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Haute école de gestion
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What are the potential impacts of banishing the choice of cashing out the second pillar at the age of retirement in Switzerland?

**Bachelor Project submitted for the obtention of the
Bachelor of Science HES in International Business Management**

by

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Declaration

This Bachelor Project is submitted as part of the final examination requirements of the Haute école de gestion de Genève, for the Bachelor of Science HES-SO in International Business Management.

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Executive Summary

The Swiss pension scheme is based on three pillars; the first one aims to cover the vital needs, the second one to secure the standard of living of the pensioner and the last one is an individual retirement savings (voluntary). In theory, a retiree benefiting from a full pension of the first pillar and second pillar, should not need supplementary benefits (State's help), at least until that he has to enter in a nursing home. The supplementary benefits are allocated to the pensioner benefiting from the first pillar and who does not have enough resources to cover his vital needs.

Due to the increase of the life expectancy and the population ageing, many reforms are currently discussing in view to keep the same level of assistance without increasing the State's expenses. This study focuses on the fact that the Federal Council wants to prohibit the right to take the mandatory part¹ of the second pillar as a lump sum at the retirement age. It analyses the potential impacts that this reform would have on the Government, the provident institutions and the future retirees. It also analyses if there is real correlation between the fact of withdrawing the mandatory part of the second pillar and the early economic dependency toward the supplementary benefits. The last part of the analysis is dedicated to provide an international perspective of the problematic with a comparison with the choice of the United Kingdom to implement the inverse reform in 2015.

The results of this study are based on analytical researches, qualitative interviews and a quantitative survey based on a sample of fifty people aged between 55 and 75 years old. It appears that the women are the ones who need the most of the supplementary benefits during the retirement, as they contribute less during their careers. Also there is a correlation between the socio-professional background and the life expectancy, meaning that someone with only a mandatory school degree will live in average less than someone with a university degree. This aspect is important for this study as the choice of taking a lump sum is also linked to the life expectancy of the pensioner. And as this reform will affect only the mandatory part, it could be prejudicial for the low-to-medium class. It is still not proved that there is a correlation between the withdrawal of the capital at the retirement age and the necessity of supplementary benefits. But it seems that most of the pensioners that required supplementary benefits are in general

¹ Only the contributions took from a monthly wage lower or equal to CHF 7'050.-

independent that overlooked to save for their retirement, part-time jobs, and housewives. This leads to ask if the fact to banish the right to take a lump sum will really diminish the economic dependency of the pensioners toward the supplementary benefits.

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1. Introduction

In 2005, the Swiss Government gave the right to its pensioners take at least 25% of the mandatory part of the 2nd pillar as a lump sum at the retirement age. Since then, the pensioners have the choice to convert their second pillar either into a monthly lifelong pension, into a lump sum or to take a combination of both. This is a significant choice as it will determinate if they will rather have a guaranteed income for the rest of their life or a more flexible access to their financial resources. The retirees have different reasons to withdraw their pension pot (all the savings accumulated and the yield on investment). For instance, letting an inheritance to their heirs, finishing paying a mortgage, investing by their own, etc.

In theory, a retiree benefiting from a full pension of the first pillar and second pillar, should not need supplementary benefits, at least until that he has to enter in a nursing home. And if the second pillar is taken as a lump sum and spent for other purposes than contingency ones, the State will have to compensate the financial gap with the supplementary benefits. As the life expectancy and the demographic ageing are increasing, the Government is scared that the expenses of the supplement benefits increase drastically. In view to limit the early economic dependency of the pensioners, the Federal Council proposed to prohibit the right to take the mandatory part of the second pillar as a lump sum at the retirement age. Even if there is actually no data proving that the ones taking a lump sum at the retirement age are more subject to require supplementary benefits later on.

Recently the British Government, who also had to implement new reforms in view to counter the negative effects of the demographic changes, chose to shift from the obligation to buy annuities to letting the choice to its future retirees to take a lump sum. It lets presumes that this choice has a positive or negative impact on the society. Would the fact of banishing the choice of take a lump sum be an appropriate manner to counter the future risks of the economic dependency of the pensioners toward the State's help?

1.1 Literature review

The Swiss pension scheme has attracted considerable interest and this thesis is not the first one to focus on the second pillar in Switzerland. There is for instance, the thesis of Monika Bütler and Federica Teppa² or Roman Graf³ who made analytical researches about letting the choice of taking a lump sum or to annuitize. But no study was made directly on the fact to prohibit the right to withdrawal the mandatory part of the second pillar and its potential impacts.

The figures of this study are based principally on data from the Federal Office of Statistics (OFS), the Federal Office of the Social Insurance (OFAS) and the compensation funds of the first pillar. Most of the graphs were translated from French and adapted for this work. As there is no data concerning the reason why people rather cash out or not, neither about the correlation between the withdrawal of the second pillar and the dependency of supplementary benefits. A survey was made over a sample of fifty people between 55 and 75 years old for the quantitative analysis. The findings are also based on qualitative interviews with the different actors affected such as the provident institutions (*Axa Winthertur, Swiss Life and Retraites populaires*) and also with a political party (*Parti Libéral-Radical*). These interviews provided a better understanding of the future impacts of this reform for each stakeholder. This paper expressly highlights the potential impacts that the prohibition of this choice will have on the three main actors and if it will be really efficient or not.

² University of St. Gallen, "Should You Take a Lump-Sum or Annuitize? Results from Swiss Pension Funds", Monika BUTLER and Federica TEPPA, October 2005, Discussion Paper no. 2005-20.

³ University of St. Gallen, "Financial Literacy and Retirement Planning in Switzerland", Martin BROWN and Roman GRAF, 2013, Numeracy: Vol. 6 : Iss. 2 , Article 6.

1.2 The structure of this thesis

The following section will help the reader to have a better understanding of the Swiss pension scheme, the origin of this reform and what are the supplementary benefits. The background information is a key factor to understand the importance of this change. The analysis part will focus on the potential impacts that this reform will have on the future pensioners, the provident institutions and the Government. The last part of the analysis is a reflexion of the reasons that pushed the United Kingdom to implement the inverse reform. At the end stands a summary of the findings in a form of a discussion and the review of the personal added value of the writer, followed by the conclusion and recommendations.

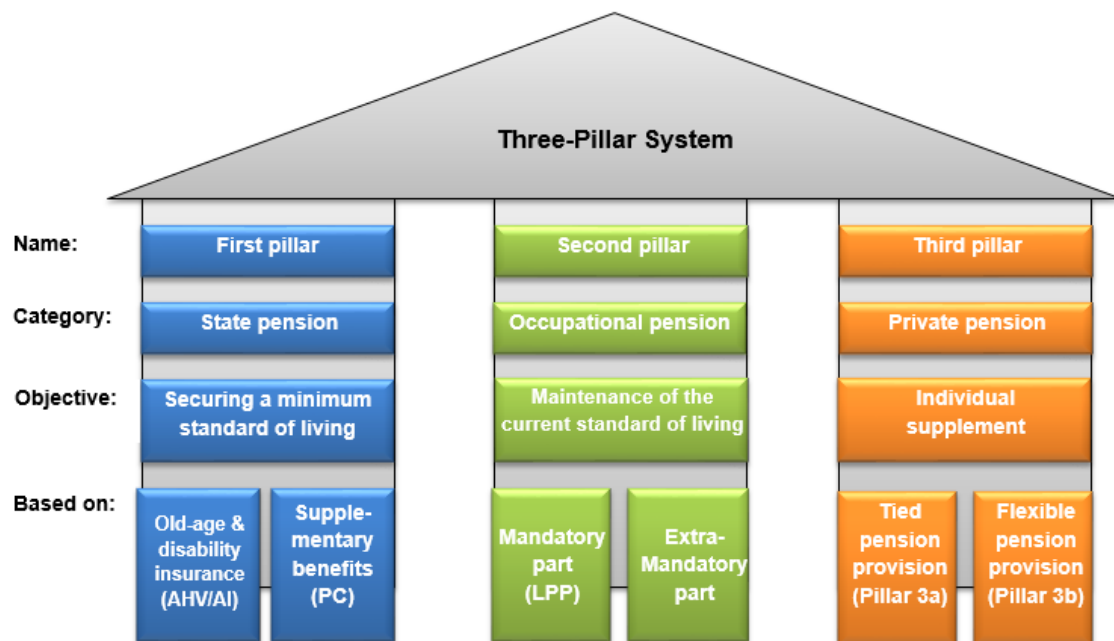
N.B: the use of the masculine pronoun is referring to both genders in view to facilitate the reading.

2. Background

2.1 How does the Swiss pension scheme work?

To have a better understanding of the origin of this reform and for whom the supplementary benefits are granted, a brief explanation of the Swiss pension scheme is needed. The following figure provides an overview of its structure, which is based on three main pillars:

Figure 1 : the foundation of the three-pillar system



Sources: author & Swiss Life

The first pillar known as the federal old-age, survivors and disability's insurance scheme (AHV/AI) is based on a "pay-as-you-go" system. That was officially implemented in the Federal laws in 1948⁴. It is a social system where the current workers are contributing directly for the pensioners. Its main role is to assure a minimum standard of living during a person's retirement. Contributions to the first pillar

⁴ HISTOIRE DE LA SECURITE SOCIALE EN SUISE, "Risques : vieillesse", <http://www.histoiredelasecuritesociale.ch/risques/vieillesse/>, consulted on the 29. May 2017.

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are mandatory for everyone living in Switzerland on the 1st January following his 20th year. The amount received at the retirement is calculated according to the number of years contributed and the amount of it. Someone who contributed since the mandatory age without any gap until he reaches the effective age of retirement (65 years for a man and 64 for a woman) will get the maximum annuity of CHF 2'350.- per month (CHF 3'525.- for a couple)⁵. Each year not contributed will have a repercussion on the amount received at the retirement age.

In Switzerland, people start to contribute for the occupational pension scheme (second pillar) since the 1st January following their 24th year. This is mandatory for everyone (except self-employed people) benefiting from a labor contract longer than 3 months, that are insured at the AHV/AI insurance, and with an annual income from CHF 21'150.- to CHF 84'600.-⁶. The second pillar is financed equally by the employee and employer (the employer can contribute more if he is willing to). For the self-employed people they have the responsibility to contribute for their own retirement plan and it is not mandatory.

The original purpose of the second pillar, which was officially implemented in the Swiss law in 1985, is to maintain the standard of living of the insured at the moment of the retirement. The first and second pillars gathered are supposed to cover 60% of the last salary of the employee when he retires.

While the first and second pillars are mandatory and under federal laws, the third pillar is a private pension scheme totally financed by the future pensioner himself. The contributions to this pillar (3a) are deductible from the income tax and it helps the individual to secure his own basic standard of living.

⁵ 3.01 PRESTATIONS DE L'AVS, «*Rente de vieillesse et allocations pour impotent de l'AVS*», <https://www.ahv-iv.ch/p/3.01.f>, Status at the 1st January 2017. [Online]

⁶ AXA WINTERTHUR, «*Mandatory occupational benefits (BPVG) in the principle of Switzerland*», https://www.axa-winterthur.ch/SiteCollectionDocuments/2-saeule-berufliche-vorsorge_fr.pdf, January 2016. [PDF document]

2.2 The characteristics of the second pillar

2.2.1 The accumulation phase of the second pillar

Once an employee starts to work and responds to the criteria needed to be insured for the second pillar, he will automatically contribute to the pension fund associated to the employer. And his pension pot will follow him all his career life until he retires. For instance, if the employee changes his job, the accumulated savings will be transferred to the pension fund of the new employer. But if he is unemployed or stops temporary his activity his capital will be locked on a vested benefits account.

The second pillar is divided into two different parts, the mandatory one and the extra-mandatory one. The contribution for the mandatory part, which is paid at least equally by the employee and employer, is taken from the effective coordinated salary at different percentages according to the age's range of the worker⁷:

- 25-34 years : 7 %
- 35-44 years : 10 %
- 45-54 years : 15 %
- 55-64/65 years : 18 %

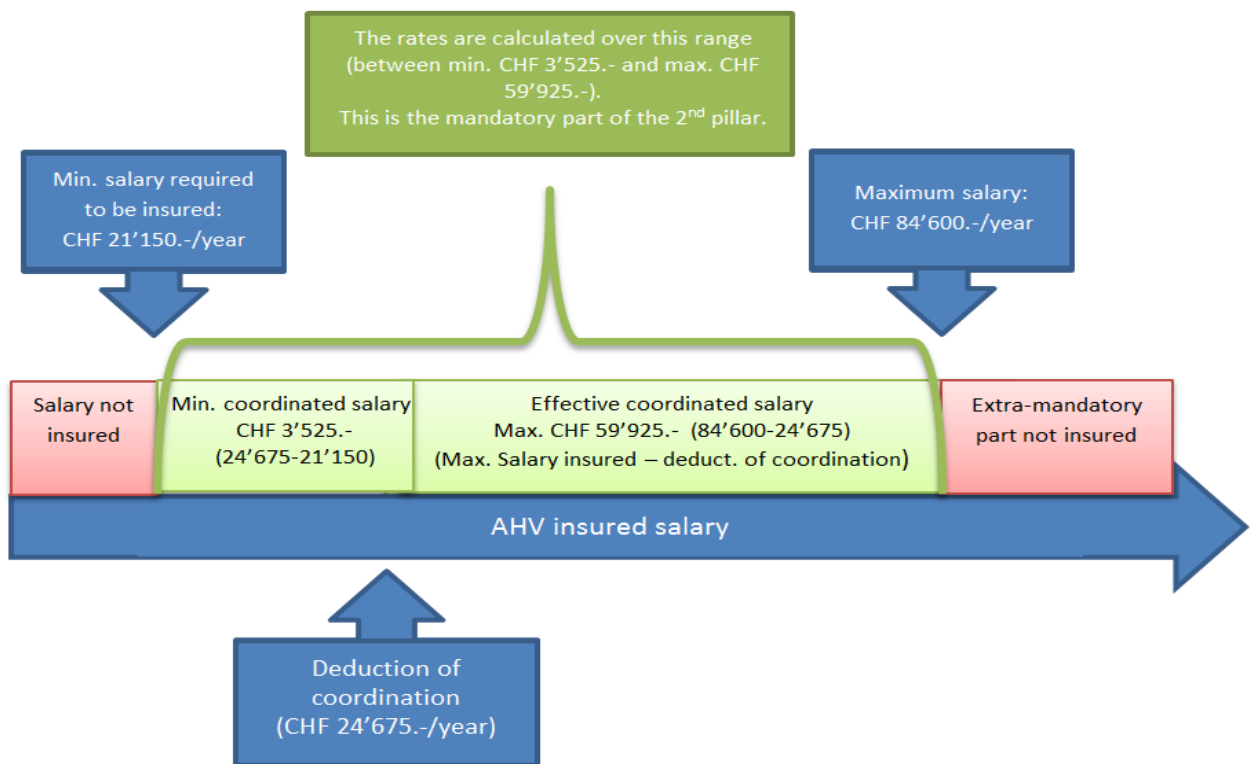
For all income exceeding the maximum wage insured of CHF 84'600.-/annually (CHF 7'050.- per month), there is no more the obligation to contribute (extra-mandatory). But it is usual to see employers that keep insuring the capital higher than this amount as complementary benefits for their employees. These non-mandatory contributions are placed into the extra-mandatory pot of the second pillar, which has different rules of conversion and its contribution relies on the goodwill of the employers and the employees. As shown in the figure 2, the mandatory part of the 2nd pillar is distinguished in green and the extra-mandatory part is all the contributions for capitals exceeding CHF 84'600.-. The extra-mandatory capital is totally under the provident institutions' yoke. They chose the conversion rate, which is generally lower than the one imposed by the Government for the mandatory part⁸, the percentage of contributions, etc.

