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Press Release

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Retirement provision: Majority support for a flexible retirement age and greater funding of retirement provision

Two-thirds of the Swiss population want to make their own decision on when to retire. In addition, a recent survey by Deloitte Switzerland shows a majority in favour of greater funding of old-age and survivors' insurance (OASI) via investment income, similar to pension funds. There is little backing for the proposals discussed so far, such as higher salary deductions or an increase in VAT. Pension cuts and a general rise in the retirement age are also clearly rejected. The latest study on this issue conducted by Deloitte shows three realistic, majority-supported and economically sound approaches to ensuring long-term, sustainable pension provision in Switzerland.

Reform of retirement provision is one of Switzerland's most pressing challenges. In an ageing society with growing numbers of pension recipients and a shrinking labour force, there is a need for solutions that are both financially viable and socially accepted. A representative survey by the auditing and consulting firm Deloitte, conducted as part of the 'Ageing Switzerland' study series, now shows that the population is ready for new approaches.

Reform options for secure funding of OASI

More flexible retirement age	Approval	Economically sound	Reform option
Increase retirement age once (e.g. To 67)	26%	Yes	No
Increase retirement age and adjust to life expectancy	32%	Yes	No
More flexible retirement age	68%	Yes	Yes
Increase income for OASI			
Increase VAT	26%	No	No
Increase salary contributions	44%	No	No
Increase federal contributions	44%*	Partially	Partially
Introduce/increase taxes on capital or wealth	43%	No	No
Distribute profits of the National Bank to OASI	72%	No	No
Reduce current tax benefits in the 2nd and 3rd pillar	28%	No	No
Fund OASI through capital income			
Fund OASI more through capital income	53%	Yes	Yes
Fund OASI mainly through capital income	48%*	Partially	Partially
Reduce expenditure			
Reduce pensions for survivors/dependants	24%	Yes	No
Reduce the rate of pension increases	23%	Unclear	No
Freeze pensions	17%	Unclear	No
Reduce pensions	11%	Unclear	No

* Relative majority

Source: Deloitte analysis, population survey on behalf of Deloitte

Table: Reform options for OASI funding based on the survey

68 per cent of respondents want to be able to choose when they retire rather than having to finish work automatically at 65. Furthermore, 53 per cent support funding of OASI via investment income, as is already the case with pension funds. According to Reto Savoia, CEO of Deloitte Switzerland, the survey results send out a clear message: “People think more long-term than politicians. They want freedom instead of strict age limits, and expect long-term funding of pension provision.”

Proposal 1: A more flexible retirement age

The study identifies three approaches to reform that are economically sound as well as politically and socially viable. The first approach involves a more flexible retirement age. In future, everyone would be able to decide themselves when they retire, depending on their health, financial situation and plans for their lives. The model envisages a minimum retirement age and corresponding supplements or deductions; people who retire late would receive higher pensions.

This increased flexibility could also prompt a cultural shift: freedom to decide often results in more long-term thinking and a more considered attitude to retirement provision. It would probably make people more likely and more willing to keep on working, thereby helping to counter the growing skills shortage caused by demographic change.

Reto Savoia states: “We should stop being so fixated on ‘65’. Work in later life should be seen as an attractive and realistic option that inspires and enriches. This gives companies opportunities to retain valuable knowledge and experience. For the model to work, there needs to be a cultural shift at companies and greater appreciation of older employees. Companies could introduce new working models, allow partial retirement or use experienced employees as coaches.”

Proposal 2: Temporary federal contributions – targeted rather than permanent

The second reform proposal involves a temporary increase in federal contributions to OASI. In the survey, a relative majority (44 per cent) are in favour of higher federal contributions. However, the goal should not be a permanent increase in public spending, but temporary dedicated funding through the reallocation of existing federal resources. This would result in a targeted boost to OASI funds.

