

## Pensions at a Glance 2013

OECD and G20 Indicators

# SWITZERLAND

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- **Income-poverty rates are high among the over-65s in Switzerland**
  - **The effective age of labour market exit is high in Switzerland in international comparison**

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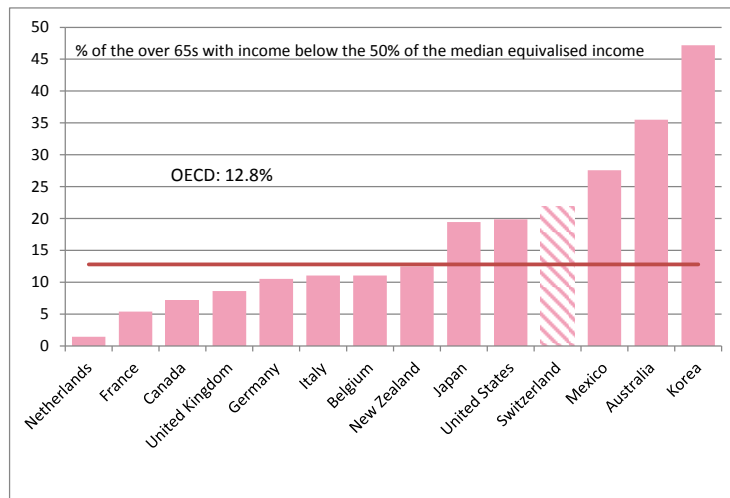
**Switzerland scores the fourth highest poverty rate among the elderly coming just before Mexico, Australia, and Korea:** 21.8% of the over-65s are income poor relative to 12.8% on average. Poverty rates vary between the different age groups of the elderly: 19% of people aged between 66 and 75 are poor while among the over-75s this share increases to 26%. Switzerland also displays the third largest gap between the poverty rates of the elderly and of the population as a whole in the OECD: 12.3 percentage points, compared to 1.5 percentage points on average in the OECD. Generally women, whose life expectancy is longer and who have lower pensions (because of their shorter careers and lower wages) and less wealth are particularly exposed to old-age poverty

The non-contributory means-tested old-age benefit (“Ergänzungsleistungen”) is relatively low at around 20% of the average wage, but it can make a significant contribution to reducing poverty amongst the elderly. However, not all of the elderly entitled to these benefits actually claim them.

The mean income of the Swiss elderly is around 77% of the mean income of the total population and below the OECD average of 86%. Many people aged 65 and over have other resources besides pension incomes. Such as housing and financial wealth and they benefit from publicly provided services.. On average in the OECD, 76% of the elderly population owns their homes. In Switzerland, just about 45% of the elderly are home-owners which is the lowest rate observed among the OECD countries for which data are available. Home-ownership is also low at young ages relative to the OECD average. The majority of the elderly are tenants paying rents at market price.

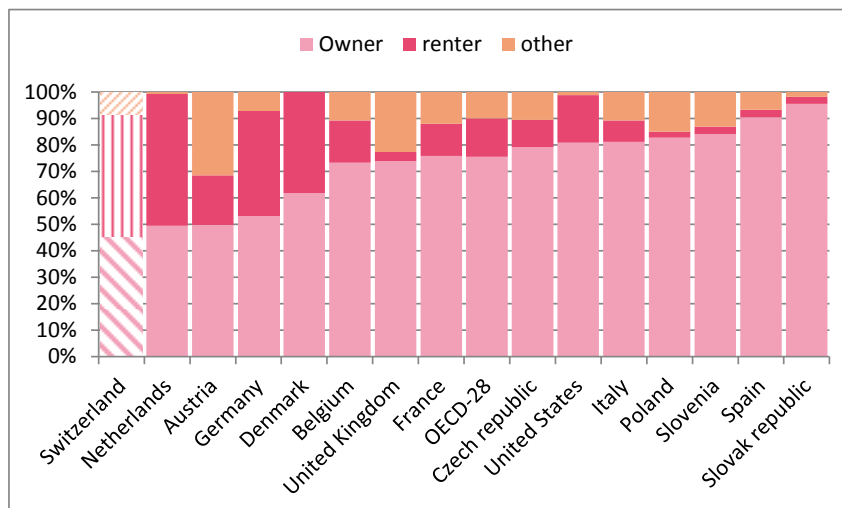
Home ownership can be an important asset during retirement, but it also entails costs. Housing cost overburden (or housing costs exceeding 40% of the homeowner’s equivalised disposable income) affects the elderly proportionately more than younger people in Switzerland.

