby is born

People with families have special responsibilities. Even before the baby is born, people need to consider how their new everyday lives will be organized and how the budget will change as a result. If both parents are looking to go to work at the same time, day care needs to be organized for the baby, for instance – and this involves new expenditure. The total income of a family also decreases often, because at least one of the parents has to work fewer hours or stop working entirely. There are also new expenses that have to be accounted for later in life, for instance for the children's education.

Certainly by the time the baby arrives, the new parents will be aware of the major responsibility they face. They have to concern themselves with risks and dangers that they had never faced before. And that's a good thing.

If a human being is considered as an economic unit, their output is astonishing – with an average monthly income of CHF 6,000 and a work input of 44 years, a human being will earn around CHF 3.2 million throughout their working life. Now imagine the gap that would develop if this work input could not be provided for health reasons. Of course, the state pension would keep people affected in this way afloat, but let's take a closer look – young people who become disabled during childhood receive one-and-a-third times the minimum pension from the first pillar Disability Insurance. Because no contributions are paid to the occupational retirement provision (pension fund), it also does not pay a pension. With around CHF 1,500 a month, the affected child will be dependent on their parents and welfare for the rest of their life. This is why it is worth considering protecting children against the financial consequences of disability through private savings from birth.

10 Your first home

Many people in Switzerland dream of owning their own home. Aside from the fact that it is comfortable and pleasant for each family member to have their own room and also an office and sauna, it's just nice to have a home to call your own.

If you buy a house or an apartment, this goes hand in hand with having to deal with the topic of financial security. There are two questions that you cannot get around asking yourself. How will it be financed? And how can I ensure that all of the family members will be able to live in the house as long as they want – regardless of what happens?

The house – how is it financed?

Banks have clear expectations and policies governing how much money they are willing to lend for the purchase of a house. The answers to the following two questions are essential here: How much equity does the buyer have available? How much is their income today? In other words, buyers or builders must demonstrate to the bank that they are able to carry the debts involved in buying the house based on their income and assets available today and in the future. And this isn't just decided on gut feeling. There are clearly defined rules.

The banks know what they want

When banks calculate the financial viability of a house for a mortgage application, they always apply a high safety margin. The mortgage, maintenance and repayment costs combined must also not exceed a third of the annual income.

Conformément aux directives de nombreuses banques, l'acheteur doit apporter au moins 20% du prix d'achat, c'est ce qu'on appelle les fonds propres exigés. On en revient toujours au thème de la prévoyance, car pour apporter cette somme, il est possible de retirer les fonds de prévoyance du 2e pilier ou du 3e pilier, mais il y a toutefois des conditions à satisfaire.

Par exemple, la personne qui retire des fonds de la prévoyance (caisse de pension) doit les rembourser à la caisse de pension en cas de revente du logement en propriété.

Pour que le rêve ne finisse jamais

Quand on veut réaliser son rêve d'être propriétaire jusqu'à la fin de sa vie, il y a trois points à prendre en compte: la certitude de pouvoir financer son logement en cas d'incapacité de gain, de décès et à la retraite. Car aucune personne ne souhaite devoir quitter sa maison si l'un de ces cas devait lui arriver ou arriver à l'un de ses proches. La plupart du temps, les prestations des premier et deuxième piliers ne sont pas suffisantes pour continuer de financer la maison. La prévoyance privée peut faire la vraie différence dans ce cas.

11 The children fly the coop

The children are moving out – hurray! Finally, no more full washing baskets or empty fridges. It also places less of a burden on the household budget and you can work more hours again. And as a bonus, you hopefully have a decent amount left at the end of the month.

But there is a change to your financial security situation, because not only do the children's pensions provided under the first and second pillars no longer apply, but there is also a higher tax burden on the increased income. This is a reason to make even smarter use of the tax benefits, for instance by buying into the pension fund in pillar 3a or performing any necessary work on your house. Now is also a good time to check your personal securities assets. With advanced age, many tend to change their investment attitudes and the investment strategy often needs adapting.

Your working life approaches its end

At 50, most people become aware that they will not be working for all that much longer – certainly not in comparison to the time they have left after retirement, which can be 25 years or more. If you don't want to be too restricted financially when you retire, you'll be dependent on additional income outside of the OASI and pension fund.

Early financial planning enables such an additional income to be secured – many save more actively for old age, or make voluntary contributions to the pension fund. Others pay off their mortgage, because they may not be able to do so later. At the same time, careful planning also lays the right foundations for the time after retirement.

11

Looking forward to the future

So that your income remains consistent over the long term for you and your loved ones, it's advisable to plan your financial security carefully, making sure you can look forward to your future.

Dear Reader,

The better care you take of me, the more I can be there for you. It›s that simple.

- I protect you and your loved one from the financial consequences of sickness, accidents and old age.
- Unlike you, I have three legs. Each leg has a different job to perform.
- While I can stand on two legs, life is much better with three.
- Spare me a thought before you need me – so that I can be there for you, when you need me.
- Get to know me: Talk to someone who knows everything about me.

May your life be a pleasant one – today and in the future.

Your financial security

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