Deloitte proposes a time limit to federal contributions, such as via a sunset clause. The resources would only be used to fund OASI and invested to achieve long-term returns. “Ongoing funding of the OASI deficit is ineffective – by contrast, temporary, targeted capitalisation is sustainable and sound,” says Reto Savoia.

Proposal 3: Increased capitalisation of all retirement provision

The third approach to reform involves increased funding of all three pillars via the capital market: OASI through investment of resources from the expanded funds; 2nd pillar through lowering of the eligibility threshold, higher returns and greater individualisation; and the 3rd pillar through higher incoming payments and more investments on the capital market.

At present, the 1st pillar is funded almost entirely via contributions: the revenue, consisting of salary deductions and federal contributions, is used directly for current pensions. By contrast, the idea of greater funding means that the OASI fund is increased in a targeted manner and the money is invested on the capital market for part-financing of subsequent pensions.

According to the study by Deloitte, approximately doubling the existing fund from around CHF 50 billion to CHF 100 billion – to be funded via annual contributions up to 2035 – would be enough to close much of the forecast funding gap up to 2040. Without a measure of this kind, there is a risk of endless deficit financing that cumulatively costs more than ongoing capital financing, which generates income from year one onwards.

The majority of respondents support this pathway to reform. Ideally, the fund would be boosted by temporary federal resources – paid for by savings and a reallocation of existing spending. This would lead to stabilisation in the medium term and higher returns in the long term. “A more heavily backed OASI fund generates higher returns and reduces the dependency on current income,” says Reto Savoia. “This increases confidence in the system and eases the burden on future generations.”

In the pension fund, increased capital funding could be attained by lowering the eligibility threshold for compulsory insurance. This would also improve retirement provision for people on low incomes. In addition, higher returns should be targeted in the 2nd pillar. Although this would increase the risks, they would be mitigated by the lengthy investment period.

Furthermore, greater individualisation of the investment strategy in the pension fund makes room for personal preferences, thus allowing the selection of investment strategies with a higher probability of return. With long-term investments, the risk of loss would be contained. There would also be greater transparency for those insured, and they would have better and easier access to the pension information relevant to them.

According to the survey, just under half of the respondents (49 per cent) pay money into the 3rd pillar, although only 17 per cent pay in the maximum amount. However, of those who pay in, only 9 per cent invest the entire amount on the financial market. A lack of financial resources is cited as the main barrier to higher contributions, while risk prevention is the main reason for not investing.

Regular and long-term investments in private pensions provide substantial potential for higher returns. In view of this, offerings in the 3rd-pillar sector could be optimised, such as in terms of cost/benefit ratio, customer experience and customisation. “Retirement provision is not solely a state responsibility. The focus is on the individual, and companies and insured persons should make greater use of the options available to them,” says Savoia.

Rejection of reform proposals discussed so far

The survey also sends a clear signal to politicians: there is little support for OASI reforms involving extra financial costs. A relative majority of 49 per cent of respondents reject higher salary contributions. Just under two-thirds (65 per cent) of respondents oppose a rise in VAT.

Views on pension cuts are even clearer: more than three-quarters of the population disapprove of them, even in indirect forms such as a falling conversion rate or a lower inflation adjustment. The idea of using National Bank profits for OASI, rather than distributing them to the federal government and the cantons as at present, is popular, with an approval rating of 72 per cent, but it is economically unsound, indeed dangerous. This is because the SNB’s earnings are volatile and unpredictable. And any SNB losses would worsen the already troubled situation of the OASI fund. In addition, the SNB’s independence would be undermined.

“The rejection of new salary deductions or taxation clearly shows that reforms must be economically smart and fair for all generations,” says Reto Savoia. “Instead of putting a greater burden on the public and the economy, we should adopt a sustainable solution, one that offers greater flexibility and higher investment income.”

About the study

[This study by Deloitte] was conducted in February 2025 as part of the study series ‘Ageing Switzerland’. It is based on secondary data and an online survey of 1,000 people throughout Switzerland, and is representative in terms of age, gender and language region.

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