

Press release

## **Survey on retirement savings: the Swiss expect living standards to drop**

**Martigny, 1 September 2020.** A representative survey commissioned by Groupe Mutuel shows that Swiss citizens want to have a greater say and more freedom of choice when it comes to retirement savings. At the same time, 74% of them are opposed to raising the retirement age and a majority are also against lowering the conversion rate. Three out of four people today expect to have to reduce their lifestyle after retirement.

Commissioned by the daily newspaper Le Temps and Groupe Mutuel, the economic and social research institute M.I.S. Trend carried out a representative survey of the Swiss population on retirement savings, including occupational pension provision (2<sup>nd</sup> pillar) and its reforms. The survey showed that this is one of the major concerns of the Swiss people. Three-quarters of them expect to have to reduce their lifestyle after their retirement. Even though they have overall confidence in the three-pillar system, 60% of those surveyed believe that their retirement provision is currently insufficient.

### **Freedom to choose the pension fund**

Switzerland's three-pillar system, which provides a solid foundation for pension provision, was enshrined in the Federal Swiss Constitution in 1972. Due to demographic changes, fewer and fewer contributors have to support a growing number of beneficiaries. This fact, combined with new decentralised forms of work, makes a reform of the system unavoidable. However, attempts to change the occupational pension system are viewed with some suspicion and have failed several times at the ballot box in recent years.

The latest Groupe Mutuel survey also reveals some scepticism of the Swiss population with regard to the most common reform proposals. While the majority of those surveyed expect changes in the AVS/AHV retirement system over the next 20 years, 74% are opposed to raising retirement age. Slightly more than half are also opposed to a reduction in the LPP/BVG conversion rate. On the other hand, they want to see uniform contribution rates for all age groups (57%), freedom in their choice of pension fund (74%) and more opportunities to use LPP/BVG assets before retirement (61%).

### **“We need a clear and fair retirement system”**

“We must clarify the questions around the conversion rate for the general public. The occupational pension system needs to undergo major reforms. Today, for example, it heavily disadvantages low-paid and part-time employees, many of whom are women,” said Thomas Boyer, CEO of Groupe Mutuel.

Retirement provision is a complex issue that is of great concern to the Swiss people. Although it is solidly based on three pillars, the system will soon have to be adapted to current lifestyles and working conditions, so that everyone can live their retirement days in dignity.

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**About Groupe Mutuel**

Groupe Mutuel employs over 2,300 persons and provides insurance to over 1.3 million individual customers as well as some 24,000 corporate clients. Its overall turnover exceeds CHF 5.6 billion.

In addition to compulsory health insurance (LAMal/KVG) and supplemental insurance (LCA/VVG), customers can choose from an extensive range of life insurance plans to cover risks and provide for their individual pension benefits, as well as from a range of patrimony insurance solutions (legal protection, private liability insurance and household contents insurance). Moreover, Groupe Mutuel insurers offer daily allowance insurance to companies, pursuant to LAMal/KVG and LCA/VVG, as well as compulsory accident insurance (LAA/UVG). Groupe Mutuel also manages Groupe Mutuel Prévoyance-GMP pension fund.

## **Fact sheet of the representative survey on the Swiss pension system**

### **Key figures**

- Telephone survey conducted by M.I.S. Trend SA on behalf of the daily newspaper Le Temps and Groupe Mutuel
- Number of respondents: 1,272 throughout Switzerland
- Survey period: June 2020

### **Main conclusions**

- 61% of respondents are concerned about their future retirement income. Three-quarters of them expect to have to reduce their lifestyle when the time comes.
- 63% of respondents have confidence in the Swiss pension system and its three pillars.
- The 3<sup>rd</sup> pillar is the one in which respondents have the most trust. 74% of those surveyed trust the financial stability of private pension provision.
- 66% consider that the financing of the 2<sup>nd</sup> pillar is solid.
- In terms of trust, the 1<sup>st</sup> pillar is less well ranked. The financial stability of the AVS/AHV is satisfactory for 61% of those surveyed.
- The majority of respondents (71%) assume that the future of the AVS/AHV is secure, but that adjustments will be necessary.
- Although 66% of those surveyed are confident about the 2<sup>nd</sup> pillar, 61% would like to have more freedom in the use of their LPP/BVG assets.
- 74% would like to be free to choose their pension fund. 76% believe that the 2<sup>nd</sup> pillar should remain mandatory.
- 57% are in favour of an identical contribution rate for all age groups. More than 74% are opposed to raising the retirement age.
- More than half (53%) are opposed to lowering the LPP/BVG conversion rate.
- Half of the respondents are prepared to lower their employment rate from age 55, even if this means reducing their pension.

- According to the people surveyed, it is first and foremost up to each individual to guarantee his/her available financial means for retirement. The employer comes second for most of them.
- 48% of respondents admit that they do not pay enough attention to their retirement provision and 45% feel overwhelmed by the system.
- 61% of those surveyed believe that their financial security will be insufficient at retirement.
- 77% believe that the coordination deduction in the LPP/BVG should be abolished and that their entire salary should be insured.

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