


Social insurance FL 

All you need to know about social security /

Pension system in the
Principality of Liechtenstein
January 2014

Old age, survivors' and disability insurance, family compensation fund

AHV/IV/FAK

Group of persons

Mandatory insurance

- Persons who live or work in Liechtenstein
- Persons sent abroad under certain conditions for a contractually agreed time

Retirement age

Women/men: 64

Flexible retirement means that the start date of the retirement pension can be set anywhere between the age of 60 and the age of 70.

Drawing a pension early

Persons born in 1955

- By 1 year: 3% pension reduction
- By 2 years: 7% pension reduction
- By 3 years: 11.5% pension reduction
- By 4 years: 16.5% pension reduction

Persons born in 1956 or after

- By 1 year: 5.5% pension reduction
- By 2 years: 10.6% pension reduction
- By 3 years: 15.2% pension reduction
- By 4 years: 19.5% pension reduction

Deferring a pension

Pension increase depending on the deferral period (5.22% – 40.71%).

Benefits

Calculation basis for benefits

Full pension

No gaps in contribution years from age 20 (including education and care credits)

- Retirement/disability pension
 - Minimum: CHF 1,160 a month
 - Maximum: CHF 2,320 a month
- Widow's/widower's pension
 - Minimum: CHF 928 a month
 - Maximum: CHF 1,856 a month
- Orphan's and retired person's child's pension
 - Minimum: CHF 464 a month
 - Maximum: CHF 928 a month
- Disabled person's child's pension
 - Maximum: CHF 464 a month

Christmas bonus: In December, an additional payment of the same amount as the regular pension is issued (valid for all pensions).

Supplementary benefits

EL

Persons entitled to a pension

Liechtenstein citizens with domicile in Liechtenstein who

- draw a retirement or survivor's pension,
- receive at least half a disability pension or a care allowance,
- have been receiving daily benefits from the disability insurance continually for at least 6 months.

Entitled persons from abroad

- Citizens of Switzerland and countries of the European Economic Area with domicile in Liechtenstein
- Refugees and stateless persons who have lived in Liechtenstein for at least the past 5 years
- Members of other states who have had their domicile in Liechtenstein continually for at least the past 10 years

Annual supplementary benefits

Difference between the effective earnings and recognized expenditures

Occupational benefits

BPVG

Mandatory for

Employees who pay contributions to the AHV and whose annual salary is at least ¾ of the maximum retirement pension

Retirement age

The same as for AHV

Disability benefits

As of January 1 after the 17th birthday

Death benefits

As of January 1 after the 17th birthday if the person must provide care for the spouse or children or support to a spouse who is separated.

Retirement benefits

As of January 1 after the 23rd birthday, provided the person is permanently employed. An employment relationship is considered permanent if it is limited to a period longer than three months or extended past the limit from an originally shorter period.

Pensionable salary

Salary component between

- CHF 83,520 (three times the max. AHV retirement pension) and
- CHF 13,920 (annual amount of the min. AHV retirement pension).

Maximum CHF 69,600

Accident insurance (UVersG)

OUFL

Mandatory for

- Employees working in Liechtenstein
- An employer's family members who receive cash wages and pay AHV contributions
- Persons who have a secondary source of income or hold an office and whose salary is subject to AHV contributions

Part-time employees who work less than 8 hours a week are insured only against occupational accidents (including accidents on the way to work)

