

360°Benefits | News

Overview of legislative developments and revisions in the 2nd pillar as of 2025

Various legislative changes came into force on 1 January 2025. In addition, further revisions are planned in the next few years, which will also have an impact on topics related to occupational benefits law. For example, adjustments are planned in the area of survivors' benefits and 1e pension plans. Regulation is becoming increasingly complex.

We are happy to support you in keeping an overview and making any necessary adjustments. Feel free to contact us if you have any questions or suggestions. You can find an overview of our range of services and our legal advice team [here](#).

Table of contents

<i>Changes before or as of 1 January 2025.....</i>	<i>1</i>
1. BVG key figures / pension adjustments	1
2. Welfare funds – new types of benefits eue Leistungsarten.....	1
3. Pillar 3a – new purchase options	1
4. Collective investments – legal basis for the new fund category Limited Qualified Investor Fund (L-QIF)	2
5. Data protection – Adequate level of data protection for certain US organisations.....	2
<i>Outlook and future developments</i>	<i>3</i>
1. Pillar 3a – Flexible order of beneficiaries	3
2. AHV – Introduction of 13th AHV pension	3
3. AHV – Revision of AHV survivors' pensions	3
4. 1e – Amendment to the FZG to protect pension capital when leaving a 1e pension plan “Temporary contribution”	4
5. Other developments	4

Changes before or as of 1 January 2025

1. BVG key figures / pension adjustments

The BVG key figures were adjusted as of 1 January 2025, as the minimum AHV retirement pension for 2025 was slightly increased. You can find details of the key figures [here](#).

The minimum interest rate for occupational pensions remains at 1.25 % in 2025.

The survivors' and disability pensions in the BVG mandatory scheme in payment since 2021 were adjusted to inflation for the first time. The adjustment rate is 5.8 %. In addition, the pensions adjusted for the first time on 1 January 2024 were increased by 0.8 % and the pensions adjusted for the last time on 1 January 2023 by 2.5 % on the basis of this year's AHV pension adjustments. The respective adjustment rates can be found [here](#).

Note: For pensions above the BVG minimum, inflation adjustment is not mandatory. Nevertheless, adjustments should be considered within the framework of the pension fund's financial possibilities. The Board of Trustees of the pension fund must decide each year whether and to what extent pensions are to be adjusted and explain the decisions in the annual financial statements or the annual report. Different generations of pensioners and benefits paid to active insured persons must also be taken into account from the point of view of equal treatment.

2. Welfare funds – new types of benefits eue Leistungsarten

On 1 January 2025, an amendment to the Civil Code regarding welfare funds with discretionary benefits (Art. 89a para. 7 ZGB) came into force. Art. 89a para. 8 was expanded to include a new digit 4, which specifies that welfare funds can now also pay discretionary benefits regardless of a hardship case. The benefits serve to prevent financial risks in the event of illness, accident, disability or unemployment that are not covered by social insurance. The funds can now also grant benefits in other situations, such as for training and further education, for reconciling work and family life and for health promotion and prevention for insured persons and their dependants. Art. 80, 81 para. 1 and 83 BVG are also applicable in these cases with regard to tax treatment. The tax authorities are still responsible for deciding on tax exemption. In addition, the funds can now contribute to the financing of other employee benefit schemes.

Note: In order to benefit from the new options, welfare funds must submit an application to the competent supervisory authority to change the purpose in their foundation deed.

3. Pillar 3a – new purchase options

Am On 1 January 2025, an amendment to BVV 3¹ came into force. The new regulation for Pillar 3a allows insured persons to make up the so-called 'small contribution' (e.g. a maximum of CHF 7'258 in 2025) retroactively for up to ten years if they have not paid in full in a particular year. Only new gaps that arise from 2025 onwards can be filled - earlier gaps cannot be closed. The purchase potential is based on the annual contribution gaps and results from the difference between the maximum contribution possible in the year in question and the contribution actually paid in that year. The prerequisite for the retrospective payment is an income subject to AHV contributions in Switzerland both in the relevant year and in the year of the retrospective payment and that the regular Pillar 3a contributions have been paid in full in the year of the purchase. This new regulation provides more flexibility and offers tax advantages.

Note: The option of paying Pillar 3a contributions retrospectively for up to ten years can further strengthen individual pension provision. However, certain conditions must be met.

¹ Ordinance on the tax deductibility of contributions to recognised forms of pension provision.