### Poverty rates among the over 65s, late 2000s



Source: OECD (2013), Pensions at a Glance 2013, OECD and G20 Indicators, OECD Publishing.

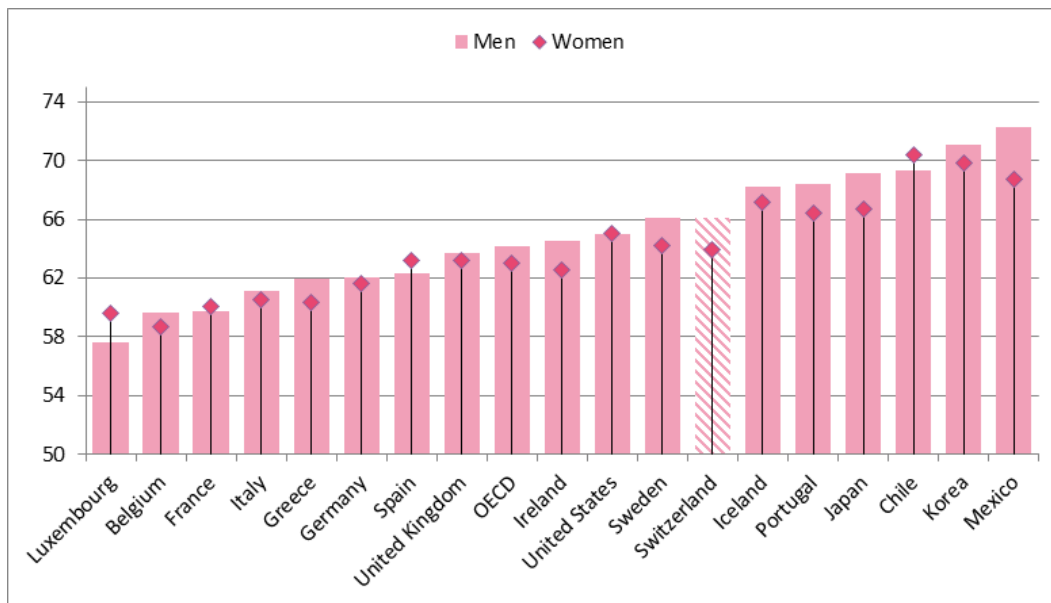
### Housing tenure among people aged 65 and over, 2011



Source: OECD (2013), Pensions at a Glance 2013, OECD and G20 Indicators, OECD Publishing.

Despite a current and projected pensionable age of 65 years for men and 64 for women, respectively, the effective age of labour market exit is high in international comparison. It is 66.1 for men and about 64 for women. These values are higher than the OECD average at 64.2 years for men and 63.1 for women. Participation rates of workers aged 55-64 are also relatively high in Switzerland relative to the OECD average: 70.5% against 55.6% in the OECD. Participation in the labour market among the 55-64 has progressed steadily between 2000 and 2012, by 7 pp relative to 2007.

## Effective age of labour market exit, 2012



Source: OECD Pensions at a Glance 2013

## Key indicators

		Switzerland	OECD
Gross replacement rate	Average earner (%)	55.2	54.4
	Low earner (%)	64.3	71.0
Public pension spending	% of GDP	6.3	7.8
Life expectancy	at birth	82.5	79.9
	at age 65	20.7	19.1
Population aged 65 and over	% of working-age population	28.1	25.5
Average worker earnings (AW)	CHF	86 900	39 100

Note: replacement rate is pension entitlement from all mandatory sources of retirement income relative to individual earnings. Calculations are for a full-career worker entering the labour market in 2012. Low earner is assumed to earn 50% of the average.

Source: OECD (2013), *Pensions at a Glance 2013*, *OECD and G20 Indicators*, OECD Publishing.

**Notes to editors:**



***Pensions at a Glance 2013:  
OECD and G20 Indicators***

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The report includes pension indicators for the OECD member countries and G20 economies with 2012 pension rules and parameters. There are two special chapters on (i) distributional impact of reforms; (ii) future retirement income adequacy, the role of housing, financial wealth and publicly provided services.

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OECD  
2 rue André Pascal  
Paris 75775 Cedex 16  
France

**For further information, please contact:**

OECD Media Relations	Spencer Wilson	spencer.wilson@oecd.org	+ 33 1 45 24 81 18
OECD Social Policy Division	Anna Cristina D’Addio	anna.daddio@oecd.org	+ 33 1 45 24 87 09

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