

NEWSLETTER

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(English machine translation provided as courtesy)

AHV 21 reform, from 2024 it gets serious

Dear Ladies and Gentlemen

On 25 September 2022, voters narrowly approved the stabilisation of the AHV (AHV 21) by 50.6%. This is almost historic in nature. Although there is an awareness that something needs to be done about the AHV's financial imbalance, such votes are usually not well received by the electorate and are rejected by the majority. The last AHV revision came into force in 1997. Since then, with the exception of the AHV 21 reform, various attempts have been thwarted at the ballot box.

In order to secure funding until 2030 and maintain the level of pensions, the following measures will be implemented from 1 January 2024:

- Gradual increase in the reference age for women to 65
- Equalisation measures for the transitional generations
- Flexibilisation of pension payments
- Additional financing VAT increase

Increase in the reference age

The reference age for women will be gradually raised to 65. Although the reform will come into force on 1 January 2024, the first increase of three months will not take place until one year later. A standardised reference age will then be a reality by 2028. The development of the reference age is shown below:

Year	Year of birth	Reference age
2024	1960	64 Jahre
2025	1961	64 ¼ Jahre
2026	1962	64 ½ Jahre
2027	1963	64 ¾ Jahre
2028	1964	65 Jahre

Equalisation measures for transition generation - carrot and stick?

Lower reduction rates

Women born between 1961 and 1969 belong to the transition generation. In principle, AHV pensions are reduced by 6.8% per year of early withdrawal, but not for the transitional generation, where the reduction rates are lower and range between 0 and 10.5% depending on the early withdrawal and average annual income.

Pension supplement

If women of the transitional generation do not take their pension early, they receive a lifelong supplement of CHF 12.50 - 160.00/month, depending on their income, contribution period and year of birth.

Flexibilisation of pension withdrawal

The pension can be drawn between age 63, or from age 62 for women of the transition generation, and age 70. Until the end of 2026, a reduction of 6.8% per year of pension withdrawal will be applied. From 2027, new reduction rates adjusted to life expectancy will apply.

Pension early withdrawal

As is already possible today with pension deferrals, pension withdrawals can now be claimed from any month from age 63, or from age 62 for women of the transition generation. It will also be possible to draw partial pensions, e.g. to compensate for loss of income in the event of gradual retirement. The partial withdrawal must be between 20 and 80% and can be adjusted upwards once before the entire pension is drawn.

Deferral

The element of partial deferral is new. The other provisions, minimum deferral of one year and subsequent drawing of the pension from any month, remain unchanged.

Opportunity to improve your pension

Anyone who continues to work beyond the reference age and does not reach the maximum pension due to insufficient income or a lack of contribution years can apply for a one-off recalculation of their pension by the age of 70 at the latest. People who continue to work beyond the reference age will now be able to choose whether or not the AHV allowance of CHF 1,400/month or CHF 16,800/year should be applied.

VAT increase

The additional income from the VAT rate increase will serve as additional financing to ensure that the AHV is secured until 2030. We have already shed light on this topic in our newsletter [VAT rate increase from 2024 - are you ready?](#)

Planning support - There are various innovations, how should I proceed?

Planning support - There are various innovations, how should I proceed?

Get an overview and make an informed decision!

- Ordering an extract from the individual account
The individual account lists the annual income subject to contributions, the contribution period and the childcare credits. Are all credits listed?
The extract can be ordered here: <https://www.ahv-iv.ch/de/Merkbl%C3%A4tter-Formulare/Bestellung-Kontoauszug>

- Determination of pension supplement, reduction rates and reference age (relevant for women born between 1960 and 1964)
<https://www.bsv.admin.ch/bsv/de/home/sozialversicherungen/ahv/reformen-revisionen/ahv-21.html>

The aim of the 1st pillar is to secure the minimum subsistence level, ideally in the form of a maximum retirement pension. Together with the pension from the pension fund, a pension income of around 60% of the last salary should be achieved in order to ensure a reasonably adequate continuation of the previous standard of living. A budget can provide clarity about your financial situation before, during and after (partial) retirement.

And don't worry, just because the term "retirement age" will be abolished in 2024 does not mean that the same will apply to the third stage of life - due to the flexibilisation, it has been concluded that an adjustment of the term to "reference age" is more appropriate.

Best regards

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