⁷ MANUEL LPP, « *Le bon chemin à travers la prévoyance professionnelle* », Axa WINTERTHUR, January 2016. [PDF document]

⁸ L'ILLUSTRÉ, « *Alerte sur le 2^e pilier nos retraites en péril, les conseils des experts* », ISSN 1420-5165, published on the 6. February 2017. [Online]

The total contribution of the mandatory part is taken from the coordinated wage; which is calculated from the insured salary per year (between CHF 21'150.- and CHF 84'600.-) minus the coordination deduction of the first pillar (CHF 24'675.-). The percentage of contributions will be deducted from the remaining amount of the annual salary. But as the coordinated deduction is higher than the minimum coordinated wage, if the annual salary is between CHF 21'150 and CHF 28'200, the percentage is calculated on the fixed amount of CHF 3'525 per year and for a maximum of CHF 59'925.- (84'600-24'675). The following figure provides an overview of how the coordinated wage is determined.

Figure 2: from which part of the salary the deductions of the mandatory part are taken?



Sources: author & pambianco.com

The second pillar of an employee is managed either by the private pension fund of the company, or a public pension fund if he is working for the State. Either by an insurance

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company in the case that the company does not have enough resources or skills to manage its own pension funds⁹.

The role of the provident institutions during the accumulation phase is to manage the second pillar asset in view to make good performances and providing a minimum interest rate of 1% for the future pensioner. The Government fixes each year this minimum interest rate, which due to the low return on the financial market decreased from 1,25% to 1% since the 1st January 2017¹⁰. The yield of the capital provides a complementary source of revenue for the future retiree.

2.2.2 The reallocation phase of the second pillar

The second pillar can be used prematurely. In other words, before the retirement age only if the capital is used for the acquisition of real estate, for starting an independent activity or in case of early retirement (from the age of 58). Those withdrawals of capital will impact the benefits of the pensioner once arrived at the retirement age.

At the effective age of retirement the future pensioner will have access to the capital that he and his employer(s) contributed for. Since 2005, the future pensioner has the right to take at least 25% of the mandatory part of his second pillar as a lump sum¹¹. This percentage can be higher depending on each provident institution's regulations. If there is a remaining amount or if the pensioner does not choose to take a lump sum, the capital accumulated will be converted into monthly payments (also called "annuity") that are guaranteed for life. The calculation of the annuity is based on the conversion rate of 6,8%¹². Meaning that, if a pensioner has a mandatory capital of CHF 100'000.-, he will get a CHF 6'800.- per year of annuity for the rest of his life (~CHF 566.-/month).

⁹ OFFICE FÉDÉRAL DE LA STATISTIQUE (OFS), « *Statistique des caisses de pensions 2015* », Press released, Edition 2017. [PDF document]

¹⁰ SITE OFFICIEL DE LA CONFÉDÉRATION SUISSE, « *Loi fédérale sur la prévoyance professionnelle vieillesse, survivants et invalidité (LPP)* », <https://www.admin.ch/opc/fr/classified-compilation/19820152/index.html>, Status as at the 1st January 2017.

¹¹ L'ASSEMBLÉE FÉDÉRALE DE LA CONFÉDÉRATION SUISSE, « *Loi fédérale sur la prévoyance professionnelle vieillesse, survivants et invalidité (LPP)* », Art. 37 (sub. 2 and 4), Law of the 25. June 1982 (Status as at 1st January 2017).

¹² L'ASSEMBLÉE FÉDÉRALE DE LA CONFÉDÉRATION SUISSE, « *Loi fédérale sur la prévoyance professionnelle vieillesse, survivants et invalidité (LPP)* », Art. 14 (sub.2), Law of the 25. June 1982 (Status as at 1st January 2017).

2.2.3 Taking a lump sum or not at the retirement age

The choice of benefiting from an annuity rather than a lump sum (or a combination of both) depends on each individual preference. There is no data showing if a particular group of people will rather choose one or another option. But each option has its advantages and disadvantages, which could tilt the balance in favour of one or another choice depending on each person's situation (life expectancy, wealth, marital status, etc.). In the case that the future pensioner is married or in a partnership, the lump sum will be only allocated with the agreement of the spouse (signature). Also the amount of capital allowed to be withdrawn depends on each provident institution's regulations (at least 25%). For instance, most of the public pension funds allow only withdrawing the minimum required by the law. Also, the request of a lump sum must be made before the retirement age otherwise the pensioner will receive automatically his capital in annuities. The decision to withdraw the capital demands a great degree of personal responsibility since it becomes irrevocable afterward¹³. The following figure provides an overview of the pros and cons of each option.

¹³ SWISSLIFE, "*information sheet: pension vs lump sum*", July 2010. [PDF document]

Figure 3: annuity vs lump sum, what are the pros and cons?

	Annuity	Lump sum
For	<ul style="list-style-type: none"> • regular income for the rest of your life (security) • long-term profit (the older you become, the greater the total sum paid out to you) • survivor's benefits (widow's pension, widower's pension and orphan's benefits for your family) 	<ul style="list-style-type: none"> • financial flexibility • investment opportunity (likelihood of higher returns) • possible to arrange advancements on inheritance • remaining capital retained for your heirs • can be used to (partially) pay off your mortgage loan
Against	<ul style="list-style-type: none"> • upon death, any capital not required to fund surviving dependants' benefits reverts to your employee benefits unit 	<ul style="list-style-type: none"> • management outlays for investments • loss of guaranteed, lifelong pension • uncertainty regarding life expectancy and related capital requirements
Taxes	<ul style="list-style-type: none"> • pension is 100% taxable as income 	<ul style="list-style-type: none"> • taxed separately from income at reduced rate upon payout, subsequently liable to wealth tax • income tax on investment returns

Source: Swiss life

If the pensioner plans to spend more money at the beginning of his retirement (for reimbursing a mortgage, acquiring a house, travelling, etc.), he will not be able to do so with the annuity option. But it ensures monthly revenue until the pensioner's death, and also survivors' benefits. Indeed, the pension will be allocated to the spouse (widow's pension) at the equivalent of 60% of the annuity. At conditions that she has to provide a pension for the children or if she is more than 45 years old and that they were married for more than five years. Also if the children are still under a dependant status (minor or until 25 years old if they are studying)¹⁴ they will receive 20% of the annuity (orphan's pension). But the remaining capital will be kept by the provident institutions and reinvested into the pension funds. While if the pensioner chooses to take the lump sum option, when he dies the remaining capital will be inherited by the relatives of his choice.

¹⁴ BÜTLER MONIKA & STAUBLI STEFAN, "Payouts in Switzerland: Explaining Developments in Annuitization", the WDA-HSG Discussion Paper Series on Demographic Issues, No. 2010/5, 15 February 2010. [PDF document]

2.3 The origin of this reform and keys elements

The objective of this reform is to reduce the risk of economic dependency toward the supplementary benefits (PCs) and to maintain the actual level of assistance. This reform stands within the revision of the Federal law of the 6 October 2006 on the supplementary benefits of the old-age, survivors and disability insurance (first pillar). The reform of the supplementary benefits is due to the high expenses that it requires for the Swiss Government (CHF ~4,7 billion per year)¹⁵. The Federal Council had to optimise the system of the supplementary benefits and diminish the perverse effects that it could have in view to maintain the same level of benefits. Within this reform many aspects are discussed, but the one that is relevant for this study is about the protection of the mandatory part of the second pillar. Inside this topic, the Federal council wants to prohibit the possibility of taking the pension pot as a lump sum at the age of retirement. As it says that by withdrawing their capitals, the pensioners have more risks to gets dependants of the supplementary benefits and for a longer time. Initially, the Federal Council proposed two alternatives; one was that the mandatory part of the second pillar should be only perceived as annuities and the other one was to limit this right to 50% of the mandatory capital and then letting at least 50% of annuities for the future pensioners. And according to the press release of the Federal Council of the 16th September 2016, they chose to take the first alternative and to totally prohibit the choice of cashing out the mandatory part of the second pillar¹⁶.

For this purpose, the Federal Council proposed to remove the paragraphs 2 and 4 of the Article 37 of the Federal Law on Occupational Retirement, Survivors' and Disability. These subsections stipulate the right to take at least 25% of the second pillar as a lump sum and allow the provident institutions to determine the period required to request this right¹⁷. The extra-mandatory part of the second pillar will not be affected by this reform and the mandatory part could still be withdrawn if the capital is minor¹⁸ or in case of

¹⁵ SITE OFFICIEL DE LA CONFÉDÉRATION SUISSE, « *La réforme des prestations complémentaires assure le maintien des prestations* », <https://www.admin.ch/gov/fr/accueil/documentation/communiqués.msg-id-59653.html>, consulted on the 19. April 2017.

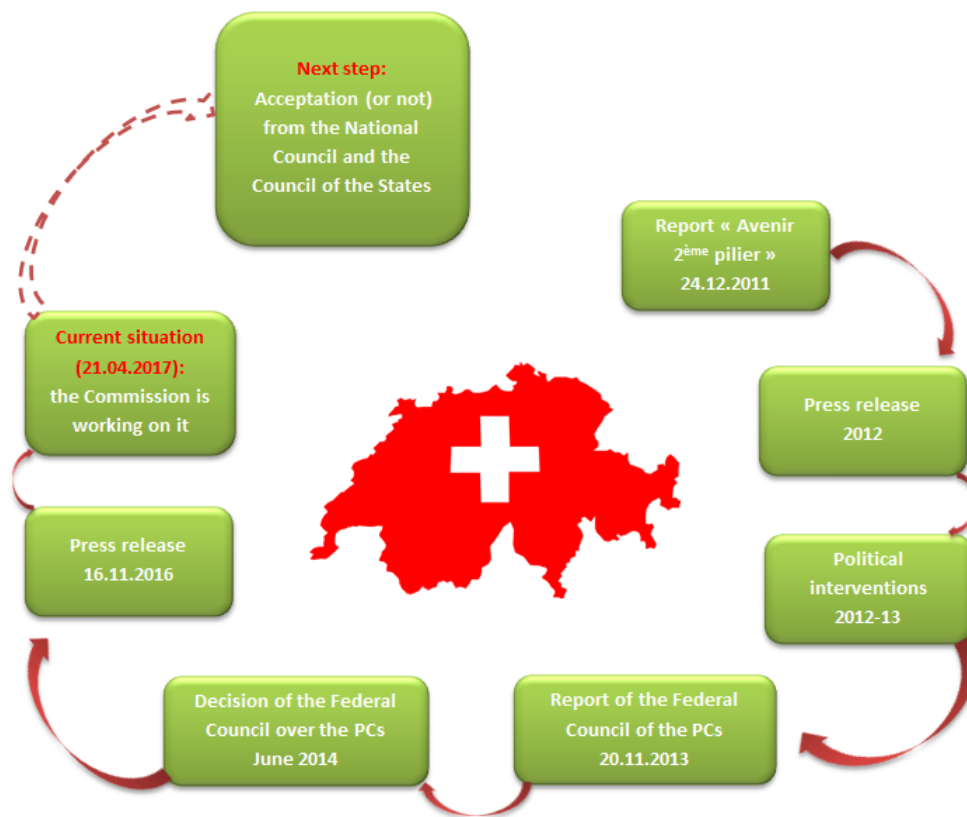
¹⁶ TRIANON compensation & benefits management, « *Où va la prévoyance professionnelle suisse ?* », Trianon, April 2016. [PDF document]

¹⁷ L'ASSEMBLÉE FÉDÉRALE DE LA CONFÉDÉRATION SUISSE, « *Loi fédérale sur la prévoyance professionnelle vieillesse, survivants et invalidité (LPP)* », Article 37, sub. 2 and 4, Law of the 25. June 1982 (Status as at 1st January 2017).

¹⁸ If the annuity is lower than the 10% of the minimal old-age pension.

definitive departure from Switzerland¹⁹. The right to withdraw the capital for starting an independent activity is also in discussion at the parliamentary level and may be removed. The following figure shows the key stages of the reform on the supplementary benefits and its current situation.

Figure 4: the origin of this reform and its current situation



Sources: author and partially from the Retraites populaires

The Commission of the Council of States had until the 25th of April 2017 to finish its debate, and then the reform was discussed within the Commission of the National Council. According to Sibel Oezen from the Federal National Department (appendix 6), the parliamentary debates should end at the spring session of 2018 and be applied in 2019. To pass this reform, the Federal Council needs the agreement of the two other representative organs (National Council and the Council of States) and it could take even more time or fall apart if they do not find a compromise.

¹⁹ Except for countries within the European Union and AELE (Liechtenstein, Norway and Iceland)

2.4 What are the supplementary benefits?

As the old-age and disability insurance (first pillar) was not enough to cover the vital needs of the pensioners, the parliamentary implemented in 1965; the supplementary benefits²⁰. They are complementary to the old-age and disability pension in the case that the revenue of the person does not cover his minimum living costs²¹. According to the Swiss law, the supplementary benefits are a right and are not refundable, it is not considered as assistance and the family is not solicited for it²². The supplementary benefits are only allocated by demand and the grant of the PCs is guaranteed by the laws if the expenses recognized are higher than the determinant revenue. The expenses recognized (if the pensioner lives at home) include; the vital needs, the rent, the mortgage interest, contribution to the mandatory health insurance. The determinant revenue for a retiree is the 1st pillar, 2nd pillar and other social annuities, the profit of a lucrative activity, the entire interest on the fortune, and the fortune converted into revenue. The supplementary benefits are split into two different levels, the one from the Federation and the one from the Canton. The calculation of the amount of the supplementary benefit granted is firstly done for the Federation and then for the Canton, which will cover the remaining charges²³. There is a division of the expenses between the two organs since 2008. The supplementary benefits from the Federation are more dedicated to the people in need living at home. While the ones from the Canton are mainly allocated to pensioners that are entering into a nursing home and cannot afford it. This is generally when the supplementary benefits are the most needed for the pensioners. Indeed, 50% of the residents of a nursing home perceive PCs, and it costs in average three times more for the State than if the pensioner were receiving PCs and living at home. As the cost of a nursing home is about CHF 5'500.-/month, the pensioner will pay with his financial resources but in the case that he does not have enough, the State will compensate with the supplementary benefits. But as the figure 5 shows; in the case that the pensioner took his 2nd pillar as a lump sum and

²⁰ HISTOIRE DE LA SECURITE SOCIALE EN SUISSE, "*Institutions : Prestations complémentaires (PC)*", <http://www.histoiredelasecuritesociale.ch/institutions/prestations-complementaires/>, consulted on the 29. May 2017.

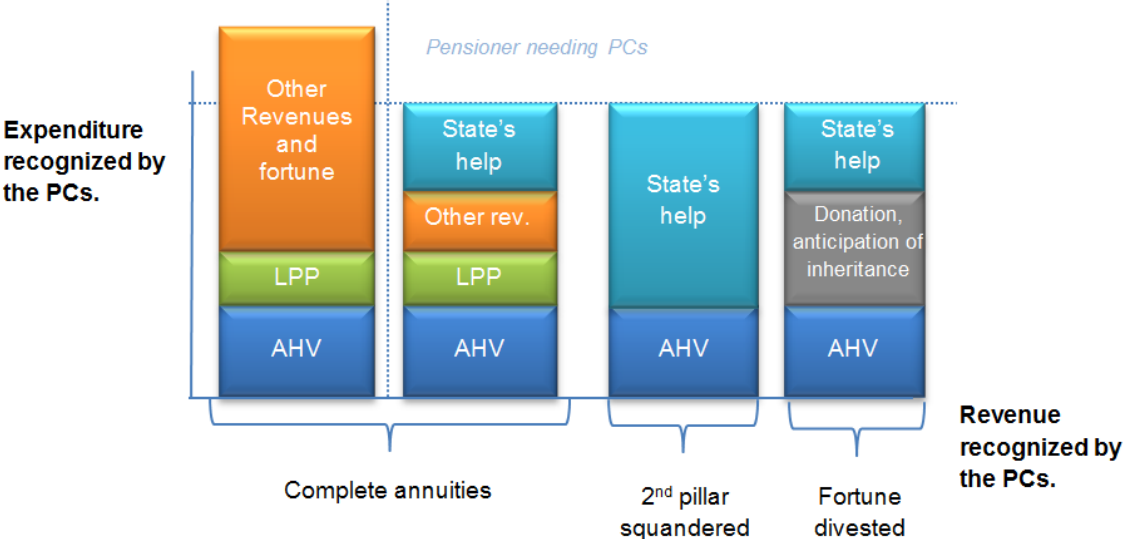
²¹ AVS/AI, "*Supplementary benefits (EL/PC)*", <https://www.ahv-iv.ch/en/Social-insurances/Supplementary-benefits-EL>, consulted on the 15. April 2017.

