

Press release of 24 August 2021

## **Exclusive survey The pandemic is eroding the confidence of Swiss citizens in their pension system.**

Martigny, 24 August 2021. The pandemic, which has lasted for more than 18 months, is beginning to erode the confidence of Swiss citizens in their pension system. It is feared more and more that the standard of living will fall dramatically. This is particularly true for women, self-employed individuals and low-income households. These are the main findings of an exclusive national survey, published today, and conducted in June 2021 by MIS Trend, in partnership with Le Temps and Groupe Mutuel.

The negative consequences of the COVID-19 pandemic, which has lasted for more than 18 months, are still being felt in Switzerland. The impact of COVID-19 is beginning to seriously erode the confidence of Swiss people in their pension system. Women, self-employed individuals and low-income households are the ones who fear most for their retirement. They are afraid that their standard of living will fall dramatically. These are the main findings of an exclusive national survey, published today, and conducted in June 2021 by MIS Trend, in partnership with Le Temps and Groupe Mutuel.

### **Confidence is falling fast**

As a result of the pandemic, 37% of respondents said their confidence in the pension system has fallen. The impact of COVID-19 is therefore clearly being felt. This is particularly the case for the 1<sup>st</sup> pillar, which is seen as more vulnerable than the other two pension system pillars.

When asked whether the current standard of living could be maintained or would have to be reduced, 38% of women thought it would have to be reduced, compared to 24% of men. 38% of lower-income households also fear a drop in living standards compared to 20% of higher-income or better-off households.

57% of respondents believe that younger generations will have a lower overall standard of living. The well-known confidence in the system is also decreasing among self-employed individuals, who are more likely (65% in 2021 compared to 60% in 2020) to think that they will not be financially secure during their retirement.

Another important finding is that over 70% of respondents are in favour of making the 2<sup>nd</sup> pillar compulsory also for the self-employed. This drop in confidence is rather contradictory since the Swiss pension system, based on three pillars, has resisted rather well to the health crisis. In the 2<sup>nd</sup> pillar, for example, the coverage ratio of pension funds is considered to be very good.

### **Lowering the conversion rate is seen as “pension theft”**

With the reduction in the conversion rate, more and more people believe that their pensions are being stolen from them. Indeed, 65% of those surveyed agree with this statement and perceive it as such. In the French-speaking part of Switzerland, 73% of respondents agree, compared to 61% in the German-speaking region. Therefore, the announced and much-needed reduction in conversion rates is difficult to accept by the population, which also fears increasing inflation. Indeed, 62% of those surveyed believe that inflation will be very or fairly high.

### **Avenues for reform**

What are the solutions for improving and reforming the Swiss pension system? Unsurprisingly, lowering the conversion rate and raising the retirement age are not well accepted. The only measure supported by a small majority would be an identical contribution rate for all age groups. In view of the demographic trend and in order to maintain a financially viable system, consistent measures are required, and action on one single contribution rate alone would not be sufficient.

The survey also confirms a trend that we saw last year. Swiss citizens believe that individuals have personal responsibility for funding a decent pension (53% for right-wing voters and 34% for left-wing voters), followed by the State and finally the employer.

Finally, when asked whether respondents invest in a 3<sup>rd</sup> pillar or in another form of savings, 64% said they are doing so, compared to 61% in 2020. It is rather good news to see that the Swiss population is increasingly concerned about its future retirement assets and is acting responsibly when it has the means to do so.

A summary of the main findings of the survey is available in the attached file, including all the technical details.

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

### **Key figures**

- Online survey conducted by M.I.S. Trend SA on behalf of the daily newspaper Le Temps and Groupe Mutuel
- Number of respondents: 1,224 throughout Switzerland
- Survey period: 17 to 25 June 2021

### **Main conclusions**

- 61% of respondents are concerned about their future retirement income. Three-quarters of them think that they will certainly or probably reduce their lifestyle when the time comes.
- For 37% of respondents, the coronavirus pandemic has further reduced their confidence in the pension system. In addition, 62% expect inflation in the next five to ten years.
- 65% of those surveyed believe that their financial security will be insufficient at retirement. 40% believe they will have to sell their flat or house when they retire.
- More than half (57%) of the respondents expect future generations to have a lower standard of living.
- Nevertheless, the Swiss pension system enjoys a high level of confidence: almost 62% of respondents support the three-pillar system.
- The 3<sup>rd</sup> pillar is the one in which respondents have the most trust. 74% of those surveyed have confidence in the financial stability of private pension provision. 64% of respondents invest in the 3<sup>rd</sup> pillar.
- 67% consider that the financing of the 2<sup>nd</sup> pillar is solid.
- In terms of confidence, the 1<sup>st</sup> pillar of the Swiss pension system is the lowest ranked. Just under 60% of respondents are convinced of the financial stability of the old-age and survivors' insurance (AVS/AHV).
- The majority of respondents (71%) consider that the future of the AVS/AHV is secure, but 58% expect that changes will be necessary.
- Proposals for reform: more than 69% of those surveyed are against raising retirement age.
- Close to two thirds of respondents (63%) are opposed to lowering the LPP/BVG conversion rate. 65% of respondents believe that pensions are being stolen from them.

- Over half of those surveyed (53%) are in favour of an identical contribution rate for all age groups.
- Half of those surveyed are prepared to reduce their working hours from age 55, even if it means a lower pension.
- According to the respondents, the main responsibility for the financial resources available at retirement lies with the individual, followed by the State and finally the employer.
- 43% admit that they are not sufficiently concerned about their retirement.
- Almost 60% of respondents prefer their pension fund to favour the most profitable investments possible rather than investments that strictly comply with sustainable development criteria.

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#### **About Groupe Mutuel**

With over 2,700 employees throughout Switzerland, Groupe Mutuel is at the service of 1.3 million private customers and 25,500 companies.

As the only comprehensive insurer in Switzerland, Groupe Mutuel is the reference partner in the field of health and retirement benefits for private and corporate customers.

Its turnover exceeds CHF 5.4 billion. Thanks to tailored solutions, whether for basic insurance (LAMal/KVG) or supplemental insurance (LCA/VVG), it is the 3rd largest health insurer in Switzerland. Groupe Mutuel also offers an extensive range of products for individual retirement benefits and patrimony insurance. Based in Martigny, the insurer provides companies of all sizes with solutions such as loss of earnings in the event of illness, accident insurance (LAA/UVG) and occupational pension plans (LPP/BVG). In the field of health insurance for companies, Groupe Mutuel is ranked 5th nationwide.