

Social security contributions and their rates in Switzerland in 2024

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Posted at 17:03h le 05 Feb in [Business management](#), [Legal and Law](#)

Social security contributions are a set of dues and taxes borne by employees and employers, paid by the latter, and calculated on the total gross salaries paid in Switzerland.

There are several mandatory social security contributions in Switzerland that affect both employers and employees. The Karpeo's teams explain everything you need to know about social security contributions in Switzerland and their respective rates.

Summary table of social security contributions in 2024

Below is a summary table of the social security contribution rates for employers and employees for the year 2024 in Switzerland.

Each category is discussed in more detail in the rest of the article. The accountants at Karpeo are at your disposal if

you have any questions.

Type of Social Insurance	Employer Rate	Employee Rate
AVS	4.35%	4.35%
AI	0.7%	0.7%
APG	0.25%	0.25%
AC	1.1%	1.1%
Family Allowances (Geneva)	2.28%	0%
Maternity Insurance (Geneva only)	0.038%	0.038%
Contribution for Early Childhood Care (Geneva only)	0.07%	0%
LPP (average rate)	6.5%	6.5%
Income Loss Insurance for Illness (optional - average rate)	0.9%	0.9%
a) Occupational Accidents (OA) (average rate)	0.8%	0%
b) Non-Occupational Accidents (NOA) (average rate)	0%	1.3%
Total (subject to variations due to optional insurances)	16.99%	15.14%

1st Pillar – AVS, AI, and APG

The AVS, AI and APG (1st Pillar) are social security charges paid jointly by companies and their employees, even if these are cross-border workers or foreigners. They are billed monthly or quarterly to companies by AVS funds such as OCAS. These form the **first pillar of professional providence**.

The total social security contribution rate for AVS, AI, and APG in 2022 is 10.6%, paid equally by the employer and the employee. The 1st Pillar is based on the **principle of redistribution** : the contributions of active workers are used to pay the pensions of retirees.

Let's look together at what these acronyms mean.

The old age and survivors' insurance (AVS)

The purpose of the Old Age and Survivors' Insurance (AVS) **is to guarantee a basic minimum income for individuals** who retire as well as for survivors (widows, widowers, and orphans). AVS is a mandatory insurance that applies to all individuals residing in Switzerland as well as those working in the country.

All individuals aged 65 for men or 64 for women receive an AVS pension until their death. AVS is a social insurance in the true sense of the term: contributions are proportional to income, but pensions are capped at a relatively low level, 2,320 CHF (approximately \$2,784 USD) per month.

AVS contribution rates are paid equally by the employer and the employee. The **AVS contribution rate in 2022 is 8.7%**, which is 4.35% for the employer and 4.35% for the employee.

Self-employed individuals have a progressive AVS rate depending on their income. We discuss this in detail in

this blog article dedicated to AVS for the self-employed.

Disability insurance (AI)

Just like the old age and survivors' insurance, **the disability insurance (AI) is mandatory for anyone residing in Switzerland** or engaged in gainful activity there. It is part of the first pillar.

The purpose of the Disability Insurance is to ensure a means of subsistence for people who become disabled, through in-kind benefits or financial support in the form of pensions or allowances.

The **contribution rate for the AI is 1.4%**, paid equally between the employer and the employee, meaning 0.7% each. The AI contribution is collected at the same time as the AVS

Income compensation allowances (APG)

The income compensation allowances (APG) cover loss of earnings related to military service as well as income loss related to maternity leave and paternity leave.

The contribution rate for the APG is **0.5%, paid equally between the employer and the employee**, meaning 0.25% each. The APG contribution is collected at the same time as the AVS and AI.

2nd pillar : Occupational pension plan (LPP)

The 2nd Pillar, also known as **occupational pension**, aims to complement the benefits of the 1st Pillar, with the goal of reaching about 60% of the last paid salary. The legal basis for the 2nd Pillar and the LPP, the Occupational Pension Plan Law.

The principle of the 2nd Pillar is straightforward: throughout their career, each person builds up their own retirement capital, which will serve as the basis for generating future pensions. The 2nd Pillar is based on the **principle of capital accumulation**. It is possible for an employee to make buy-ins into their 2nd Pillar throughout their career to increase their future pension.

The contribution rates for the LPP vary on average between **7% and 18% of the coordinated salary**. The coordinated salary is the portion of the gross salary that is subject to mandatory insurance once the access threshold is reached. The coordinated salary is calculated by deducting the coordination deduction from your total salary.