²² RÉPUBLIQUE ET CANTON DE GENÈVE, « *Prestations complémentaires AVS/AI* », SPC, Edition December 2013. [PDF document]

²³ SERVICES DES PRESTATIONS COMPLÉMENTAIRES (SPC), « *J'entre en EMS, comment payer?* », République et canton de Genève, December 2013. [PDF document]

squandered it, it will cost more for the Government. As the pensioner will have only his 1st pillar pension to cover the cost of the nursing home. And this means more expenses for the Government as the amount of supplementary benefits required will be higher than if he had converted his capital into annuities.

Figure 5: proportion of the State's help according to the revenue of the pensioner



Sources: author & Retraites populaires

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3. Analysis

3.1 The impacts of this reform on the future pensioners

The future pensioners will no longer have the choice of taking the mandatory part of their second pillar as a lump sum. This goes against their financial right that was allocated by the Government in 2005.

3.1.1 Trends and observation concerning the choice of taking a lump sum or not in Switzerland

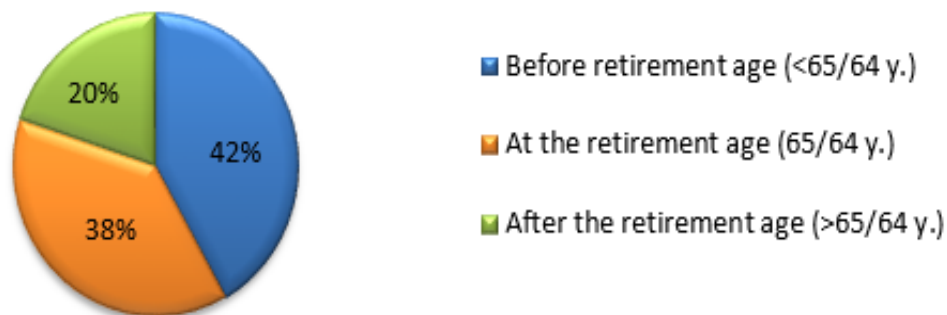
According to the Federal Office of Statistics (OFS), over the 74'000 persons who are retired and perceived their second pillar in 2015, ~45% chose to receive it in annuities against 38% who took the entire capital as a lump sum and 17% chose a mix of both²⁴. In comparison to the data from 2010, the tendency to take the totality of the second pillar is stable (only raised by 3%), but there is a lower tendency to choose only to annuities (-5%). In 2015, the average amount took as a lump sum was CHF 163'000.- (-3% compared to 2013)²⁵. This year the Federal Office of Statistics analysed for the first time, at which moment of their life people do rather take their second pillar's capital. This analysis shows that between the ones that are retired in 2015 and took a part of their pension pot, there were 42% of the retirees who perceived it before the effective age of retirement, 38% at the age of retirement and 20% afterwards (figure 6)²⁶.

²⁴ OFFICE FÉDÉRAL DE LA STATISTIQUE (OFS), «*Statistique des nouvelles rentes 2015, Synthèse des premiers résultats* », Neuchâtel, Edition 2017. [PDF document]

²⁵ YVES-MARIE HOSTETTLER, «*Rente ou capital dans le 2e pilier, enjeux et conséquences*», Retraites populaires, 2015. [Powerpoint presentation]

²⁶ OFFICE FÉDÉRAL DE LA STATISTIQUE (OFS), «*Statistique des nouvelles rentes 2015, Synthèse des premiers résultats* », Neuchâtel, Edition 2017. [PDF document]

Figure 6: when do people take their second pillar as a lump sum? (Figures from 2015)



Sources: author & OFS

According to the survey (appendix 7) made over a sample of fifty people between 55 and 75 years old; 48% were thinking of taking a lump sum and within this number 55% wanted to take the totality of it. The main reasons mentioned were to have more financial freedom (55%), to finish reimbursing a mortgage (24,5%) or to let an inheritance (17,25%). This analysis shows that all the people with a capital higher than CHF 84'600.- per year (also contributing for the extra-mandatory part) are more willing to withdraw their capital than the ones with a lower capital. This survey also demonstrates that most of the people that want to withdrawal their capital think they can make higher profit by taking a lump sum than beneficiating from annuities. Although, the financial illiteracy is a strong argument from the Federal Council as they are scared that people who take a lump sum do not know how to manage their capital and lose it. They use the image of the pensioner that take a lump sum and travel around the world and come back asking for supplementary benefits. But there is no causal link proved between the fact of taking a lump sum and the needs of supplementary benefits. Also, according to the master thesis of Roman Graf; "*Financial Literacy and Retirement Planning in Switzerland*"²⁷, the actual financial literacy in Switzerland is high. This study shows that the financial literacy is correlated with the financial market participation and the mortgage borrowing choice. This fact coincides with the survey made for this research as people with a higher annual profit were more

²⁷ BROWN MARTIN, GRAF ROMAN, "*Financial Literacy and Retirement Planning in Switzerland*", University of St. Gallen, 2013, Numeracy: Vol. 6 : Iss. 2 , Article 6.

willing to withdrawal their capital than people with a lower one. As people with higher revenue have more chance to borrow for a mortgage and generally higher financial market participation. There is no existing data concerning the standard profile of the pensioners that take the mandatory part as a lump sum instead of annuities. But according to the different data collected for this research, it let presume that there are some types of people who have more tendencies to withdrawal their capital. Such as single men, people with a strong financial literacy or/and a high-educated background, people with a high pension pot (CHF >500'000.-) or people with a very low capital (CHF <50'000.-), and people with low life expectancy (disease known, etc.).

Even if there is no data if there is a particular gender that chooses more to take a lump sum or not, there is a clear difference between the men's and women's amount of capital withdrew. Indeed, according to the statistics of the OFS, men take in average a lump sum two times higher than the women (more than CHF 200'000.- compared to CHF 93'000.-²⁸). There is also a big difference within the average of annuities perceived by gender. In fact, the men receive in average a pension of CHF 3'278.- per month, compared to CHF 1'839.- for the women²⁹. These differences can be explained by the fact that women usually contribute less to the second pillar than the men. In Switzerland, for the same job qualifications a woman earns in average 20% less than her opposite gender³⁰. And women interrupt their careers more than the men and are usually working at part-time. Indeed, according to the OFS, 59% of the women were working at part-time in 2015 (activity rate <90%) compared to only 16% of the men³¹. The wage inequality, the lower rate of activity and the various interruptions of career for familial duties impact strongly their benefits from the 2nd pillar as they are contributing less. Furthermore, in the case of interruption of career until the retirement age or a too low employment rate, their capital is transferred to a vested benefits account. This account is no longer under the provident institution rules and it is mandatory to take it into lump sum at the retirement. It results that numerous women are forced to take a

²⁸ OFFICE FÉDÉRAL DE LA STATISTIQUE (OFS), « *Statistique des nouvelles rentes 2015, Synthèse des premiers résultats* », Neuchâtel, Edition 2017. [PDF document]

²⁹ OFFICE FÉDÉRAL DE LA STATISTIQUE (OFS), « *Statistique des nouvelles rentes 2015, Synthèse des premiers résultats* », Neuchâtel, Edition 2017. [PDF document]

³⁰ SITE OFFICIEL DE LA CONFEDERATION SUISSE, « *Plateforme égalité* »
salariale <https://www.ebg.admin.ch/ebg/fr/home/themes/travail/plateforme-egalite-salariale.html> , consulted on the 21. May 2017.

³¹ OFFICE FÉDÉRAL DE LA STATISTIQUE (OFS), « *ESPA en bref 2015, L'enquête suisse sur la population active* », Numéro OFS 361-1500, Neuchâtel, Edition 2016.

lump sum instead of annuities³² but this is not differentiated on the statistics. The fact that women perceive lower benefits than men at the retirement, has a knock-on effect on the supplementary benefits as they are the ones who need it the most.

3.1.2 Trends and observations concerning the supplementary benefits

The statistics of the OFS show that the number of beneficiaries of the PCs keeps increasing (29% in ten years), but the proportion regarding the number of pensioners is stable (~12%)³³. It means that the number of beneficiaries increased due to the population intensification and not due to a deterioration of the economic situation of the pensioners. In 2012, 29% of the pensioners were receiving only the first pillar³⁴. That let presume that most of the pensioners who get supplementary benefits are not even receiving the second pillar. In general pensioners from the second pillar that ask for supplementary benefits are the independents that overlook the retirement planning, the part-time and low-wage workers. Indeed, as the minimum wage insured for the second pillar starts at CHF 21'150.- per year, people who are combining various part-time jobs will not contribute efficiently for their retirement. Over the 19'300 persons who received supplementary benefits in 2014, only 16,7% were people who withdrawn their capital at the retirement age³⁵. And within the totality of the pensioners only one pensioner over ten needs supplementary benefits at the retirement age compared to more than 25% over 90 years old. This trend is linked to the higher probability of entering into a nursing home. The PCs have an important role in the financing process of the nursing home, as many pensioners do not have the necessary financial resources to handle it. A pensioner living in a nursing home receives in average CHF 3'200.- of supplementary benefits per month, which is three times more than the amount granted for a pensioner living at home³⁶. Luckily for the Government, the number of pensioners perceiving supplementary benefits and living in a nursing home is below 1% of the pensioners

³² OFFICE FÉDÉRAL DES ASSURANCES SOCIALES OFAS, « *Prévoyance vieillesse 2020, conséquences de la réforme pour les femmes* », Information sheet, June 2015. [PDF document]

³³ BILAN, « *Retraites : le système aggrave disparités* », N°07, P.38, published on the 7. April 2017

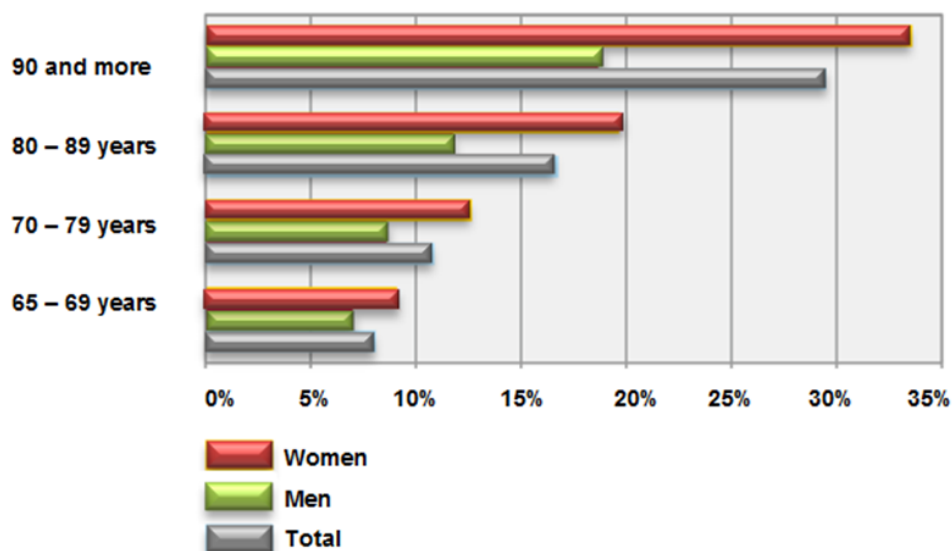
³⁴ OFFICE FÉDÉRAL DE LA STATISTIQUE (OFS), « *Statistique des nouvelles rentes 2015, Synthèse des premiers résultats* », Neuchâtel, 2017. [PDF document]

³⁵ LA VIE ÉCONOMIQUE, « *Prestations complémentaires : éliminer les incitations inopportunes* », P. 51, April 2016.

³⁶ L'HEBDO, « *Davantage de personnes tributaires des prestations complémentaires* », <http://www.hebdo.ch/news/politique/davantage-de-personnes-tributaires-des-prestations-compl%C3%A9mentaires>, published on the 26. June 2015. [Online]

younger than 70. The curve starts to rise from 80 years old (12,8% of the pensioners) and end up with more than 25% of the retirees who have more than 90 years³⁷.

Figure 7: rate of beneficiaries from the supplementary benefits in % of the 1st pillar's annuitants by gender (2012)



Sources: author & OFS-SOMED, STATPOP, OFAS, ©OFS 2016

As the figure 7 shows, the women have a higher rate of supplementary benefits' dependency than men. This is due to the fact that women are contributing less (or not at all) for the second pillar as they have to interrupt various time their career (familial duties), also that they are usually working at part-time and also due to wage inequalities. Indeed, the organization for economic cooperation and development (OECD) considers Switzerland as one of the countries which has the biggest proportion of poor people among its old population³⁸. And obviously, the most affected by poverty during the retirement are the women. This fact impacts the supplementary benefits repartition, as there is a higher ratio of dependency within women than men. This can

³⁷ OFFICE FÉDÉRAL DE LA STATISTIQUE (OFS), « Indicateurs de la prévoyance vieillesse, Résultats commentés des indicateurs clés 2012 », Neuchâtel, July 2015. [PDF document]

³⁸ OECD PRIVATE PENSIONS OUTLOOK 2008, "Pension Country Profile: Switzerland", <http://www.oecd.org/finance/private-pensions/42565638.pdf>, ISBN 978-92-64-04438-8, 2008, Edition 2009. [PDF document]

also be partially explained by the fact that women live on average longer than their partners. This leads to situations where the men can stay longer at home and be helped by their spouse or partner. While from 80 years and more, it is more frequent to see women in the nursing home, and the majority of beneficiaries of the supplementary benefits are alone (83%)³⁹. As a matter of fact, after 80 years men are usually still married (67%) compared to only 24% of the women⁴⁰.

3.1.3 Penalizing the low socio-professional class and the pensioners with a low life expectancy

The life expectancy is a determinant factor that tilts the balance in favour of an annuity or a lump sum at the retirement age. The higher the probability to reach an advanced age, the more interesting it is to benefit from an annuity and vice versa. In Switzerland, the average life expectancy is at 79,8 years for a man and 84,4 years for a woman⁴¹. The following graph shows that annuitizing starts to be more interesting for someone with a life expectancy higher than 83 years. Indeed, for the scenario of a pensioner who has a second pillar of CHF 500'000.- and that lives up to 95 years; he will gain CHF 300'000.- by annuitizing. But the opposite scenario happens for a pensioner with a low life expectancy. Indeed, if the pensioner dies at seventy years old and took his second pillar as a lump sum, he will get a profit of CHF 300'000.- which he could let it for his heirs, this would not be possible if he chose to have annuitized⁴².