Daily benefits

Last salary before the accident

Pension

The salary received during the year before the accident

Maximum insured salary:
CHF 126,000 a year
CHF 346 a day

Treatment, care, recovery	Temporary incapacity for work	Permanent incapacity for work	Death before retirement
<p>AHV Assistance Care allowance</p> <p>IV</p> <ul style="list-style-type: none"> Integration measures (occupational measures, salary advance, suspension of pension payments upon request, assistance, daily benefits, allowance, reimbursement of expenses) Promotion of disability assistance <p>Principle: Integration before pension</p> <p>Family compensation fund (FAK)</p> <ul style="list-style-type: none"> Child allowance Birth allowance Allowance for single parents 	<p>IV daily benefits</p> <ul style="list-style-type: none"> 80% of the reference earned income during integration and while inquiries are underway Child allowance 	<p>Disability pension Amount (assuming full contribution period) depends on level of disability</p> <ul style="list-style-type: none"> From 40% = quarter pension Minimum: CHF 290 a month Maximum: CHF 580 a month From 50% = half pension Minimum: CHF 580 a month Maximum: CHF 1,160 a month From 67% = full pension Minimum: CHF 1,160 a month Maximum: CHF 2,320 a month <p>Disabled person's child's pension</p> <ul style="list-style-type: none"> Quarter pension: CHF 116 a month Half pension: CHF 232 a month Full pension: CHF 464 a month 	<p>Widow's/widower's pension 80% of the applicable retirement pension assuming full contribution period</p> <ul style="list-style-type: none"> Minimum: CHF 928 a month Maximum: CHF 1,856 a month <p>In registered partnerships, the surviving partner is treated the same as a widowed spouse.</p> <p>Orphan's pension 40% of the applicable retirement pension</p> <ul style="list-style-type: none"> Minimum: CHF 464 a month Maximum: CHF 928 a month
<p>Cost participation/ payments for:</p> <ul style="list-style-type: none"> Health insurance Doctor, dentist, medication Health care Aids (cost integrated into the effective supplementary benefit or the aid is issued as a rented item) 	<p>Annual benefits Entitlement if the insured draws IV daily benefits continually for at least 6 months</p>	<p>Guaranteeing the subsistence level, provided that living costs cannot be covered by a pension and other income.</p>	<p>Guaranteeing the subsistence level of surviving family members</p>
<p>No mandatory benefits</p>	<p>Contribution waiver</p>	<p>Mandatory minimum benefits Amount (assuming full contribution period) depends on level of disability</p> <ul style="list-style-type: none"> Disability pension: 30% of the pensionable salary per year Child's pension: Annually 6% of the pensionable salary 	<p>Widow's/widower's pension</p> <ul style="list-style-type: none"> If the person must support a child or children or has reached at least age 45 and been married for at least 5 years: For life at 18% of the pensionable salary In all other cases: Single payment of 3 annual pensions <p>In registered partnerships, the surviving partner is treated the same as a widowed spouse.</p> <p>Orphan's pensions Annually 6% of pensionable salary for half orphans or 12% for full orphans</p>
<ul style="list-style-type: none"> Medical treatment Assistance Property damage Costs of travel, transportation, rescue and recovery Costs of transporting the body and of the funeral Care allowance 	<p>Daily benefits</p> <ul style="list-style-type: none"> 80% of insured earnings from the second day of incapacity for work due to accident or occupational illness until the person is fit again for work or starts drawing a disability pension. Reduction in percent in the case of partial incapacity 	<p>Disability pension Full pension: 80% of the insured salary Partial disability: Reduction in percent</p> <p>Supplementary pension The accident insurance grants a supplementary pension to persons entitled to both a pension from AHV/IV and from the accident insurance. This supplements AHV/IV benefits to achieve 90% of the insured salary.</p> <p>Indemnity for physical and mental impairment Payment is based on physical and mental impairment in percent and issued as a lump sum. However, the amount may not exceed the highest insured annual salary on the day of the accident.</p> <p>Care allowance</p> <ul style="list-style-type: none"> Calculation: Level of care required Monthly amount: Minimum twice and maximum six times the highest insured salary 	<p>Survivors' pensions</p> <ul style="list-style-type: none"> Widow and widower: 40% of the insured salary Half orphan: 15% of the insured salary Full orphan: 25% of the insured salary <p>Multiple survivors: Maximum 70% of the insured salary together</p> <p>Separated or divorced spouses: 20% of the insured salary (at the most the amount in maintenance owed)</p> <p>In registered partnerships, the surviving partner is treated the same as a widowed spouse.</p> <p>Supplementary pension The accident insurance grants a supplementary pension to persons entitled to both a pension from AHV/IV and from the accident insurance. This supplements AHV/IV benefits to achieve 90% of the pensionable income.</p>

