Economy and society

Making provision (4)

14:30 minutes

00:47 We can make provision not just for old age but also for our health. In 2005, for example, there was a rush to buy the flu drug Tamiflu. People were afraid that there might be a bird flu epidemic in Switzerland.
Hoarding is a recurrent phenomenon. In the 1970s, warnings of price increases made people stockpile staples such as sugar.
01:40 Anton Streit, who works for the Swiss Federal Social Insurance Office, explains the basic principle of old-age provision.
02:34 Sonja Mehmann deals with pension schemes on a daily basis. The thirty-year-old works as a pension consultant with ZKB (Zürcher Kantonalbank).
04:32 Having a family to provide for your future: in the old days there used to be people of several generations at the kitchen table.
Anton Streit explains how making provision for one's old age has changed over time – from big families to a three-pillar pension scheme, with state, occupational and private pension funds.
05:37 Sonja Mehmann analyses retirement provisions for her clients. By means of them, she can show how much money they will have in old age. Mr and Mrs Minder have had such an analysis made. Sonja Mehmann presents the results.
06:27 How much do you think you will get in state pension (AHV) when you retire? Students' estimates tend to be far too high. Simone and Adrian Minder are told what state pension they can expect.
07:32 No financial worries after retirement – to make this possible, Switzerland has set up an old-age provision scheme based on three pillars.
The first pillar is the state pension fund (AHV). It works on a transfer system: the state deducts a pension contribution from employees' pay every month and transfers this money to pensioners. This procedure is based on the idea of solidarity between generations – people who are working now pay pensions of retired people in the expectation that their children will do the same for them.
09:13 The second pillar is the occupational pension fund. Employers and employees each pay half of the contributions to the second pillar. It operates on a capital cover principle. This means that the capital paid in for a particular person covers their needs after they retire.
11:01 The third pillar – private savings – is a further provision for individual needs. It includes savings accounts, shares, life insurance and possibly your own home. Each individual is responsible for his own third pillar.
11:38 What does the future of our three-pillar scheme hold? How will future population developments affect it? Each of these pillars has its own risks.