Coordinated salary = gross salary – coordination deduction

The LPP social security rates depend in particular on age

(older employees contribute more) as well as on the benefits offered by the employer who has subscribed to the provident fund.

Overall, the LPP rates evolve as follows:

- 25 – 34 years: 7%
- 35 – 44 years: 10%
- 45 – 54 years: 15%
- 55 – 64 (to 65) years: 18%

These rates are at **a minimum shared between the employer and the employees**. Some employers may decide to take on a larger portion of the LPP contribution, or even cover it 100%.

3rd pillar : Individual provision

The 3rd Pillar is not a social security charge for companies. It concerns **individual provision**, which is left to the initiative of the employee. Each year, employees can put a certain amount of money into their 3rd Pillar. The 3rd Pillar is fiscally attractive because it allows for a reduction in the tax rate during the annual tax declaration.

Other mandatory insurances and social security contributions

Unemployment insurance (UI)

Unemployment insurance (UI) is a mandatory social

insurance. All employees affiliated with the AVS as well as their employers are **required to contribute to the UI**. The employee and their employer each pay half of the contributions.

Unemployment Insurance is funded by the social contributions of employees and employers. Up to a limit of 148,200 francs, **the contribution rate to the UI is 2.2% of the determining annual salary**.

Workers who have already reached retirement age do not contribute to the UI. The same applies to self-employed workers who cannot contribute to Unemployment Insurance.

Family allowances (AF)

Employers **are required to affiliate with a family allowance compensation fund** in each canton where they have their headquarters or a branch and where they employ workers. Branches are subject to the canton in which they are established, not the canton where the main office is located.

The rate for family allowances **varies by canton, between 0.7% and 3.5%**. Only the canton of Valais requires a contribution from employees of 0.3% of their salary. Contributions to family allowances specifically allow for the payment of monthly allowances as well as birth allowances paid at the birth of a child.

It should be noted that family allowances are 100% the responsibility of the employer.

Accident insurance (LAA)

Accident insurance is **mandatory for all employees working in Switzerland** according to the federal law on accident insurance (LAA). The purpose of accident insurance is to help repair health damage and compensate for the loss of income suffered by individuals who are victims of an accident or an occupational disease.

All employees working in Switzerland are mandatorily insured against accidents. A person is considered an employee when they perform dependent gainful activity in the sense of the AVS. All employers must insure their employees, depending on the field of activity, with SUVA or another authorized insurer such as a private insurance company.

The premiums for mandatory accident insurance (also known as professional accident insurance) are **100% covered by the employer**. The amount of the contributions is calculated on the LAA salary but up to a maximum of 148,200 CHF depending on the sector and the operational risk. The premiums for mandatory non-professional accident insurance are borne by the employees unless more favorable collective labor agreements (CLA) have been concluded.

What are the mandatory social security contributions in Switzerland ?

The mandatory social security contributions in Switzerland for an employer employing employees are as follows:

- **AVS/AI/APG** with a rate of 10.6% of the gross salary (shared between employer and employee),
- **Unemployment insurance (UI)** with a rate of 2.2% of the gross salary (shared between employer and employee),
- **Family allowances (AF)** borne by the employer, with a rate varying by canton,
- **Occupational pension plan (LPP)** with a rate varying between 7% and 18% of the gross salary (shared between employer and employee),
- **Professional accident insurance (LAA)** covered by the employer, and non-professional accidents, covered by the employee, with the rate varying according to the company's sector of activity.

What is the average total social security contribution rate on a salary for an employer in Switzerland ?

The average social security contribution rate on a salary in Switzerland varies depending on the age and the canton where the company is located. Overall, **the total social security contributions range between a rate of 20%**

and 40% of the salary.

Since these contributions are most often shared between the employer and the employee (AVS/AI/APG, UI, LPP), it is reasonable to say that **the employer's contribution rate on a Swiss salary ranges between 10% and 20% of the salary.**

Managing social security contributions is a fundamental aspect of employment contracts in Switzerland, reflecting the commitment of employers and employees to social solidarity and occupational benefits.

To navigate confidently through this complex landscape, partnering with a competent Geneva-based accounting firm like Karpeo can make all the difference.

By combining local expertise with a deep understanding of cantonal specifics, Karpeo ensures optimal management of social obligations and payroll, allowing businesses to focus entirely on their growth and success.

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Romain est le fondateur de la Fiduciaire Karpeo à Genève. Il est expert-comptable diplômé et participe activement à la formation des futurs experts-comptables via son rôle de chargé de cours auprès de EXPERTsuisse. Romain est également le co-fondateur de la plateforme entreprendre.ch qui permet la création d'entreprises en Suisse.