4. Collective investments – legal basis for the new fund category Limited Qualified Investor Fund (L-QIF)

An amendment to the KAG² and the KAV³ came into force on 1 March 2024. With that the legal basis for the Limited Qualified Investor Fund (L-QIF) was introduced. These are collective investments that are exempt from the authorisation and approval requirements of FINMA⁴. An L-QIF is only available for qualified investors and must be managed by institutions that are supervised by FINMA. The amendment is intended to increase the attractiveness and innovative capacity of the Swiss fund marketplace. L-QIFs and comparable foreign collective investments are considered regulated within the meaning of Article 53 para. 5 let. b BVV 2, which is why no amendment to BVV 2 was necessary.

In the course of this revision, further ordinances⁵ were amended in order to implement international standards, follow market developments and increase legal certainty. With these adjustments, L-QIFs and comparable foreign collective investments were excluded from securities savings in the area of vested benefits and pillar 3a. This is for reasons of investor protection.

Note: An L-QIF is available to pension funds with professional treasury as qualified investors and, together with comparable foreign collective investments, is considered a regulated investment in accordance with BVV 2. However, L-QIFs are excluded from the area of vested benefits and Pillar 3a. Although L-QIFs offer advantages such as rapid implementation and lower administrative costs, they are not subject to authorisation or direct supervision by FINMA. Pension funds must therefore carefully examine whether investments in L-QIFs are compatible with their risk profile, investment objectives and regulatory requirements.

5. Data protection – Adequate level of data protection for certain US organisations

An amendment to Annex 1 of the DSV⁶ entered into force on 15 September 2024. Digit 44 concerning the United States was added. Annex 1 DSV contains a list of countries with an adequate level of data protection. The Federal Office of Justice has concluded that a data transfer to the United States is appropriate to the Swiss level of protection if it is made to certified organisations in accordance with the Swiss-U.S. Data Privacy Framework.

Personal data can now be transferred between Switzerland and certified organisations ([see list of certified organisations](#)) in the United States without the need of additional guarantees. Certified organisations may only process the data for the purposes for which it was collected. Disclosure to non-certified US organisations is still only permitted with additional guarantees.

Note: Pension funds with foreign service providers should ensure that the data is only transferred and processed in countries with an adequate level of data protection. Such countries and organisations are listed in Annex 1 DSV. Pension funds should therefore check whether their service providers⁷ in the United States are certified in accordance with the Data Privacy Framework in order to guarantee the protection of personal data in accordance with Swiss data protection regulations.

² Collective Investment Schemes Act.

³ Collective Investment Schemes Ordinance.

⁴ Swiss Financial Market Supervisory Authority.

⁵ The Ordinance on Investment Foundations (ASV) was amended as at 24 April 2024 and the Ordinance on Vested Benefits in Occupational Retirement, Survivors' and Disability Pension Plans (FZV) as at 1 March 2024.

⁶ Data Protection Ordinance.

⁷ This may also include companies or service providers of the employer.

Outlook and future developments

1. Pillar 3a – Flexible order of beneficiaries

On 7 June 2024, the Federal Council adopted a report that should enable insured persons to move beneficiaries from the second to the first rank. This offers more flexibility and allows the situation of patchwork families to be better taken into account. Without an active change by the beneficiary, the existing order remains in place, with spouses or registered partners in the first rank and children in the second rank.

2. AHV – Introduction of 13th AHV pension

The popular initiative “For a better life in old age (initiative for a 13th AHV pension)”, which was approved in the referendum on 3 March 2024, is to be implemented by 2026. The Federal Council has adopted the implementation and financing for the attention of Parliament. The 13th AHV pension is to be paid once a year in December from 2026 and only includes old-age pensions, not disability, survivors' and children's pensions. This additional benefit is to be financed by a 0.7%⁸ increase in VAT. A referendum must be held in order to increase VAT. With this additional financing, the AHV could be kept in balance until 2030. The Federal Council will submit a proposal to Parliament to further stabilise the AHV after 2030.

The 13th AHV pension does not lead to a reduction in supplementary benefits. The supplementary AHV benefit is explicitly excluded from the eligible income when calculating supplementary benefits.

Note: The introduction of the 13th AHV pension does not affect the maximum AHV retirement pension or the coordination deduction in the second pillar. In the second pillar, the upper limit of the annual salary (Art. 8 para. 1 BVG), the entry threshold (Art. 7 para. 1 BVG), the minimum coordinated salary (Art. 8 para. 2 BVG) and the maximum contributions also remain unchanged. In order to avoid benefit reductions due to the 13th AHV pension, Art. 1 BVV 2 should be clarified to the effect that only the monthly AHV pensions without the 13th pension are used for the appropriateness test.