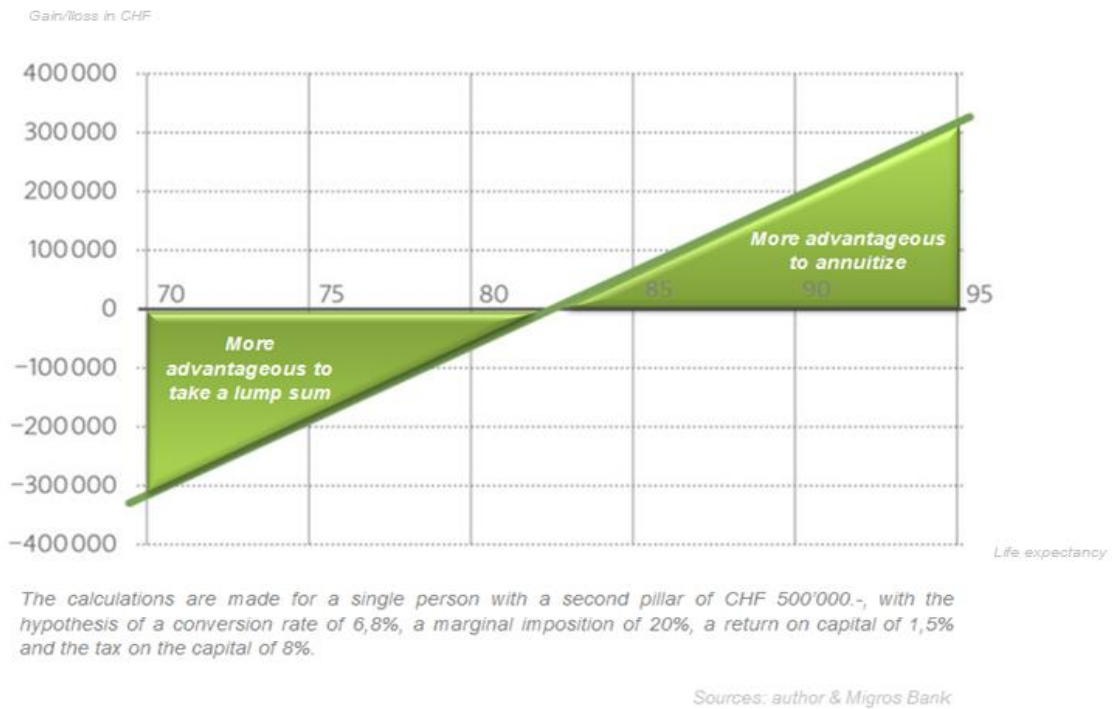
³⁹ L'HEBDO, « *Davantage de personnes tributaires des prestations complémentaires* », <http://www.hebdo.ch/news/politique/davantage-de-personnes-tributaires-des-prestations-compl%C3%A9mentaires>, published on the 26. June 2015. [Online]

⁴⁰ OFFICE FÉDÉRAL DE LA STATISTIQUE (OFS), « *Indicateurs de la prévoyance vieillesse, Résultats commentés des indicateurs clés 2012* », Neuchâtel, July 2015. [PDF document]

⁴¹ YANNIC FORNEY, « *Les inégalités devant la mort* », Thèse de doctorat, Université de Genève, 2011. [PDF document]

⁴² MIGROS BANK, « *Versement en capital rendu plus difficile: les plus défavorisés sont les plus touchés* », <https://blog.migrosbank.ch/fr/versement-en-capital-rendu-plus-difficile-les-plus-defavorises-sont-les-plus-touchees/>, Albert STECK, published on the 8. January 2017. [Online]

Figure 8: when is it more advantageous to take a lump sum or not?

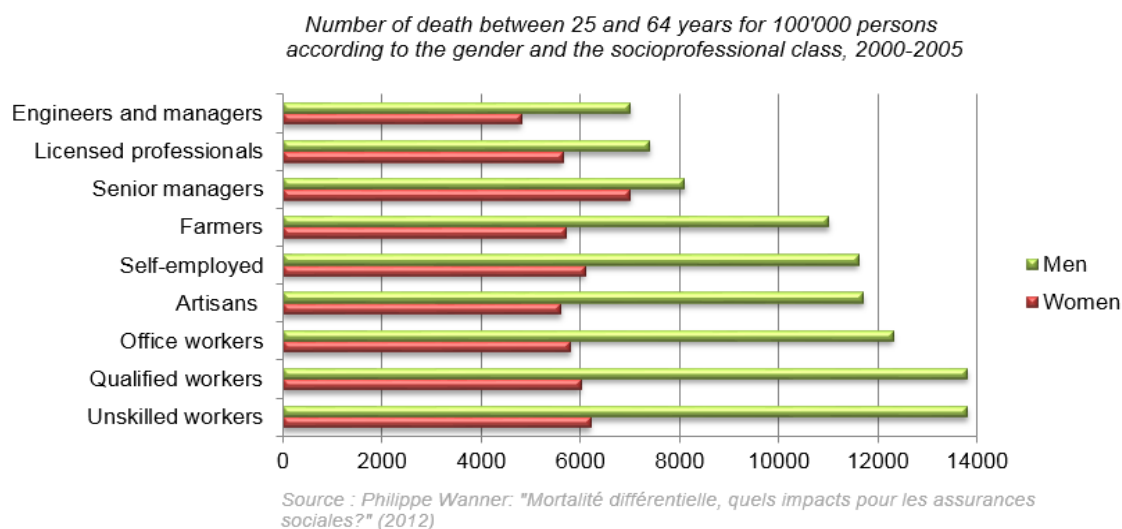


As this reform wants to prohibit the choice to take the mandatory part of the second pillar as a lump sum, but does not impact the extra-mandatory part. It will doubly disadvantage the poor and middle class people. Firstly, the richest would generally have contributed for the extra mandatory part and would still have the choice to withdraw it, while the lower incomes not. And secondly as a study of the Confederation demonstrated; there is a correlation between the level of training and the life expectancy⁴³. This means that even if Switzerland is one of the countries with the highest life expectancy, there is still a significant difference between the socio-professional classes. Indeed, someone with only a mandatory school degree will die in average seven years before than someone with a university degree⁴⁴. There is no studies analysing the life expectancy by revenues, but Phillippe Wanner analysed the correlation between the level of training and the life expectancy. And his study demonstrates that the risk of mortality is much lower for executive managers and engineers than unskilled workers, as the following figure shows it.

⁴³ PHILIPPE WANNER, « mortalité différentielle, quels impacts pour les assurances sociales? » (2012), Santé : statistique de poche, OFS, 2016. [PDF document]

⁴⁴ MIGROS BANK, « Versement en capital rendu plus difficile: les plus défavorisés sont les plus touchés », <https://blog.migrosbank.ch/fr/versement-en-capital-rendu-plus-difficile-les-plus-defavorises-sont-les-plus-touchees/>, Albert STECK, published on the 8. January 2017. [Online]

Figure 9: risk of mortality according to the socio-professional class and gender



Therefore, the educational background and the socio-professional class have a strong impact over the life expectation of the future pensioner⁴⁵. Indeed, the blue-collar workers die more from cardiovascular diseases and cancers (particularly lung cancer) than the white collars⁴⁶(executives). And there is also a larger risk of morbidity as Dr. Idris Guessous (Doctor responsible of the unit of the epidemiology of the population at the hospitals of the University of Geneva) mentioned: "In Geneva, one person over seven renounces to be treated in case of disease due to economic reasons. This number rises up to 28% for the people earning less than CHF 3'000.- per month, and there is a big probability that the other cantons are facing the same situation"⁴⁷. Even if the health of each social group depends on individual behaviours (food habits, sports activities, tobacco...), the lowest social class has in average a worse health than the highest one. Indeed, at the retirement 62% of the people having only a mandatory school degree consider their health as "good" compared to 90% for the ones with a university degree⁴⁸.

⁴⁵ LE FIGARO, « *Les inégalités sociales persistent face à la mort* », <http://www.lefigaro.fr/actualite-france/2011/10/05/01016-20111005ARTFIG00375-les-inegalites-sociales-persistent-face-a-la-mort.php>, published on the 5. October 2011. [Online]

⁴⁶ YANNIC FORNEY, « *Les inégalités devant la mort* », Thèse de doctorat, Université de Genève, 2011. [PDF document]

⁴⁷ BILAN, « *Protectionnisme, repli, vote populiste...Le danger des inégalités* », N°07, P.38, published on the 7. April 2017. April 2017.

⁴⁸ OFFICE FÉDÉRAL DE LA STATISTIQUE (OFS), « *situation sociale* », <https://www.bfs.admin.ch/bfs/fr/home/statistiques/sante/determinants/situation-sociale.html>, consulted the 26. April 2017.

3.2 The impacts of this reform on the provident institutions

By prohibiting the choice of taking a lump sum at the retirement age, the provident institutions will have more risks to bear. When a pensioner chooses annuities, the totality of the longevity and financial risks are under the provident institutions' responsibility. On one hand, it will mean more capital to manage for the provident institutions, and then more return on investments (and management fees). But, on the other hand, there is the risk that they underestimate the life expectancy of their pensioners (longevity risk) which can cost them a lot. Indeed, if the reform passes, it will mean that the provident institutions will have the duty to provide annuities to all the retirees until their death. It will require good estimations concerning the life expectancy and also make good reserve for the future.

3.2.1 More capital to manage

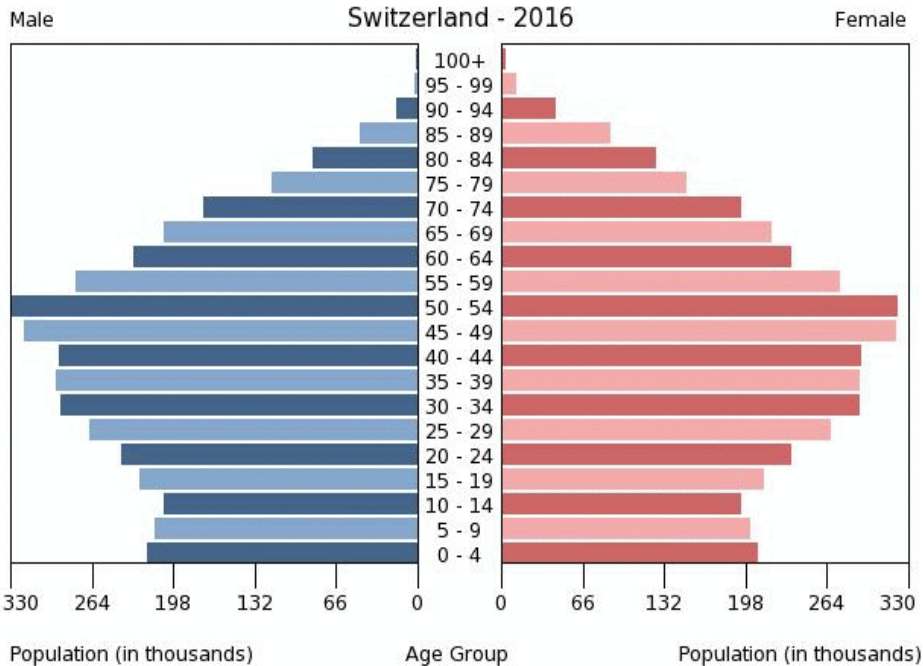
As seen previously, the capital managed by the provident institution is huge, which makes them one of the most important players on the stock market. Their principal source of revenue is from the management fees took from the return on capital. And as 38% of the pensioners in average take the totality of their mandatory part of the capital at the retirement age, if the reform passes it will mean more capital remaining on the pension funds. Also, according to the article 21 of the Swiss pension law (LPP), in case of annuities, at the death of the pensioner; the provident institution will keep the remaining amount not allocated to the widow (survivor's pension) and the dependent children (orphan's pension)⁴⁹. It means that if the deceased was married, the widow will receive 60% of his annuity, and the provident will keep the remaining 40%. And the totality of the capital will be reinvested within the pension fund if the deceased was single and has no dependent children.

⁴⁹ L'ASSEMBLÉE FÉDÉRALE DE LA CONFÉDÉRATION SUISSE, « *Loi fédérale sur la prévoyance professionnelle vieillesse, survivants et invalidité (LPP)* », Article 21, Law of the 25. June 1982 (Status as at 1st January 2017).

3.2.2 More longevity risks

As many developed countries, Switzerland is currently living the inverted population pyramid phenomenon, meaning that start to have more old people than young in the population. This is mainly due the low birth's rate of nowadays (1,52)⁵⁰ compared to the high one (2,4) during the period after World War II (1946-1964). As the following figure shows it, the number of future retirees will keep increasing in the future decades.

Figure 10: the population pyramid of Switzerland by gender (2016)



Source : Index Mundi

According to the Federal office of the statistics, Switzerland is expected to have 50% more retirees within thirty years. It means that one quarter of the citizen will be retired (26,5%) compared to less than one fifth (18%) nowadays⁵¹. This will be challenging for the society as Switzerland is one of the countries with the higher life expectancy at birth

⁵⁰ WORLD BANK, "Fertility rate, total (births per woman)", <http://data.worldbank.org/indicator/SP.DYN.TFRT.IN?>, consulted on the 8 May 2017.

⁵¹ RTS, « Le papy-boom helvétique de demain et d'aujourd'hui en cartes » <https://www.rts.ch/info/suisse/7737100-le-papy-boom-helvetique-de-demain-et-d-aujourd-hui-en-cartes.html>, consulted on the 8 May 2017.

What are the potential impacts of banishing the choice of cashing out the second pillar at the age of retirement in Switzerland?

in the world (83 years)⁵². And due to the medical improvement and the better quality of life, the life expectancy keeps increasing. This phenomenon has a high cost for the provident institutions as they have to provide annuities for a longer time. This is called the longevity risk; which is a function of two unknowns, the first one is how long a person will live and the other is how investment markets will perform over that time⁵³. The calculation of the annuity is based on a fixed conversion rate (6,8%) which is imposed by the Government that takes into account the life expectancy and the economic situation. This rate is founded on numerous hypotheses, such as the life expectancy of the future pensioner, which is particularly complex to estimate as each pensioner has different lifestyle and behaviour concerning his health. If the Government prohibits the right to take the second pillar as a lump sum, it will mean that the provident institutions will have at least two times more pensioners benefiting from annuities per year. This could expose the pension funds and insurance companies to higher-than-expected payout ratios. Their role is to ensure the asset liability management of the second pillar, but they have no power on the conversion rate. If the Government underestimates the life expectancy of the pensioners and provides a too high conversion rate, the provident institutions will lose a lot of money in the long run. In fact, it was estimated that one additional year of annuity paid to a retiree could raise the present value of annuities by 3 to 4%⁵⁴. But if they estimate well the future risks and keep good provisions, this reform could fulfil the pension funds as the pension pot in case of death will be kept partially or entirely by the provident institutions depending on the pensioner situation.

⁵² BANQUE MONDIALE, « *Espérance de vie à la naissance, total (années)* », <http://donnees.banquemondiale.org/pays/suisse?view=chart>, consulted on the 6 May 2017.

⁵³ BRIDGES, « *Managing longevity risk* », http://www.bridges.com.au/pdf_flyers/ed_flyers/retirement/managing_longevity_risk, consulted on the 7 May 2017. [PDF document]

⁵⁴ LE TEMPS, « *le transfert du risque de longévité est en plein essor* », P.19, Christophe Courbage, published on the 28 April 2014.

3.2.3 More financial risks

The financial environment is struggling and the provident institutions have more and more difficulties to respond to the expectations of the Government concerning the second pillar. The welfare of the second pillar does not only depend on the provident institutions quality of work, but especially from the results of the financial market. And currently there is a drastically decreased on the investment yield. For instance, the investment return of a Government's bond (one of the safest investments) had a return of 4,77% in 1985, and now due to the negative interest, it costs 0,3% of its value to the holder (2015).⁵⁵ This makes it difficult for the provident institutions to provide good performances for the future pensioners, as they have to follow some rules dictated by the Government concerning asset and liability management. The diminution of the expected return impacts also the technical interest rate which is dropping constantly since many years. The technical interest rate is the average annual performance's rate expected by the provident institution for the long run. When a provident institution decreases its technical rate it means that they are predicting a diminution of the return on the future investments.⁵⁶ The technical interest rate of the provident institutions should not be higher than the rate of reference determined each year by the Swiss Chamber of the Experts in Pension funds. In 2016, the technical interest rate of reference was fixed at 2,25% compared to 4,50% in 2007 and the forecasts predict a continuous decrease⁵⁷. This will not affect directly the pensioners as their annuities are guaranteed but the return on the capital and benefits of the future retirees will be lower than expected. Indeed, the conversion rate, which is fixed by the Government, depends essentially on the technique interest rate that is used in the calculation of the life expectancy. For a conversion rate of 6,4% the provident institutions are supposed to provide a global yield higher than 4%⁵⁸. But due to the low rate of return seen on the stock market these last years, a part of the funding of the annuities of the current

⁵⁵ HEBDO, « *Retraites: cotisations à la hausse, rentes à la baisse* », <http://www.hebdo.ch/hebdo/cadrages/detail/retraites-cotisations-%C3%A0-la-hausse-rentes-%C3%A0-la-baisse>, published on the 5. November 2015. [Online]

⁵⁶ TRIANON, « *Le taux technique LPP, un acteur incontournable de la prévoyance professionnelle* », <http://www.fondationfct.ch/actus/taux-technique-lpp-acteur-incontournable-prevoyance-professionnelle/>, consulted on the 7 May 2017.

