

Occupational provision 1e

Pension funds which solely insure portions of salary exceeding CHF 129 060 can offer insureds a choice of several investment strategies. On October 1, 2017, a key change in the law affecting the so-called “1e” pension plans came into force.

What are 1e plans?

Since 2006, pension funds have been able to offer insureds with an annual salary above CHF 129 060 a selection of various investment strategies. These pension plans are known as “1e” plans because they are based on Article 1e of the BVV2 ordinance.

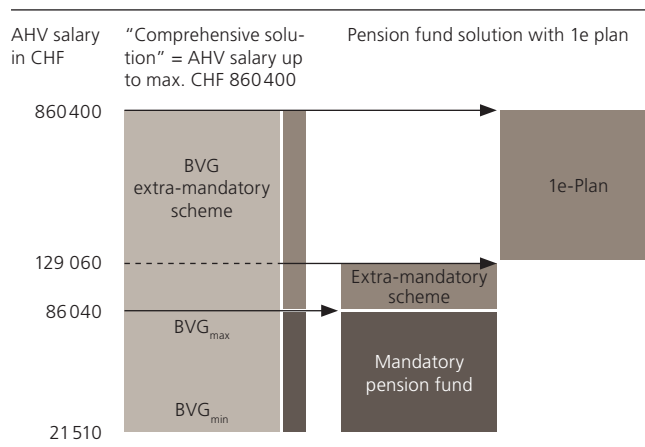
Which salary portion is insured how?

Under numerous extra-mandatory solutions the AHV salary minus the coordination deduction is insured (“comprehensive plan”). In the case of variant 1e, retirement credits for the portion of the AHV salary above CHF 129 060 are invested under a separate plan in line with the investment strategy selected by the insured.

What are the points to note?

A particular consequence of the legislative amendment of October 1, 2017 was that all insureds under 1e plans bear the investment risk themselves (Art. 19a FZG). Various details were also laid down in the associated ordinance, e.g.:

- A maximum of 10 investment strategies may be offered per pension scheme. At least one of these strategies must be low-risk
- A 1e plan must be deemed to be appropriate. This criterion is considered to be met if the annual contributions to finance the retirement benefits do not exceed 25% of all insurable AHV salaries



What are the pros and cons for the employee?

- ⊕ Choice of investment strategy
- ⊕ Regular change of investment strategy
- ⊕ No co-financing of collective currency fluctuation reserves
- ⊖ Any investment losses have to be borne
- ⊖ As a rule, only lump-sum withdrawal is possible

What are the pros and cons for the employer?

- ⊕ The balance sheet may get “leaner” owing to the absence of pension liabilities
- ⊕ No obligation to make additional contributions
- ⊕ Attractive pension solution for employees
- ⊖ Higher administrative overhead (two pension funds for individual employees)

Any questions?

For more information, questions or an individual consultation, please contact your UBS advisor, who will be pleased to put you in touch with the specialists at UBS Wealth Planning Switzerland.