3. AHV – Revision of AHV survivors' pensions

Under current law, widows are entitled to a lifelong pension from the 1st pillar, regardless of whether they have dependent children. Widowers, however, only receive a pension until the youngest child reaches the age of legal maturity. In 2022, the ECtHR⁹ declared this unequal treatment unlawful¹⁰. As a result, Switzerland enacted a transitional regulation that also generally grants widowers with children a lifelong pension - but only until the existing system is reformed.

The Federal Council has now proposed a reform to Parliament that is based on parental time and is better aligned with current family structures. In particular, AHV survivors' benefits should in future be granted to households with children (up to the age of 25), regardless of the marital status of the parents. Pension entitlement is now based on the relationship to the child and no longer on the relationship between the parents. The following transitional provisions are intended: The current pensions of widows and widowers over the age of 55 and those of recipients of supplementary benefits over the age of 50 will continue to be paid. For younger people, the pension entitlement shall end after two years. The decisive factor should be the beneficiary's need for protection

⁸ The standard rate of VAT is to rise from the current 8.1% to 8.8%, the special rate for the hotel industry from 3.8% to 4.2% and the reduced rate for everyday consumer goods from 2.6% to 2.8%.

⁹ European Court of Human Rights.

¹⁰ Decision of the European Court of Human Rights (ECtHR complaint no. 78630/12).

and no longer the number of years of marriage or the age. Lifelong pensions without the risk of poverty are no longer justified.

Further details on the proposed measures and the Federal Council's statement can be found [here](#).

Note: In the occupational benefits scheme, widowers are already treated equally to widows, which is why there is currently no need for any changes. However, it is possible that in future the relationship to the child instead of the partner could also be used as a basis for entitlement to survivors' benefits in the occupational benefits scheme. The abolition of AHV survivors' pensions may also have an impact on the calculation of overcompensation in the occupational benefits scheme.

4. 1e – Amendment to the FZG to protect pension capital when leaving a 1e pension plan “Temporary contribution”

The Federal Council¹¹ has submitted an amendment to the FGZ¹² for consultation (until 30 January 2025) ([Federal Council press release](#)). In future, employees who have insured salary components that exceed CHF 136'080 in a so-called 1e plan will have the option of transferring these pension assets to a vested benefits institution for up to two years when they leave the company if the new employer does not offer a 1e plan. This is intended to avoid losses that could arise if insured persons have to liquidate their investments at an unfavourable time due to a change or loss of job. During the two-year period, the deposits with the vested benefits institution could be reinvested in similar vehicles in order to compensate for possible losses. In addition, the exchange of information between the institutions should be regulated in order to ensure that the assets are actually transferred to the new pension fund after the two-year period at the latest.

Note: If a 1e pension fund explicitly regulates the utilisation of the vested benefit in its rules, it will have to be checked whether adjustments to the rules are necessary due to the new provision.

5. Other developments

The occupational benefits reform was rejected in the public vote on 22 September 2024. During the debate and after the vote, numerous motions were submitted to implement individual aspects of the BVG reform (e.g. reduction of the entry threshold, voluntary savings options, multiple employment, reduction of the coordination deduction, inflation adjustment, consideration of care work in the second pillar).

The Federal Council wants to improve digital data exchange in the 1st pillar. Insured persons, the authorities and other stakeholders should now be able to electronically exchange data in a simple and secure manner. The Federal Council therefore wants to digitalise the implementation of AHV, IV, supplementary benefits and family allowances. To this end, it has submitted the new BISS¹³ for consultation. The core element is a new electronic social insurance platform.

There are also important developments to be observed with regard to digitalisation and IT security. At European level, the EU AI Act came into force on 1 August 2024 as the first set of regulations on artificial intelligence. In addition, the Digital Services Act (DSA) was updated on 17 February 2024. Another important project in the service of cyber security is the Digital Operational Resilience Act (DORA), which came into force on 17 January 2023 and will be applied from 17 January 2025 after a two-year transition period. The Act is intended to create a comprehensive framework for digital operational resilience for regulated financial service providers in the EU. ICT providers in Switzerland that offer their services to financial companies in the EU will also be affected. It still remains to be seen how Switzerland will continue to regulate in this area.

¹¹ As part of a motion by Council of States Josef Dittli (21.4142).

¹² Vested Benefits Act.

¹³ Federal Act on Information Systems in Social Insurance.

We are monitoring further developments for you and are happy to inform and advise you on regulatory changes

Roger Imboden

Legal Consultant

roger.imboden@wtwco.com

+41 43 488 44 12

Estelle Caveng

Legal Consultant

estelle.caveng@wtwco.com

+41 43 488 44 72

Zurich, Januar 2025

This publication is intended for information purposes only and does not provide comprehensive coverage of the topics discussed. It is not a substitute for individual advice.