⁵⁷ CSEP, « *DTA 4 Taux d'intérêt technique* », Press released, Status as at 2015. [PDF document]

⁵⁸ CAPT, « *Taux de conversion et taux d'intérêt technique* », <http://www.ptv-kompodium.ch/fr/lpp/taux-de-conversion.html>, consulted on the 20. May 2017.

pensioners is insured by the active's contributions. This put the provident institutions in a complex situation as they have not enough return on capital to provide efficient annuities to their pensioners. This disequilibrium is even more accentuated by the increase in life expectancy, as the change in conversion rate is only applicable to the new beneficiaries. It means that once the annuity is granted it cannot be modified and the pensioners will receive annuities for the rest of his life even if the conversion rate is too high.

If the reform passes, the provident institutions will have to make efficient provisions in view to bear the longevity risks and to face the current economic environment⁵⁹. Also to guarantee annuities for all the pensioners without jeopardising the provident institutions' economic situation, the Government will have to lower the conversion rate. In the long run, this will subsequently revert on the pensioners as they will be obliged to take annuities with a lower conversion rate. Indeed, according to Mr. Kuchen from Axa Winterthur⁶⁰ even if the reform "*Prévoyance vieillesse 2020*" succeed to diminish it from 6,8% to 6%, it will be still too high.

3.2.4 Pushing the provident institutions to transfer those risks further on

If the reform passes, it could push the provident institutions to transfer the financial and longevity risks further on. One solution would be to force the pensioners to take all the extra-mandatory part as a lump sum. As this part of the second pillar is under the provident institutions' regulations, and can still be adapted. Some big private pension funds such as Novartis already do it in view to transfer the longevity risks of the extra-mandatory part⁶¹.

Another option would be to transfer the risks to reinsurers just as the Anglo-Saxons have done. Indeed in 2014, the Britain's insurer *Aviva* transferred the longevity risk of 19'000 of its pensioners to a group of three reinsurers (Swiss Re, Munich Re and SCOR global life). This transaction represented almost £5 billion (premium) and was at

⁵⁹ LE TEMPS, «*La baisse des prestations ne rapporte à personne*», <https://www.letemps.ch/economie/2016/04/24/baisse-prestations-ne-rapporte-personne>, Emmanuel GARESSUS, published on the 24. April 2016. [Online]

⁶⁰ Reference to the appendix 2

⁶¹ CAISSES DE PENSIONS NOVARTIS, « Caisse de pensions Novartis 1 », https://www.pensionskassen-novartis.ch/fileadmin/pkn/Reglemente/F_Reglement_PK1.pdf, Status as at the 1st January 2017. [PDF document]

that time the biggest longevity swap deal of the international market⁶². In a simple manner, this swap deal means that the financial commitments of Aviva are covered by the reinsurers in the case that its retirees live longer than expected (longevity risk). But Aviva stays responsible of the management of its retiree's capital and still has the counterparty risk to bear. If this transaction is not usual, it could become more common in the near future.

The fact to reinsure risks does not cancel them and has a high cost (premium). In Switzerland, the provident institutions rather make good performances to have a margin to cover the future risks than paying premiums in view to reinsure a risk and then having less return. Indeed, the capacity to bear risks can be observed on the coverage rate of the provident institutions. If the coverage rate is lower than 100%, it means that the provident institution has not enough resources to cover the capital of its pensioners (more expenses than revenues). And if even a pension fund is reassured but does not have enough resources, at one point, someone will have to pay for it. For instance, in if a public pension fund gets in deficit, the Government will refill the coffer to not put its own employees in trouble⁶³. This kind of action is paid indirectly by the citizens from the income taxes. But on the other hand, if a provident institution has a higher coverage ratio, due to the good performance of its investment (asset and liability management) it will provide reserves in order to compensate the future risks.

⁶² SWISS RE, « *Swiss Re supports Aviva in the largest longevity transaction with a pension scheme completed to date* » http://www.swissre.com/media/news_releases/nr_20140306_Aviva_pension_scheme.html, consulted on the 9. May 2017.

⁶³ LA TRIBUNE DE GENEVE, « *Comment redresser la barre de la caisse de pension* », <http://www.tdg.ch/geneve/actu-genevoise/redresser-barre-caisse-pension/story/16899892>, consulted the 13. May 2017.

3.3 The impacts of this reform on the Government

The Government wants to protect the pensioners from an early economic dependency from the supplementary benefits. But especially stabilize the costs that it implies for the Federation and the Cantons.

3.3.1 The evolution of the supplementary benefits' expenses

The total expenses of the supplementary benefits amounted up to CHF 4,7 billion in 2015, and the Federation forecasts it to reach CHF 5,5 billion in 2020. Between 1998 and 2014, the total supplementary benefits' expenses have more than doubled (from CHF 2,1 to 4,68 billion)⁶⁴. It represents an average increase of 2,8% per year which is mainly due to the growing rate of the population ageing⁶⁵. The figure 11 represents the evolution of the supplementary benefits since year 2000. The curve starts strongly to rise since 2008 due to the changes of the system (reform of equalisation and repartition of the duties between the Federation and the Cantons). The total revision of the law on the supplementary benefits produced a rise of 13,4% of the PC's total expenses in 2008 compared to 3% the previous year⁶⁶. As the following figure shows, the Cantons are the ones who got the biggest increase in their expenses of PCs since the reform was applied.

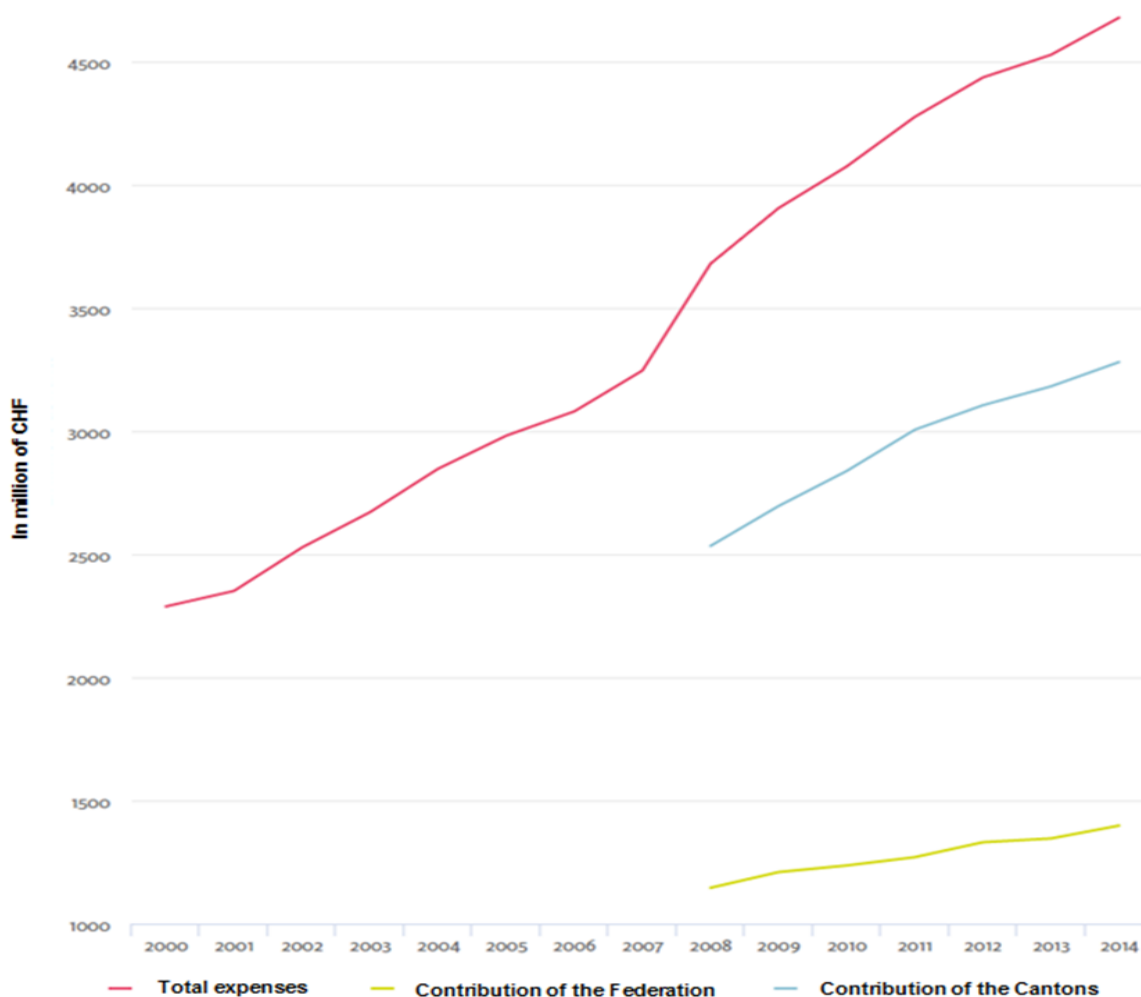
The supplementary benefits are granted for those benefitting of the disability insurance and those from the old-age insurance. The number of beneficiaries of the supplementary benefits from the old-age insurance followed the demographic evolution (+2,2% per year) and stayed stable in quote-part to the number of pensioners (12%) since ten years. While the supplementary benefits granted to the people from the disability insurance increased in average by 8,4% until 2005, and started to stabilize to an average of 2,3% per year since 2006⁶⁷ (due to tougher regulations entered into force).

⁶⁴ LA VIE ECONOMIQUE, « *Prestations complémentaires : beaucoup d'inducteurs et peu d'inhibiteurs de coûts* », <http://dievolkswirtschaft.ch/fr/2016/03/knoepfel-04-2016-franz/>, consulted on the 10 May 2017.

⁶⁵ CONFEDERATION SUISSE, « *Prestations complémentaires à l'AVS/AI: Accroissement des coûts et besoins de réforme* », release of the 20 November 2013. [PDF document]

⁶⁶ CONFEDERATION SUISSE, « *Prestations complémentaires à l'AVS/AI: Accroissement des coûts et besoins de réforme* », release of the 20 November 2013. [PDF document]

Figure 11: evolution of the total supplementary benefits' expenses according to the OFAS (2014)



Source : OFAS, Statistiques des prestations complémentaires à l'AVS et à l'AI (2014) / La Vie économique

Most of the people granted from a disability pension and benefitting from the supplementary benefits are young adults between 20 and 35 years (60-75%)⁶⁸. This phenomenon can be partially explained by the fact that it is hard for young adults without professional qualifications to find a job that covers their vital needs in Switzerland⁶⁹. And this segment is more vulnerable to develop a psychic disability. Then, due to the low wages that they have earned previously to get dependant to the

⁶⁸ HEBDO, "Davantage de personnes tributaires des prestations complémentaires", <http://www.hebdo.ch/news/politique/davantage-de-personnes-tributaires-des-prestations-compl%C3%A9mentaires>, consulted on the 21. May 2017.

⁶⁹ OCED, « Santé mentale et emploi: Suisse », Publication of the OCED, Paris, 2014. [PDF document]

disability pension, the supplementary benefits will have to compensate the pension for covering their vital needs. The number of supplementary benefits allocated to people with psychic disability keeps increasing⁷⁰. And people who get invalid very young are largely beneficiaries of the PCs at the retirement age too. It means that many of the people granted a disability insurance stay at the State's expenses for a long time. Indeed, in 2012, 41,3% of the people that were at the disability insurance, once arrived at the retirement (old-age insurance), were still benefiting from the supplementary benefits⁷¹. As only one pensioner out of ten needs supplementary benefits since the effective retirement age, it shows that the early dependency toward the supplementary benefits is generally perpetuated from people benefiting from a disability pension that shifted to the old-age pension. Indeed, the PCs allocated during the retirement are generally for the pensioners entering into nursing home and who do not have enough resources to finance it.

3.3.2 The financial impacts of this reform

In 2014, almost 60% of the total expenses of the PCs were allocated for the pensioners who had to be taken in charge by a nursing home (CHF 2,6 billion)⁷². If a pensioner arrives in a nursing home without second pillar or other revenue (3rd pillar, personal fortune, etc.), it will cost more to the supplementary benefits from the Canton than someone with a full pension of the first and second pillar (see figure 12). By estimating the monthly cost of the nursing home at CHF 5'500.-⁷³, the supplementary benefits required will be CHF 1'420.- instead of CHF 3'150.- (if the pensioner did not have the support of his second pillar). The following figure provides a visual support of the proportion of the supplementary benefits (State's help) that will be required if a pensioner enters in a nursing home and does not have enough resources to cover his costs.

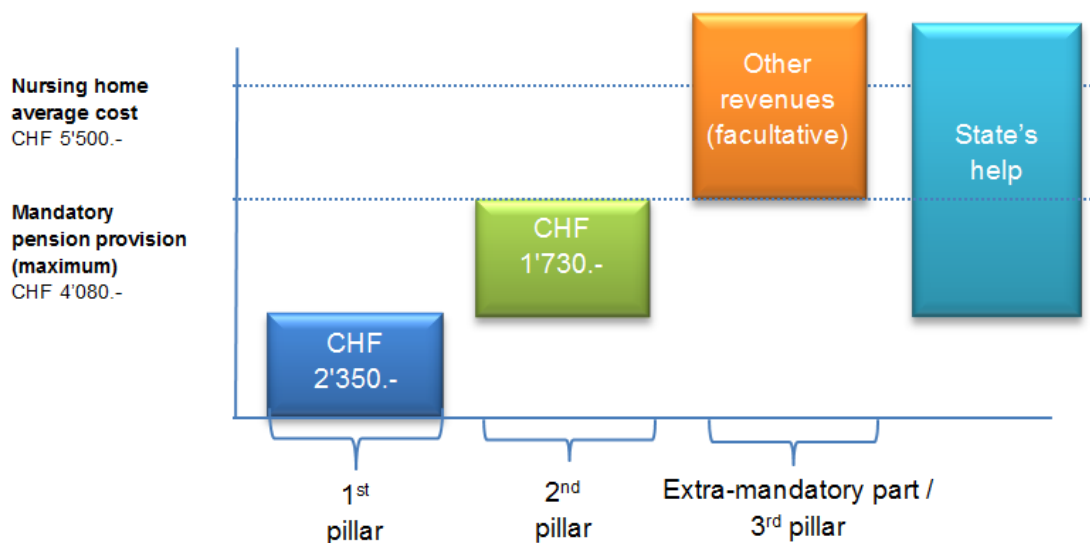
⁷⁰ LA VIE ECONOMIQUE, « Prestations complémentaires : beaucoup d'inducteurs et peu d'inhibiteurs de coûts », <http://dievolkswirtschaft.ch/fr/2016/03/knoepfel-04-2016-franz/>, consulted on the 10 May 2017.

⁷¹ SITE OFFICIEL DE LA CONFEDERATION SUISSE, « Prestations complémentaires à l'AVS/AI: Accroissement des coûts et besoins de réforme », release of the 20 November 2013. [PDF document]

⁷² LA VIE ÉCONOMIQUE, « Prestations complémentaires et retraits de capitaux du IIe pilier », <http://dievolkswirtschaft.ch/fr/2016/03/portmann-04-2016-franz/>, Urs Portman, published on the 23. March 2016 [Online]

⁷³ Estimations according to the *Retraites Populaires*

Figure 12: Insufficient economic foresight in case of nursing home's dependency



Pensions calculated in accordance to the maximum benefits of the first and second pillars (mandatory part) at the age of 65.

