

# Secure self-employment /

The self-employed are personally responsible for their own financial and material security. Unfortunately, all too often they neglect to carry out regular checks and make urgently required adjustments. Recent studies clearly show that many small businesses are taking inadequate precautions. This checklist provides you with a summary of the key topics.

	Topic	Comment	Need for action
	<b>Pension situation</b>		Advice
	<p>1 Is your company already well established, but "still in the starting blocks" when it comes to insurance and pension coverage?</p>	<p>Don't just stick with your initial, minimum solution. Only a thorough check every two years, and when changes occur, will prevent a gap from opening up between the effective benefits you can expect and your actual financial needs.</p>	<input type="checkbox"/>
	<p>2 Did you utilize pension fund monies to finance setting up your business?</p>	<p>If so, that could threaten your existence as your cover may be inadequate in cases of emergency.</p>	<input type="checkbox"/>
	<p>3 Why is the legal form of your company a decisive factor in your pension situation?</p>	<p>In the case of self-employment, the law distinguishes between legal forms it regards as genuine (sole proprietorship, general partnership, limited partnership) and those that are not (public limited company, joint stock company). Self-employed persons in the latter category enjoy better coverage. They are similar to employees in that, above and beyond AHV cover (Pillar 2), they are insured in a pension fund (Pillar 1) and enjoy compulsory accident insurance under the UVG.</p>	<input type="checkbox"/>
<p>4 What voluntary pension options are open to the "genuine" self-employed?</p>	<ul style="list-style-type: none"> <li>■ Insurance with the pension fund of their respective professional association or with the National Substitute Pension Plan</li> <li>■ Insurance with the Employees' Pension Fund (compulsory insurance if AHV salary exceeds CHF 21,150)</li> <li>■ Annual payments of up to 20% of net income (pension insurance), maximum amount of CHF 33,840, under Pillar 3a. No restrictions on payments to Pillar 3b products.</li> </ul>	<input type="checkbox"/>	

All figures as of 2015



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<b>Income and assets</b>		Advice
5 What is a pension gap?	Pension gaps arise when earnings are lost due to illness/accident/death or after retirement. They are calculated as the difference between the effective income a person needs and his/her existing reserves and benefits from social insurance.	<input type="checkbox"/>
6 Are you adequately insured against accidents?	The self-employed do not fall under the system of compulsory accident insurance (UVG) and are thus not insured against accidents that occur in their professional and private lives. They can enroll in a UVG plan voluntarily, conclude an individual insurance contract or insure the accident risk (in addition to the risk of illness) with their health insurer.	<input type="checkbox"/>
7 What will you live off if an illness or accident prevents you from working?	You will not receive any Pillar 1 or, where applicable, Pillar 2 benefits for at least one year; and such benefits often cover only part of your financial needs. Daily sickness benefits insurance and combined accident/health insurance generally cover loss of earnings for a limited period only. It is advisable to take out either loss of earnings insurance, which pays long-term benefits, or supplementary UVG insurance.	<input type="checkbox"/>
8 Will your financial reserves be adequate if your revenue flow suddenly dries up?	As the self-employed do not receive any unemployment benefits, it is advisable to have sufficient financial reserves to cover a period of at least six months.	<input type="checkbox"/>
9 Why should your planned earnings be higher than your previous salary as an employee?	If you have to forgo earnings due to occupational disability, it may still be necessary to continue paying additional costs such as out-of-pocket expenses, a company car, dividends, etc. If you insure only your previous salary as an employee, the benefits paid under your loss of earnings insurance will be too low.	<input type="checkbox"/>
10 Do the self-employed receive family allowances – and, if so, from whom?	You can apply for a family allowance from your family compensation fund.	<input type="checkbox"/>
11 How safe are your private assets – for example, if your firm goes bankrupt?	For the self-employed (except corporations and limited companies), liability is unlimited. In the event of bankruptcy, a life insurance policy has big advantages because the amount of insurance or surrender value is not included in the bankrupt estate, provided the beneficiaries are the policyholder's dependents.	<input type="checkbox"/>

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	<b>Partners and business partners</b>		Advice	
	12	What if your life or business partner were suddenly unable to work, either temporarily or permanently?	In such cases, the organizational and financial challenges at home and in the office are often enormous (household help, child care, replacement worker, etc.). So always make sure you have adequate coverage for your private and business partners.	<input type="checkbox"/>
	13	How can I ensure that my dependents and business partners can meet their regular financial commitments if I die or become incapacitated?	Do not leave your dependents and business partners with excessive financial obligations such as loans, mortgage debts or other financial burdens. A term life insurance policy is an affordable and effective solution to this problem.	<input type="checkbox"/>
	14	Why is it sensible to settle my estate well in advance?	Use the options you have to take care of your beneficiaries, whether via pension products, your will or an inheritance contract. That way, your company capital will not be depleted in the event of disputes over your estate.	<input type="checkbox"/>
	15	How can you give your dependents and business partners financial support even if your business is overindebted?	The capital from a term life insurance policy is paid straight to the beneficiary and does not form part of a deceased person's estate. Family members who are entitled to inherit will receive their death benefit even if they renounce the inheritance.	<input type="checkbox"/>
	<b>Operational risks</b>		Advice	
	16	Do you know your liability risks when it comes to customers, employees and third parties?	No company can afford to do without employer's liability insurance coverage that is tailored to its specific risks.	<input type="checkbox"/>
	17	Are you aware of the risks in your industry and your current insurance requirements?	Review possible sources of risk regularly. Use the advantageous industry-specific insurance solutions for commercial vehicles, business trips, technological risks, and hazards for people and the environment, among other things.	<input type="checkbox"/>
	18	Legal disputes with customers, employees, neighbors and third parties can entail enormous costs. How can you budget for these in an uncomplicated manner?	Legal expenses insurance makes it possible to budget for the risks related to legal disputes and court cases. Interesting combination products covering private life, work, mobility and travel are available for individual companies.	<input type="checkbox"/>
	19	Do you know the creditworthiness of your existing and potential customers?	Insolvent customers can seriously threaten the existence of your business. You can protect yourself against this risk with accounts receivables insurance.	<input type="checkbox"/>

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	<b>Retirement</b>		Advice
	20 Have you already given thought to your retirement?	Whether you want to retire early, partially, at the regular age or even later, make sure you check well in advance (our recommendation: as of age 50) what financial and actuarial implications your personal retirement will have for the remainder of your life.	<input type="checkbox"/>
	21 Are you aware of the main advantages and disadvantages of Pillar 2 and/or Pillar 3 pensions in your particular situation?	Self-employed persons who do not belong to a pension fund can make much higher payments into a Pillar 3a plan than employed persons with Pillar 2 plans. Be sure to calculate your various options, including tax savings.	<input type="checkbox"/>
22 What will happen to your company when you retire?	As the handover of a business to the next generation or a new owner is a complex matter, you should allow around five years for the process – especially if your company is the main component funding your retirement.	<input type="checkbox"/>	

All figures as of 2015

Keep a close watch on the risks of being self-employed and on any gaps in coverage. Make an appointment with us today to address any specific issues and questions you have. You can also use the “Protection calculator” for self-employed persons at [www.axa.ch/absicherungsrechner](http://www.axa.ch/absicherungsrechner)

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