		Financing
<p>Benefits after retirement</p> <p>Retirement pension Assuming the contribution period is complete</p> <ul style="list-style-type: none"> Minimum: CHF 1,160 a month Maximum: CHF 2,320 a month <p>Supplementary pension for female spouse Men born in 1944 or earlier who are eligible for a pension, provided their spouse was born in 1954 or earlier and is not yet eligible for a pension.</p> <p>Child's pension with the retirement pension</p> <ul style="list-style-type: none"> 40% of the applicable retirement pension General entitlement up to the 18th birthday Children in training: Up to completion of program; at the latest up to the 20th birthday 	<p>Benefits adjustment</p> <p>In accordance with changes in salary and cost of living</p> <ul style="list-style-type: none"> Generally every 2 years Annually, provided the consumer price index rises by more than 4% Later, provided the consumer price index rises by less than 5% within 2 years 	<p>Contribution rates and financing</p> <p>Employee and employer</p> <ul style="list-style-type: none"> AHV: 7.8% (employee 3.8%, employer 4%) IV: 1.5% (employee 0.75%, employer 0.75%) <p>If employer is not required to pay contributions:</p> <ul style="list-style-type: none"> AHV max. 7.8%, IV max. 1.5% of the effective salary <p>Self-employed individuals Contributions based on earned income (based on the second most recent tax year)</p> <p>Individuals not gainfully employed Min. CHF 350.40, max. CHF 11,670.40 per year, depending on assets, pension income and other recurring payments.</p> <p>Family compensation fund (FAK)</p> <ul style="list-style-type: none"> Employer Self-employed individuals Individuals not gainfully employed <p>Contribution rate: 1.9% of the effective earned income</p> <p>Administrative costs</p> <ul style="list-style-type: none"> 0.4704% of the relevant salary Parties that must pay contributions: Employers, self-employed individuals, those not gainfully employed
<p>Guaranteeing the subsistence level</p>	<p>The government can adjust benefits to reflect changed circumstances</p>	<p>Contribution rates None</p> <p>Financing Expenditures for supplementary benefits are borne half each by the Principality and by the communities. The communities are debited commensurately to the number of inhabitants taken from the most recent records of the Office of Economic Affairs.</p>
<p>Retirement pension The amount of the retirement pension depends on the retirement assets when the pension begins and on the conversion rate (as a percentage of retirement assets)</p> <p>Components of the retirement assets:</p> <ul style="list-style-type: none"> Retirement credits of at least 8% of the pensionable salary Vested benefits brought into the fund Interest earned on these contributions <p>Survivors' benefits</p> <ul style="list-style-type: none"> Widow's or widower's pension: 60% of the most recent retirement pension Orphan's pension: 20% of the most recent retirement pension payment 	<p>Financing of cost-of-living adjustments is possible but not prescribed by law</p>	<p>Contribution rates</p> <ul style="list-style-type: none"> Retirement pension: Min. 8% of the pensionable salary Risk contributions: Determined based on the cost for minimum benefits Guarantee Fund for compensation in case of insolvency: Contributions in accordance with the regulations <p>Financing The employer is responsible for at least half of the contributions and for the internal administrative costs of the occupational benefits institution.</p>
<p>End of entitlement to a disability pension:</p> <ul style="list-style-type: none"> Complete settlement (capitalized pension) Discontinuation of the pension Death of the insured 	<p>Cost-of-living adjustment: Based on price developments/ country index, and AHV</p>	<p>Contribution rates</p> <ul style="list-style-type: none"> Calculation: In thousandths of the insured salary Occupational accident: Classification of company by type and relationship (tiered premiums) Non-occupational accident: Premiums structured by risk category <p>Financing</p> <ul style="list-style-type: none"> Occupational accidents/illnesses: Employer Non-occupational accidents: Employee

Health insurance
KVG

Group of persons
<p>Health care</p> <ul style="list-style-type: none"> ■ Mandatory insurance: Persons who live or work in Liechtenstein <p>Regulations for cross-border commuters</p> <ul style="list-style-type: none"> ■ Swiss citizens: No entitlement because they must be insured in Switzerland ■ Austrian citizens: They may choose to be insured in Liechtenstein or in Austria <p>Sickness benefits</p> <ul style="list-style-type: none"> ■ Mandatory for: Employees from age 15 working in a company with its head or branch office in Liechtenstein ■ End of entitlement: When drawing a full AHV pension ■ Supplement to compulsory insurance for mandatorily insured persons possible ■ Persons not mandatorily insured: Voluntary daily benefits insurance possible

Unemployment insurance
ALV

<p>Mandatory for</p> <ul style="list-style-type: none"> ■ Persons working for an employer with its head or branch office in Liechtenstein ■ Persons holding jobs abroad who are mandatorily insured under Liechtenstein's AHV scheme or who are not subject to contributions on account of their age