Sources: author & Retraites populaires

By prohibiting the choice of taking a lump sum at the retirement age, it is estimated to diminish the total expense of the PCs by CHF 171 million until 2022 (-3,55%)⁷⁴. Due to the fact that the proportion needed of supplementary benefits will be lower if the second pillar is converted into annuities. By annuitizing, it will provide higher financial resources to the pensioner if he has to go in a nursing home. Then the Federal council forecasts that the Federation will save CHF 51 million and the Cantons CHF 120 million⁷⁵.

Another advantage that could be taken into account but that is not mentioned by the Federal Council. It is that; if the second pillar can be only taken in annuities, it will provide more fiscal revenues for the Government. As a matter of fact, each capital took

⁷⁴ SITE OFFICIEL DE LA CONFÉDÉRATION SUISSE, «La réforme des prestations complémentaires assure le maintien des prestations», <https://www.admin.ch/gov/fr/accueil/documentation/communiqués.msg-id-59653.html>, published on the 25. November 2015. [PDF document]

⁷⁵ SITE OFFICIEL DE LA CONFÉDÉRATION SUISSE, «La réforme des prestations complémentaires assure le maintien des prestations», <https://www.admin.ch/gov/fr/accueil/documentation/communiqués.msg-id-59653.html>, published on the 25. November 2015. [PDF document]

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into a lump sum is considered as a fortune, which is liable to wealth tax and is taxed separately from the income at reduced rate. While the annuities are considered at 100% as revenue, which means that the retiree will have to pay taxes on it for the rest of his life⁷⁶.

3.3.3 Counterproductive effect

Within the reform “*Prévoyance vieillesse 2020*”, the Federal Council wants to extend the right to buyout the contributions of the second pillar until the effective retirement age. This is actually only possible until three years before the retirement age⁷⁷. The buyouts are voluntary payments from the future retiree in view to compensate the contributions missed during his career life (unemployment, emigration, lower wage, etc.). In addition to the fiscal advantages (deductible from the income tax), these buyouts will increase the mandatory part of his second pillar which will make more yield on investment and provide better benefits once retired⁷⁸.

In general, the ones that buy their contributions out are people that can afford it (high revenues). They do it mainly for fiscal reasons, as they know that they will recover their capital at the retirement age and will invest it for more revenue later on. But if they have to convert their pension pot in annuities, it will be less attractive for them to make buyouts. They will rather invest their money in banking products rather than for their retirement provision⁷⁹. This means also less money for the provident institutions and more risks for the future pensioners as the investment on banking products are riskier.

⁷⁶ SWISSLIFE, “*information sheet: pension or lump sum?*”, information sheet, Status as at July 2010. [PDF document]

⁷⁷ SITE OFFICIEL DE LA CONFÉDÉRATION SUISSE, « *Message concernant la réforme de la prévoyance vieillesse 2020* », <https://www.admin.ch/opc/fr/federal-gazette/2015/1.pdf>, N°14.088, statut as at November 2014. [PDF document]

⁷⁸ BILAN, « *Racheter son 2e pilier reste avantageux* », <http://www.bilan.ch/argent-finances-plus-de-redaction/racheter-2e-pilier-reste-avantageux>, consulted on the 20. May 2017.

⁷⁹ Reference to the appendix 5

3.4 Contrast with the United Kingdom's reform

The United Kingdom (UK) pension scheme is kind of similar to the Swiss one, as it is also based on a “pay-as-you-go” system, an occupational pension scheme and an individual pillar. Within the occupational pension scheme there is two different way of contributing. The first one is the defined benefits plan, which defines the future benefits of the worker once he will arrive at the retirement. The pension pot is calculated according to a formula that takes into accounts the number of years of service and the employee's salary (e.g. average of the highest three years of earnings). The pension pot is then provided at the age designated by the plan and it is generally converted into annuities. The second option is the defined contribution plan, which is based on contributions defined as a percentage of the employee's salary or by a specific amount per month. The contributed amount is then invested by the provident institutions and provides yield on the investment which increases the pension pot. The amount that the employee will perceive at his retirement depends then on how much he and his employer contributed, and how the investments performed⁸⁰. The fact to be affected to one or another depends on the employer choice and the provident institution's regulations. But more and more the provident institutions are replacing the defined benefit plans toward the defined contribution plans, due to the high expenses and the long-term obligation associated to the first plan.

Since the 6th April 2015, the UK's Government implemented a new reform and now the future pensioners with a defined contribution plan have the choice to cash out their pension pot⁸¹. This reform is considered by the chancellor George Osborne as the biggest change of the UK's pension scheme of the last hundred years and will affect around 13 million of future pensioners⁸². Previously it was mandatory to convert the capital into annuities. But now the pensioner affiliated to a contribution plan has the choice to withdrawal their capital since the age of fifty-five and the first 25% of their

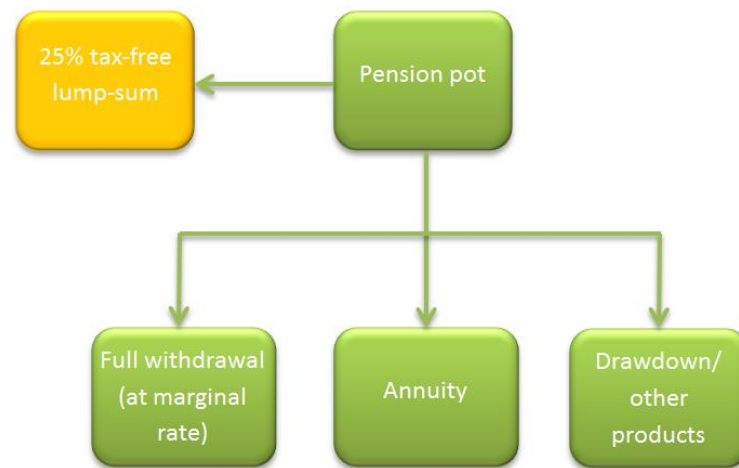
⁸⁰ MY RETIREMENT PAYCHECK, “*Defined Benefit Plans versus Defined Contribution Plans*”, <http://www.myretirementpaycheck.org/retirement-plans/defined-benefit-plans.aspx#sthash.CekRloXv.dpuf>, consulted on the 14. May 2017.

⁸¹ GOV.UK, « *Pension changes 2015* », <https://www.gov.uk/government/news/pension-changes-2015>, consulted on the 4. April 2017.

⁸² INDEPENDENT, “*Budget 2014: George Osborne unveils major pensions and savings shake-up*”, <http://www.independent.co.uk/news/uk/politics/budget-2014-george-osborne-unveils-major-pensions-and-savings-shake-up-9202593.html>, consulted on the 22. May 2017.

pension pot is a tax-free lump sum⁸³. This is an incentive for the pensioner to take at least a part of it and also to push them to save more for their retirement. Under these new rules, regardless of the size of the defined contribution pension pot, everyone is able to choose any of the options offered in the following figure.

Figure 13: the different choices of a pensioner with a defined contribution plan under the new rules



Source: author & this is monkey news

In the case of a withdrawal of the full pension pot, the pensioner will have to pay an income tax at the highest tax rate for the remaining 75% of the capital. In the case that the pensioner does not want to buy an annuity⁸⁴ or taking the risk to spend all his savings, he can transfer his pension pot to a drawdown scheme⁸⁵. A drawdown allows more flexibility concerning the withdrawal of the capital and the investment management. It is a personal pension fund where the pensioner chooses his different Pension Choices Plan (nine existing)⁸⁶. This means that he can still make return on his capital (this is not possible with the annuity's choice) and take an unlimited amount of incomes or a lump sum until the plan is empty. The retirement's income can vary

⁸³ HLTV, "New pension rules explained: taking your pension as a lump sum and other freedoms", https://www.youtube.com/watch?v=btOSUSI_Kol, Hargreaves LANSDOWN, video posted on the 3. October 2014. [Online]

⁸⁴ The conversion rate in UK is dictated by the provident institution depending on each individual's situation (life expectancy, marital status etc.)

⁸⁵ WHICH?, "What is an annuity?", <http://www.which.co.uk/money/pensions-and-retirement/options-for-cashing-in-your-pensions/guides/annuities/what-is-an-annuity>, consulted on the 20. May 2017.

⁸⁶ PRUDENTIAL, "Keys facts about the Pension Choices Plan", Press released, Status as at May 2017. [PDF document]

depending on the fund's performances and is not guaranteed for life. By taking the choice of drawdown, the pensioner keeps the choice to convert his capital into annuities until his 99th birthday, which is not possible if he chooses to take a lump sum⁸⁷. The UK's Government also introduced for all the pension holders the access to a free impartial guidance through organisations such as the Pensions Advisory Service⁸⁸. Another novelty is that the death tax was totally abolished for people dying before 75 years; it means that the spouse/partner will receive the pension pot as a lump sum without tax. And also the death tax of a pensioner that dies older than 75 years is at 45%, while previously the value of the fund was taxed at 55%.

By implementing those changes, the UK's Government is trying to encourage the people with a defined benefit plan to pass to a defined contribution one. And also it is an incentive for future pensioners to invest more on their retirement plan, as they will be able to withdrawal it at 25% tax-free. At the age of fifty-five, all the future pensioners are able to get a free guidance and information about their pension choices in view to help them to make the good choice. It is even required by the legislation to take financial advices in case of transferring out from a defined benefit scheme or if the future pensioner has a pension with safeguarded benefit higher than £30'000⁸⁹. The Government is promoting financial freedom for its future pensioners and in another hand discharging partially the provident institutions from the longevity risks.

⁸⁷ MONEY ADVICE SERVICE, "*What is income drawdown?*" <https://www.moneyadvice.service.org.uk/en/articles/income-drawdown>, consulted on the 15. May 2017.

⁸⁸ SAGA, "*The new pension rules explained*", <https://www.saga.co.uk/magazine/money/retirement/pensions/the-new-pension-rules-explained>, consulted on the 15. May 2017.

⁸⁹ PRUDENTIAL, "*Single Cash Lump Sum*", <https://www.pru.co.uk/pensions-retirement/planning/retirement-products/cash-lump-sum/>, consulted on the 15. May 2017.

4. Discussion

By implementing this reform, the Federal council wants to prevent an early dependency of the pensioners toward the supplementary benefits. Indeed, there is already one pensioner out of ten (10%) who needs supplementary benefits since the effective retirement age (64/65 years old). But actually the ratio of the retirees in need of the supplementary benefits has stayed stable at 12% since more than ten years. There is a higher probability that someone from the disability insurance perceives supplementary benefits at the retirement age than a retiree withdrawing his capital. As a matter of fact, in 2014, within the 19'400 people perceiving supplementary benefits; only 16,7% were pensioners that perceived their second pillar in a lump sum at the retirement age. Furthermore, there is no data concerning the amount took, neither at which moment of the pensioner's life the PCs were allocated. But as this study shows, the number of retirees who need supplementary benefits starts to increase at the age of 80 (12,8% of the retirees) and goes up to 25% for the pensioners older than 90 years old. Due to the higher probability to enter in nursing homes (50% of the pensioners living in a nursing home are receiving PCs). As seen, 41,3% of the people benefiting from disability insurance once arrived at the retirement age, were still receiving supplementary benefits from old-age insurance. This proves that the ones beneficiating from a disability pension will be for a longer time under the State's dependency than someone that took a lump sum.

This study also shows that the ones with the highest rate of supplementary benefit's dependency are the women. This can be partially explained by the fact that they are living in average longer than the men. But the main reason for this higher rate of dependency toward the State's help is due to the fact that they are contributing less. Indeed, if the Government would like to diminish the dependency toward the supplementary benefits, there is improvement to make on the pension scheme since the early stage of contributions. The gap is created way earlier than when the second pillar is withdrawn or not. Indeed, the wage inequality and the lack of flexibility of the system for the women workers impact strongly their retirement's benefits. As a matter of fact, for the same job a woman earns in average 20% less than her opposite gender and 59% of the women are working at part-time compared to only 16% of the men. As the children get enrolled late in primary school (at 4 or 5 years old compared to 2 years

old in France⁹⁰) and that the kindergartens are a substantial cost and usually full (one year on the waiting list), most of the women have to sacrifice their careers or lowering their activity rate in view to take care of their children. Not surprising that the average annuity received for a man is at CHF 3'278.- per month, compared to CHF 1'839.- for a woman. This difference has repercussions on the supplementary benefits expenses as there are more women living in nursing homes than men and that they live longer. As seen, a pensioner entering in nursing home and requiring supplementary benefits costs in average CHF 3'200.- to the Canton. This is three times more for the Government than if he was living at home. And as the women live on average longer than the men it represents a substantial budget for the Government. Indeed, the cost of the nursing homes represents 60% of the total costs of the supplementary benefits' expenses (CHF 2,6 billion). The Government has strong interest to improve the system in an equalitarian way (more flexibility, paternal leaves, etc.) and also to make incentives so that the pensioners stay as long as possible at home. As the families get narrowed and that the geographical proximity is limited, it is getting difficult for the seniors to be helped by their relatives. The Government should coordinate and develop a good social assistance system for the older people (home cares service, etc.).

Most of the people requiring supplementary benefits are independents that overlooked the occupational pension scheme, the part-time workers and the one passing from the disability pension to the old-age one. But the politicians and Medias endorse the fact that some pensioners after having squandered all their lump sum found themselves in the necessity of supplementary benefits. No statistics were demonstrated that there is a link of causality and if it was the case. And it is obviously that it is only a minority of people that profited from the system. As explained in the analysis, the grant of supplementary benefits it is only for people in strict necessity. And if a lump sum was squandered toward something else rather than a provident scheme; the pensioner will lose his right to access to the supplementary benefits from the Canton. All the resources of the pensioners have to be used as provident purpose and only if his resources are not enough (and on various conditions), the State will allocate the supplementary benefits. For example, if a pensioner has a house, it will be considered as a fortune and until a certain amount the State will not allocate him supplementary benefits. Asking for a financial help is clearly not a choice and can be considered as

⁹⁰ MINISTERE DE L'EDUCATION NATIONALE, « *L'école maternelle en pratique* », <http://www.education.gouv.fr/cid161/l-inscription-a-l-ecole-maternelle.html>, consulted on the 21. May 2017.

degrading from some people. Indeed, according to the *Bilan*, between 6 and 36% of the pensioners in need do not even request the supplementary benefits⁹¹. It will mean that if this reform passes, all the pensioners will be restricted on their financial freedom, while there is no causality proved between the withdrawing the second pillar at the retirement age and the fact to need supplementary benefits. Furthermore, it will penalize the people with a low life expectancy and in the low-to-medium socio-professional class as they could not even let this capital in inheritance to the heirs.

Except from the economic impacts that it will have for the Government (-3,55% of the expenses within 5 years) there are mostly negative signals. Even the provident institutions, that could make money out of it by succeeding to predict correctly the life expectancy of their pensioners, are against this reform. Indeed, the provident institutions do not want to bear more risks⁹², and according to Pascal Kuchen (appendix 2) this reform will be one step back for the core Swiss' concept of flexibility and agility. The Swiss association of the provident institutions (ASIP), in addition to the economic associations such as Swiss employers' union, Economiesuisse, and the union of Arts and professions, are also completely opposed to this reform and will surely lobby against it⁹³. Furthermore, it could push the future pensioners to leave the country as they can still obtain their pension pot as a lump sum if they leave definitively Switzerland⁹⁴. In 2013, already 141'081 pensioners older than 65 years old were living abroad. As some countries are exonerated from income tax for ten years, that makes it even more attractive for the Swiss pensioners⁹⁵.

According to Barry Lopez, assistant of Isabelle Moret (National councillor from the PLR)⁹⁶, the second pillar is under the individual responsibility of the pensioners; and this reform will penalize all the pensioners because of a minority who seems to profit from the system (fact not even proved). The right-wing parties such as the Party Liberal Radical (PLR) and the Democratic Union of the Center (UDC) are opposed to this reform, while the left-wings (socialist) are more willing to let it pass though, as they

⁹¹ BILAN, Protectionnisme, repli, vote populiste...Le danger des inégalités, « Retraites : le système aggrave disparités », N°07, P.38, released on the 7. April 2017.

⁹² Reference to the appendices 1,2,3,5

⁹³ BILAN, « 2ème pilier: menace sur le retrait en capital », Jean-Philippe BUCHS, published on the 19. September 2016. [Online]

⁹⁴ Except for a country part of the Europe Union or from the AELE (Iceland, Liechtenstein and Norway)

⁹⁵ LE TEMPS, « Les papy-boomers, génération sans partage », <https://www.letemps.ch/societe/2016/07/05/papyboomers-generation-partage>, consulted on the 8 May 2017.

⁹⁶ Reference to appendix 4

believe that the Government should protect its pensioners and ensuring that they have revenues during their retirement.

One solution suggested by Pascal Kuchen, for avoiding the loss of the second pillar's capital, was to advise people when they retire. As seen on the model of the United Kingdom's reform, the British Government put in place Pensions Advisory Services. That allows the pensioners to have a free and impartial guidance about the risks of taking a lump sum and how to manage it. Furthermore, the advisors will impartially help the future pensioner to identify which choice suit better his situation. In Switzerland, there is no guidance concerning the choice of taking a lump sum or not, as it is not mandatory and not legally the job of the provident institutions to advise the pensioners.

5. Conclusion

This reform does not have positive signals from the provident institutions that did not want to find themselves bearing all the longevity and economical risks. Furthermore, there is no causality proved between the fact to take a lump sum and the need of supplementary benefits later on. To prohibit the right to take the mandatory part of the second pillar as a lump sum will not really affect the supplementary benefits dependency. The people requiring supplementary benefits at the retirement age are mostly already dependents of it from the disability pension (42%). And most of the people that need it don't even have a second pillar (29% of the pensioners only perceive the first pillar). The fact to banish this right will only have a small economic impact on the total supplementary benefits' expenses (-3.55% within 5 years).

The Government should not forget that the second pillar belongs to the pensioner that has contributed (with his employers) all his career life for this pension pot. And the right of taking a lump sum should be only prohibited for relevant reasons. If this reform passes, it will penalize all the pensioners for an argument that was not even proved by the Federal Council. To diminishing effectively the economic dependency of the retirees, the Government should fight against the wage inequalities and embracing a more flexible working environment that encourages the women to work to a higher participation rate. Indeed, they are the one most affected by the poverty once arrived at the retirement and they are also the ones living longer. This has a heavy cost for the Government as they are the most depending on the supplementary benefits.

In my point of view, it is part of the Government's duty to bear the risk of a financial dependency from the pensioners. Indeed, since the implementation of the first pillar (in 1948) it is a constitutional duty to cover the vital needs of the population insured at the old-age and disability insurance. It may have some abuses concerning the fact that people who took a lump sum and squandered it all, but in my opinion, if it was really an argument the Federal Council would have disposed of statistics to prove it. This is not the case, and even if it would have been proved, it is not a sufficient reason for prohibiting a right to all the pensioners. There is a sort of paternalism's side that the Government should keep. On the other hand, the Swiss Government should take in example the British Government that proposes free guidance from an impartial organization to advise correctly its future pensioners. And it could even do better and improve the awareness of the pension scheme and the importance to contribute among

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the younger population. Indeed, during my research I have noticed that most of the population only starts to think about their retirement few years before they will get retired. And it is usually already too late to rectify the situation in the case of insufficient contingencies. This is why I think that the young population should be more aware of what they are contributing for and how they could ameliorate their future pension pot (employers' benefits, regulation of the pension funds, buyouts, etc.). This could avoid bad surprises once arrived at the retirement age and maybe prevents the necessity of supplementary benefits.

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Appendix 1: interview with Dominique Sperisen (Axa Winthertur)

Interview concernant les caisses de pension avec :

Monsieur **Dominique Sperisen**

Fonction : Coach/développement et formation
et de soutien pour les demandes du domaine LPP

Chez Axa Assurances, Lausanne.

Date : 12.12.2016, 8h30-10h

Par Sarah Zimmermann

Dans le cadre de la réforme des prestations complémentaires, le Conseil Fédéral a proposé de modifier l'article 37 (alinéa 2 et 4) de la loi sur la prévoyance professionnelle.

Projet qui vise à interdire le retrait du capital obligatoire du 2^{ème} pilier à l'âge de la retraite.

1. Que pensez-vous de donner le choix entre une rente et le retrait en capital du deuxième pilier ?

Je suis pour. Etant donné que c'est l'argent de chacun et qu'on devrait pouvoir choisir ce que l'on veut faire avec.

2. Comment cela vous affecterait-il (au niveau des assurances) si le choix n'était plus une option ? (Pour / contre)

Par année c'est des millions qui partent en capital, du coup ça permettra aux assurances et fonds de pension d'avoir plus de liquidité à investir. Ça permettra aussi d'avoir moins de gens dépendant des prestations complémentaires et ça forcera les gens à mettre de côté pour laisser de l'argent à leurs enfants.

3. Et personnellement? (réf. Question 2)

Étant donné que je pars en retraite anticipée cette année et que je vais me mettre à mon compte, je passe entre les gouttes. Car ils pensent aussi à interdire de pouvoir prendre sa LPP pour démarrer une activité lucrative indépendante.

What are the potential impacts of banishing the choice of cashing out the second pillar at the age of retirement in Switzerland?

4. Comment fonctionne le système sur les taxations des rentes (il y a-t-il une grosse différence si on prend la rente par mois ou d'un seul coup en somme forfaitaire) ?

Les rentes sont taxées comme des revenus et donc imposables par les impôts (c'est comme si on travaillait). Et le capital s'il est pris directement ; est taxé comme une fortune (impôts sur la fortune).

5. Comment les plans de retraite à cotisation ou à prestation déterminées sont-ils utilisés ? Dans quels cas ? Et quels sont les avantages/désavantages de chacun d'eux?

Le plan de retraite à cotisation est comme une voiture dans le désert on y met de l'essence, mais on ne sait pas exactement ce qui nous attend à la retraite. Alors que les prestations déterminées, on sait la destination, mais on ne sait pas le montant d'essence qu'il va falloir mettre.

6. Explication de la gestion des fonds du 2^{ème} pilier ? Comment sont investis les fonds de pension ? restrictions, objectifs, etc.

Tableau explicatif.

Appendix 2: interview with Pascal Kuchen (Axa Winterthur)

Interview concernant la modification de la loi sur la prévoyance professionnelle avec :

Monsieur **Pascal Kuchen**

Domaine caisses de pension

Fonction : Responsable Suisse Romande et marché autonome pour la Suisse

Chez Axa Assurances, Lausanne.

Date : 16.01.2017 à 15h-16h30

Par Sarah Zimmermann

Dans le cadre de la réforme des prestations complémentaires, le Conseil Fédéral a proposé de modifier l'article 37 (alinéa 2 et 4) de la loi sur la prévoyance professionnelle.

Projet qui vise à interdire le retrait du capital obligatoire du 2^{ème} pilier à l'âge de la retraite.

1. Que pensez-vous de laisser le choix entre une rente et un capital?

Positif, car il est juste pour un assuré de lui permettre de disposer de la forme de prestations souhaitée selon son budget. En revanche, il n'est pas acceptable qu'un assuré dépense le capital, puis fasse une demande de prestations complémentaires par la suite, faute de n'avoir pu gérer son budget correctement.

Dans l'environnement économique et démographique actuel, l'intérêt des caisses de pension est cependant de verser aux assurés le capital de retraite.

2. À partir de quel montant le deuxième pilier est-il considéré comme surobligatoire ? Et donc plus atteint par cette modification.

Salaire annuel supérieur à CHF 84'600.00 sans déduction de coordination et échelle de bonification supérieure à 7 / 10 /15 et 18%

3. Comment cela vous affecterait-il (au niveau des assurances) si le choix n'était plus une option ? (en chiffre)

Problème de longévité et financement de la rente (rente de vieillesse + rente expectative de conjoint). Cela constitue un véritable défi pour les caisses de pension qui doivent constituer des réserves pour le financement de la rente alors que les taux d'intérêt sont actuellement au plus bas. Et le taux de conversion est toujours trop élevé

What are the potential impacts of banishing the choice of cashing out the second pillar at the age of retirement in Switzerland?

comparé à la performance des caisses de pension. Même si celui-ci descend à 6% avec la réforme prévoyance 2020, il y a toujours un trop grand écart. Ça devrait être les caisses de pensions qui dictent les taux afin de pouvoir répondre aux attentes futures.

4. Parmi les personnes qui retirent leur capital obligatoire, à quel pourcentage est-il retiré ? (Totalité, partiellement...)

Totalité majoritairement (85%). Une faible proportion retire le capital sous forme partielle (15%). Une des raisons est le rachat d'années de contributions. Les rachats ne peuvent pas être versés sous forme de capital s'ils sont effectués 3 ans avant l'âge terme.

5. Il y'a-t-il un profil « type » de personnes prenant leur capital obligatoire entièrement ? (Par exemple : femme au foyer n'ayant pas beaucoup cotisé, étranger arrivé tard en suisse...)

Les personnes concernées sont les assurés qui partent à l'étranger, ou si le capital de retraite est faible (<100'000.-) ou élevé (> 1 mio), ou encore les hommes célibataires ou invalides à faible espérance de vie.

6. Combien de vos retraités choisissent l'option de capital, rente, ou mix ?

Selon nos dernières statistiques, 55% des assurés choisissent la rente, et 45% le capital de retraite ou capital de retraite partiel.

7. Comment fonctionne le système de taxations sur les rentes (il y a-t-il une grosse différence si on choisit de prendre une rente ou un capital) ?

Avantage fiscal avec le capital qui est imposé à un taux préférentiel. Les rentes sont taxées comme un revenu. La taxation varie d'un canton à un autre.

8. Pensez-vous qu'il y ait beaucoup de chance que cet amendement passe ?

Oui, mais cela ne suffira selon nous pas à résoudre le problème, car les rentes obligatoires sont basses. De plus, les caisses de pensions devront constituer des provisions supplémentaires pour financer ces rentes de vieillesse.

Appendix 3: interview with Yves-Marie Hostettler (ASIP & Retraites Populaires)

Interview concernant la modification de la loi sur la prévoyance professionnelle avec :

Monsieur Yves-Marie Hostettler

Fonction : Sous-directeur des Retraites Populaires

et représentant ASIP pour la Suisse Romande

ym.hostettler@retraitespopulaires.ch

Date : 16.02.2017, 8h30-10h

Par Sarah Zimmermann

Dans le cadre de la réforme des prestations complémentaires, le Conseil Fédéral a proposé de modifier l'article 37 (alinéa 2 et 4) de la loi sur la prévoyance professionnelle.

Projet qui vise à interdire le retrait du capital obligatoire du 2^{ème} pilier à l'âge de la retraite.

1. Que pensez-vous de laisser le choix entre une rente et un capital?

L'association Suisse des caisses de pension (ASIP) a pris position lors de la consultation et dans les deux cas proposés, est contre.

(Référence aux deux options proposées, soit donné le droit au maximum à 50% ou enlever le droit de retirer son capital entièrement).

Personnellement, je ne pense pas qu'une mesure comme celle-ci touchera beaucoup de gens, et ne fera pas économiser beaucoup aux prestations complémentaires. (102 millions d'ici 2030, d'après le communiqué sur les conséquences financières, P.P.72-75). Et cela va contre-choquer avec la réforme « prévoyance 2020 » étant donné qu'ils veulent promouvoir le rachat des années non cotisées (partie obligatoire), les personnes seront septiques concernant ce choix (contreproductif).

2. Comment cela vous affecterait-il (au niveau des institutions de prévoyance) si le choix n'était plus une option ?

-Signe négatif pour la prévoyance professionnelle, car pas fondée sur des abus démontrés. À savoir que ce n'est pas une tendance générale d'avoir recours aux prestations complémentaires après avoir pris son capital LPP.

-C'est une mise sous tutelle pour les retraités

3. Combien d'assurés avez-vous à votre actif?

ASIP est un organe faitier de ~960 caisses de pension, ce qui représente ~2/3 des assurés en Suisse et CHF 450 milliards (1/2 de la fortune des 2^{èmes} piliers, estimée à 950 milliards)

4. Parmi les personnes qui retirent leur capital obligatoire, à quel pourcentage est-il retiré en général? (Totalité, partiellement...)

Moyenne Suisse d'après BFS : CHF 168'165.- par personne en Suisse.
Il y a de la fluctuation, mais pas de tendance.

5. Y a-t-il un profil « type » de personnes prenant leur capital obligatoire entièrement? (Par exemple : femme au foyer n'ayant pas beaucoup cotisé, étranger arrivé tard en suisse...)

Aucune statistique de ce genre n'a été faite, mais plus le capital est grand plus les gens prennent une partie mixte (rente et capital) parce que le reste qui suit leur suffit comme rente.

Aussi on peut voir une tendance pour les petits capitaux qui prennent généralement tout ou rien. Il est important de bien distinguer ceux qui choisissent de rester en Suisse ou de partir vivre en dehors de la zone EU. Pour les comptes de libre passage, il n'y a pas la possibilité de prendre en rente. Par exemple dans les caisses de pension dans le bâtiment, beaucoup de gens partent avant la retraite.

La restitution du capital obligatoire n'est pas cohérente pour les institutions, car suivant les cas il n'est pas versé de la même manière, par exemple :

-Dans le cadre d'un divorce, la loi sur la prévoyance professionnelle oblige que le capital soit pris en rente.

-Et Prévoyance 2020 voudrait qu'une personne licenciée à partir de 58 ans puisse rester dans sa caisse de pension afin de pouvoir toucher une rente (sinon c'est placé sur un compte de libre passage et ils ont l'obligation de toucher le deuxième pilier en capital).

6. Au niveau du nombre de retraits de capital en Suisse avez-vous des chiffres plus récents que 2013 ? (À savoir : pour un total de CHF 32,5 milliards de prestations vieillesse, CHF 5,8 milliards retirés en capital avec un montant moyen de CHF 168'000).

Non, cette question est posée par l'office des statistiques seulement une fois tous les 5 ans.

Mais pour institutions privées : ~45'000.- (partie obligatoire) contre ~55'000.- (partie surobligatoire) ratio : 44,5% vs 55,5%

95% des caisses en Suisse sont sans garantie étatique (garantie de l'État).

Seulement 38 des institutions ont une garantie d'État.

7. Pensez-vous que cette réforme va passer ? Pourquoi ?

Il y a une certaine logique que cela passe, ce que l'on cotise devrait devenir une rente pour pouvoir assumer le reste de notre vie.

Pour l'aspect politique, c'est négatif (mauvaises raisons), car l'idée du conseil fédéral est d'interdire de pouvoir acquérir un logement (projet 16.065) avec l'adaptation des montants de loyers pour les prestations complémentaires.

Cette réforme sera peut-être traitée lors de la session de juin (29 mai 2017), si l'objet passe, la Commission doit finir son travail avant fin avril (récolter les avis des députés, etc.). Pour le moment le projet a été transmis au Conseil d'État et c'est la Commission qui s'occupe maintenant du dossier. L'ASIP va faire du lobbying pour que ça sorte.

L'office Fédéral a dit qu'il a fait des analyses, mais ne les a jamais publiées (si les résultats étaient en leur faveur, ils les auraient publiés).

8. Est-il récurrent qu'un retraité ayant touché son capital LPP demande des prestations complémentaires?

Pas d'information, voir le message de la fédération.

Appendix 4: interview with Barry Lopez (Parti Libéral-Radical)

Monsieur **Barry Lopez**

Assistant parlementaire d'Isabelle Moret

(Conseillère Nationale Suisse, parti libéral-radical –PLR)

Date : 21.04.2017, 9h30-10h30

Par Sarah Zimmermann

Dans le cadre de la réforme des prestations complémentaires, le Conseil Fédéral a proposé de modifier l'article 37 (alinéa 2 et 4) de la loi sur la prévoyance professionnelle.