Benefits
<p>Calculation basis for benefits</p> <p>Mandatory health care insurance offers the same benefits to all insured persons. The scope of services offered under health care insurance and sickness benefits insurance can be adjusted voluntarily to individual requirements.</p> <p>Health care insurance</p> <ul style="list-style-type: none"> ■ Out-patient tests; treatment and care, including prescribed medication, medical products and analyses ■ Tests, treatment and care administered by hospitals to in- and out-patients, as well as the costs of room and board for in-patient treatment according to the basic offer of the hospital ■ Contributions toward spa treatment if prescribed by a doctor ■ Patient transfer for medical reasons ■ Contributions to the cost of care at home that exceeds normal living expenses, insofar as approved by a doctor <p>Sickness benefits insurance</p> <ul style="list-style-type: none"> ■ In the case of full incapacity for work, 80% of the salary subject to AHV contributions, including any regular supplements ■ Eligibility from the second day of illness as approved by a doctor and on the condition of incapacity for work of at least 50% <p>Sickness benefits will cease when:</p> <ul style="list-style-type: none"> ■ The person is again fit for work ■ Payment has been issued for at least 720 out of 900 consecutive days ■ The person draws a full AHV pension <p>Maternity leave</p> <ul style="list-style-type: none"> ■ Entitlement: Having been with a health care provider for at least 270 days prior to the birth without an interruption of more than 3 months ■ Health care: Birth and delivery by a doctor and midwife, checkups during pregnancy and within 10 weeks after the birth, hospital care and treatment of the child within 10 weeks after birth ■ Sickness benefits: Minimum 80% of the salary subject to AHV contributions received so far, including any regular supplements. Entitlement to daily benefits for a total of 20 weeks, 16 of which are after the birth

<p>Salary subject to contributions Up to CHF 126,000 (CHF 10,500 a month)</p> <p>Partial unemployment benefit 80% of the pensionable daily earnings</p> <p>Unemployment benefits</p> <ul style="list-style-type: none"> ■ Basic compensation: 80% of the applicable daily earnings ■ Reduction: 70% of pensionable daily benefits, provided there exists no duty to provide support, daily benefits exceed CHF 140, no disability ■ Entitlement: <ul style="list-style-type: none"> – Maximum of 260 daily benefits: Contribution period of at least 12 months – Maximum of 400 daily benefits: Contribution period of at least 18 months and completion of age 50 – Maximum of 500 daily benefits: Contribution period of at least 22 months and drawing a disability (IV) pension; disability level of at least 40% – Maximum of 130 daily benefits: Persons who are exempt from the contribution period requirement – Maximum of 200 daily benefits: Persons before their 25th birthday who have no support obligation for children <p>Insolvency compensation Coverage of wage demands for the 3 last months of the employment relationship prior to</p> <ul style="list-style-type: none"> ■ the beginning of bankruptcy ■ having bankruptcy refused proceedings ■ being granted a bankruptcy moratorium ■ an unsuccessful pledge <p>Compensation: Max. CHF 10,500 a month or CHF 346 a day (max. salary subject to contributions)</p> <p>Mandatory occupational benefits insurance Insurance against disability or death in case of 100% unemployment: The insurance fund deducts unemployment contributions for the occupational benefits insurance and transfers them to the insurer, together with the required employer contribution.</p>

Financing
<p>Contribution rates and financing</p> <p>Employees and employers</p> <ul style="list-style-type: none"> ■ Separate contributions for each insurance type (health care, sickness benefits, mandatory/voluntary) ■ Health care: <ul style="list-style-type: none"> – Single premium for all insured persons (premiums set by providers) – Employer contributions for employed persons (adults CHF 132.50/young persons CHF 66.25) ■ Sickness benefits: <ul style="list-style-type: none"> – Employers and employees each pay half – Supplementary or voluntary coverage (premiums set by providers) <p>Cost participation of insured persons</p> <ul style="list-style-type: none"> ■ Mandatory health care insurance upon completion of age 20 ■ Annual rate: CHF 200, pensioners CHF 100 ■ 10% deductible (max. CHF 600; pensioners max. CHF 300) <p>Government contribution Mainly for insured persons with a low income</p>

<p>Contribution rates</p> <ul style="list-style-type: none"> ■ 1% of the salary subject to contributions, max. CHF 1,260 ■ Government contributions equal 20% of annual payments if the insurance fund's assets are less than twice the total expenditure over the past four years ■ Up to 20% of the payments are covered if the insurance fund shows a deficit <p>Financing</p> <ul style="list-style-type: none"> ■ Employer and employees each pay half ■ Government contributions ■ Investment income
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