Projet qui vise à interdire le retrait du capital obligatoire du 2^{ème} pilier à l'âge de la retraite.

1. Où en est la réforme? Dans combien de temps devrait-elle passer ?

Ça dépendra si le Conseil des États et le Conseil National se mettent d'accord ou pas, et comment les Commissions avancent sur le projet. Cela peut prendre entre 6 mois et deux ans, comme cela peut tomber à l'eau s'ils ne trouvent pas de compromis.

2. Comment le fait d'interdire le choix prendre son capital obligatoire bénéficiera à l'État ?

Pour :

- Que les retraités ne se retrouvent pas sans argent à 70 ans et doivent dépendre de l'État prématurément.
- Économie de millions voir milliards (je n'ai pas les chiffres)
- Pas dit dans la réforme, mais cela permettra de récolter plus d'impôts étant donné que les retraits en capitaux ne sont taxés que comme fortune au départ. Pas comme les rentes qui sont taxées comme revenus à vie.

What are the potential impacts of banishing the choice of cashing out the second pillar at the age of retirement in Switzerland?

Contre :

- C'est un risque que l'Etat devrait garder et laisser la liberté individuelle (rôle de l'Etat).
- Risque après que le risque soit transvasé aux assurances, etc.

3. Quels partis sont pour / contre ?

Alors attention c'est plus une vision de voir les choses, que le fait que des partis soient pour ou contre.

Pour :

Les socialistes (gauche) ; car l'État doit protéger ses retraités.

Contre la réforme :

PLR, Libéraux (droite) ; risque d'être contre institutionnelle (Exemple c'est dans la constitution de promouvoir à l'acquisition d'un logement et à force de renforcer les lois sur le deuxième pilier ça limite les choix). C'est le rôle de l'État d'intervenir en cas de besoin.

UDC : Contre la responsabilité individuelle, trop de charges pour les institutions de prévoyances.

4. Pensez-vous que si cela passe, il y aura un référendum ?

Non, pas pour un sujet petit comme celui-là. Il y a déjà eu un référendum concernant l'AVS ça prend beaucoup de temps au parlement de devoir recommencer, etc.

Appendix 5: interview with Jaime Muschett (Swiss Life)

Monsieur **Jaime MUSCHETT**

Fonction : spécialiste en prévoyance clientèle privée, Swiss Life

jaime.muschett@swisslife.com

Lieu : Rue de Marterey 5, 1005 Lausanne

Date : 13.05.2017 à 14h-16h30

Par Sarah Zimmermann

Dans le cadre de la réforme des prestations complémentaires, le Conseil Fédéral a proposé de modifier l'article 37 (alinéa 2 et 4) de la loi sur la prévoyance professionnelle.

Projet qui vise à interdire le retrait du capital obligatoire du 2^{ème} pilier à l'âge de la retraite.

1. Que pensez-vous de laisser le choix entre une rente et un capital à l'âge de la retraite?

Personnellement, je pense qu'il serait bien de limiter ce choix, car c'est trop risqués pour les gens avec peu de prévoyance professionnelle et qui arrivent à la retraite et retirent le peu d'avoir qu'ils ont.

Mais de manière générale, le fait de réfléchir entre prendre un capital ou une rente est un souci de riche (les personnes qui ont eu des bons revenus toute leur vie). Je m'explique, le système est fait de telle sorte que l'employeur d'un ouvrier ne va payer que le minimum requis par la loi pour la prévoyance professionnelle de celui-ci. Alors que les revenus plus élevés auront le droit à des plans-cadres ainsi que des revenus de leur second pilier plus élevés. Et les gens riches sont généralement entourés de professionnels qui leur font des plans de retraites. Ainsi, une fois que leur budget de dépenses à la retraite est établi, ils prennent en rente le montant nécessaire à combler le 1^{er} pilier et le reste, ils le retirent afin de le placer dans des placements à plus haut rendement.

Alors que l'ouvrier ne va même pas se poser la question de retirer son capital à la retraite, étant donné que même en prenant la rente totale, elle ne suffit généralement pas à couvrir son budget une fois à la retraite. La classe sociale ouvrière (pauvre) pense peu à la prévoyance vieillesse étant donné que leurs soucis premiers est de réussir à payer leur facture à la fin du mois et n'ont pas assez de marge pour créer un 3^{ème} pilier, ni de faire des rachats.

What are the potential impacts of banishing the choice of cashing out the second pillar at the age of retirement in Switzerland?

Je ne pense pas qu'on puisse faire de cas général des personnes qui prennent leur capital et se retrouvent au social à demander des prestations complémentaires. Car c'est vraiment quand on n'a plus rien, par exemple si cette personne avait un appartement, le social lui demandera de le vendre afin d'utiliser cette fortune à des fins de prévoyance. Je doute que des personnes se mettent volontairement dans cette situation, même si bien sûr il y a des cas extrêmes partout.

Pour moi, le fait de limiter le fait de retirer son capital obligatoire n'est pas une mauvaise chose pour protéger les plus pauvres. Mais on ne devrait pas l'interdire, cela pénalisera trop de gens, plutôt limiter le retrait jusqu'à un certain revenu ou par tranche.

Comme je l'ai dit, une personne pauvre ne pensera pas forcément à retirer son capital étant donné qu'il sera sa seule source de revenu jusqu'à la fin de sa vie. Alors que les riches qui arrivent avec un capital de disons deux millions, pour eux c'est des capitaux qu'ils vont réinvestir, etc. Et avec cette réforme les plus pénalisés seront ceux de la classe dite moyenne. En effet une personne de la classe moyenne qui aura bien cotisé, une fois arrivée à la retraite elle peut sans autre prendre sa rente pour avoir des revenus fixes et profiter du capital restant pour d'autres loisirs, penser à l'héritage de ses enfants, etc.

2. Comment cela vous affecterait-il (au niveau des assurances et caisses de pension privées) si le choix n'était plus une option?

Pour les assurances : si les gens ne font plus de rachat de capital (car cela ne les intéresserait plus étant donné qu'ils ne pourront plus le récupérer à la retraite), cela nous impactera directement étant donné qu'on gagne de l'argent sur le placement des capitaux. Aussi les riches qui retirent leur capital à la retraite c'est pour le faire réinvestir et donc font appel à nos services.

Pour les caisses de pensions : s'il n'y a plus davantage à faire des rachats, les gens vont préférer mettre leur argent en plus en produits bancaires. Les gens ne vont pas se contenter de faire des cotisations ordinaires et donc cela se résumera à avoir moins de capital pour les caisses de pension.

Ceux qui gagnent beaucoup ne voudront plus faire des rachats s'ils ne peuvent plus le retirer. Étant donné qu'ils le font pour des questions fiscales plus que de prévoyance, car une fois à la retraite ils ont généralement des sommes astronomiques. Les riches ont une autre logique financière, ils vont s'entourer de professionnels compétents afin de gagner encore plus d'argent. Ils chercheront d'autres solutions pour limiter les impositions fiscales et se faire plus de revenus. Alors que les bas revenus n'ont pas la même vision des choses ni la même possibilité.

3. D'après vous, quelles sont les principales raisons d'un retrait de capital à l'âge de la retraite ?

Quand on fait un budget de nos besoins par mois à la retraite, généralement on cherche à avoir en rente (entre le 1^{er} et 2^{ème} pilier) ce budget et le reste on le prend en capital.

Aussi, suite à un manque de conseil, certaines personnes prennent leur capital alors qu'il ne leur suffira que pour quelques années sans réfléchir et c'est là que c'est dangereux. Car les gens ont de moins en moins confiance en le système et se disent que s'ils le retirent au moins ils sont sûrs de le toucher.

Alors que si les conseillers en prévoyance font bien leur boulot, ils devraient conseiller de prendre en capital que la partie qui dépasse le budget et ne pas toucher au reste. Mais ce n'est pas une obligation de la loi de conseiller les gens qui partent à la retraite et c'est dommage. Il devrait avoir une prise de conscience de la prévoyance vieillesse, et ce, au plus tôt.

4. Pensez-vous qu'il ait un profil « type » de personnes prenant leur capital obligatoire ?

Cela dépend de la classe de revenu (pour ne pas dire classe sociale). Il est très important que les gens soient conscients de la prévoyance.

De manière générale, les gens de la classe vulnérable ont l'impression qu'on (les assurances) va leur vendre quelque chose quand on leur parle de prévoyance alors que la classe plus élevée va payer pour une planification financière. Et donc sauront quoi faire avec leur capital obligatoire, comme expliqué précédemment.

5. Est-il récurrent qu'un retraité ayant touché son 2^{ème} pilier en capital se voit demander les prestations complémentaires ?

C'est surtout les indépendants qui n'ont pas fait de 2^{ème} pilier ou 3^{ème} pilier (ne se sont pas intéressés à la prévoyance vieillesse).

Il n'y a pas de données concernant ce phénomène, il faudrait prendre des échantillons par tranche de personne ayant retiré leur capital en entier, partiellement, etc. et qui se sont retrouvés à demander des prestations complémentaires.

6. Est-il habituel que vous réassuriez des institutions de prévoyances ?

Alors toutes les institutions sont réassurées, mais cela dépend de quoi. On va réassurer les risques des avoirs de placements par exemple.

7. Si oui, y a-t-il des risques en particulier que vous réassurez (ex. : risques de longévité...) ?

On a beau être réassuré s'il n'y a plus d'argent dans la caisse de pension, il n'y a plus d'argent. Donc je parlerai plus en termes de taux couverture (100%) de la caisse de pension, si la couverture est de 90% et qu'un employeur veut changer de caisse de pension ça voudra dire qu'il devra injecter les 10% restant pour combler le manque. C'est souvent les caisses de l'État qui sont en sous-couverture, car l'État va mettre la main à la pâte en cas de besoin. Alors que les caisses privées vont tout faire pour ne pas se retrouver en sous-couverture.

Mais de plus en plus certaines institutions de prévoyance poussent leurs retraités à prendre le capital pour ne plus à avoir à assurer le risque de longévité (en particulier sur la partie sur obligatoire). Il faut être très vigilant avec les règlements des caisses de pensions et peu de personnes ne s'en préoccupe, combien de mes clients jettent leur certificat de prévoyance. De manière générale la prévoyance n'intéresse les gens que quelques années avant leur retraite alors que ça devrait être un sujet touché dès le jeune âge.

8. D'après vous, y a-t-il des effets néfastes à la réassurance du 2^{ème} pilier ?

Le fait de réassurer a un coût qui va impacter le capital des futurs retraités étant donné qu'il faut payer des primes. C'est une façon de repousser le problème sans vraiment l'affronter. Car le vrai risque est dans la couverture de l'institution de prévoyance, si une caisse de pension a trop de retraités il y a le risque que les employés passent un jour à la caisse, car il y a trop de sorties. La réassurance ne va pas annuler les risques, il ne suffit pas d'externaliser le problème, mais de gagner de l'argent (asset liability management).

C'est une méthode assez typique du système de prévoyance anglo-saxon, mais en Suisse, on aura plus tendance à vouloir dégager des meilleures performances en vue d'augmenter notre taux de couverture (et donc diminuer les risques). Par exemple, si je fais 2% de performance, le bénéfice après avoir distribué les taux de rendement minimums, viendront améliorer ma couverture et le fait d'être en surcouverture me permettra d'anticiper les problèmes (risques) futurs. Aussi, le fait d'avoir une bonne gestion (Asset Liability Management) et de ne pas déboursier de l'argent en prime de réassurance permet aux compagnies d'assurances de rendre leurs produits plus intéressants. Un rendement plus élevé (ex. 1,25%) sera plus attractif pour les rachats, car mieux rémunérés, etc.)

9. Quels sont les types de transactions les plus utilisés concernant la réassurance des capitaux d'institution de prévoyance?

Je ne maîtrise pas ce domaine, mais en Suisse on vise plus de faire des bons résultats que de réassurer. On se concentre plus sur les solutions que de pousser le problème plus loin.

**Appendix 6: information concerning the deadlines and
advancement of the reform from the *Département Fédéral
de l'intérieur* (FDI)**

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À :

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vendredi 21 avril 2017 16:33

Chère Madame,

Tout d'abord un grand merci pour l'intérêt porté au développement de cette thématique. La Commission compétente du Conseil des États devrait terminer ses débats mardi prochain. Vous trouverez dans le communiqué de presse de la Commission (<https://www.parlament.ch/press-releases/Pages/mm-sgks-s-2017-03-28.aspx>) le résumé des décisions prises jusqu'ici. Il est prévu que le Conseil des États traite la réforme des Prestations complémentaires à la prochaine session d'été. Ensuite, l'affaire passera à la Commission compétente du Conseil national. Selon toute vraisemblance, les débats parlementaires devraient s'achever d'ici la session de printemps 2018 pour une entrée en vigueur en 2019. Cela dépend toutefois de l'avancement réel des travaux parlementaires et de l'étendue des divergences entre les deux Chambres.

Meilleures salutations,

Sibel Oezen

Cheffe de secteur

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Appendix 7: questions of the survey concerning the choice of taking a lump sum at the retirement age

This survey was created on “Survey Monkey” and the answers collected were over a sample of 50 persons between fifty and seventy-five years. Period of data collection: from the 6th February to the 5th March 2017.

Ce questionnaire est destiné à toutes personnes entre 50 et 75 ans ayant cotisé pour la retraite en Suisse et qui sont/seront sujet à toucher un 2^{ème} pilier.

Ce formulaire est anonyme et les informations collectées seront uniquement dédiées à ma thèse de bachelor. Merci pour votre précieuse aide.

1. Genre

- Femme
- Homme

2. Quel âge avez-vous?

3. Quel est votre état civil?

- Célibataire
- En couple
- Marié(e)
- Divorcé(e)/séparé(e)
- Veuf/veuve

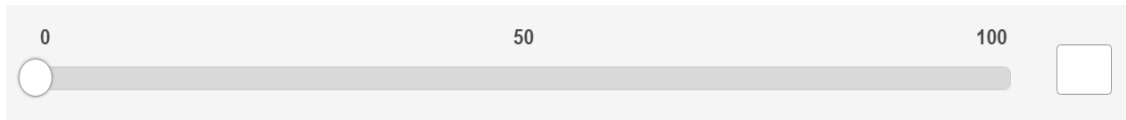
4. Quel est votre statut professionnel?

- Salarié/e
- Indépendant/e
- Chômeur/euse
- Femme/ homme au foyer
- Retraité/e
- Autre (veuillez préciser)

What are the potential impacts of banishing the choice of cashing out the second pillar at the age of retirement in Switzerland?

5. Quel est votre taux d'activité? (si vous travaillez)

0 50 100



6. Dans quelle tranche salariale vous trouvez-vous?

- Égal ou moins de CHF 84'600.- par an (CHF 7'050.- brut x 12 mois)
- Plus de CHF 84'600.- par an

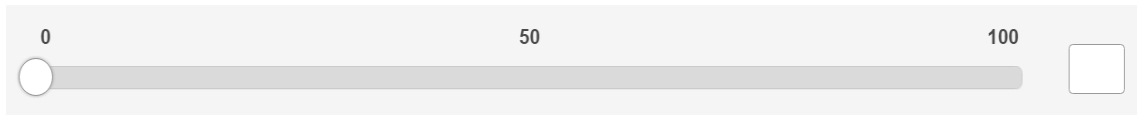
7. Désirez-vous retirer votre second pilier lors de votre départ à la retraite?

Si vous êtes déjà à la retraite : avez-vous retiré votre second pilier?

- oui
- non

8. Si oui, à quel pourcentage?

0 50 100



9. Quelles sont les raisons principales qui vous portent à retirer votre capital? (Plusieurs réponses possibles)

- Laisser un héritage
- Médicale (espérance de vie réduite)
- Investir soi-même (aisance dans le domaine)
- Acquérir un logement (finir de rembourser un prêt immobilier)
- Liberté financière (loisirs personnels)

Autre (veuillez préciser)

10. Si vous avez des suggestions ou commentaires concernant le retrait du second pilier, merci de m'en faire part