

# AHV contributions during early retirement for people who are not gainfully employed

If you retire early you will continue to pay AHV contributions until the regular AHV retirement age. Working part-time reduces the contributions you have to make.

As long as you remain in gainful employment, the mandatory AHV, IV, and EO contributions are deducted automatically from your salary. If you opt for early retirement, the requirement to pay these contributions remains in place until you reach the regular AHV retirement age, which is currently 64 for women and 65 for men. If you do not make the contributions for employed persons, this can result in a reduced AHV retirement pension when you reach regular AHV retirement age. It is the insured person's responsibility to be aware of the requirement to make these contributions and to report to the relevant AHV compensation office.

## Persons who are not gainfully employed pay contributions

The annual AHV, IV, and EO contributions for people who have taken early retirement vary between CHF 514 and a maximum of CHF 25,700 per person depending on the individual's financial circumstances (see the following table). For married couples, the maximum annual contribution is CHF 51,400 (as of 2023). The AHV compensation offices also charge administrative cost contributions up to a maximum of 5% of the annual AHV, IV, and EO contributions.

AHV contributions for non-employed persons, which can be quite high, are based on 20 times the annual pension income (e.g. early AHV pension, retirement pension from a pension fund) plus any assets. These include savings accounts, securities, and real estate. The contributions for non-employed persons are calculated per person on the basis of half of the marital assets and pension income regardless of the marital property regime. The assets used in the calculation are those listed in the Cantonal Tax Office assessment as of December 31 of the contribution year. If a gainfully employed spouse makes AHV, IV, and EO contributions of more than CHF 1,028 (twice the minimum contribution), the spouse who is not gainfully employed does not have to make any contributions. The same rules apply to couples in a registered partnership.



## Example 1:

A married 62-year-old man receives a pension of CHF 65,000. His 60-year-old wife is not gainfully employed. The marital assets, including their condominium, total CHF 1,600,000. The basis used for calculating contributions per person for non-employed individuals is half of the joint pension income and assets. This is CHF 1,450,000  $([CHF\ 65,000 \times 20 + CHF\ 1,600,000]/2)$ . According to the AHV contribution table, each spouse must pay contributions for non-employed persons of CHF 2,946.80 (or CHF 5,893.60 for both spouses).

## Contributions for non-employed persons

Assets, plus 20 times annual pension income		Annual AHV, IV, and EO contributions	
Less than CHF	340,000	CHF	514.00
From CHF	340,000	CHF	614.80
CHF	450,000	CHF	826.80
CHF	600,000	CHF	1,144.80
CHF	750,000	CHF	1,462.80
CHF	1,000,000	CHF	1,992.80
CHF	1,750,000	CHF	3,582.80
From CHF	8,740,000	CHF	25,700.00

From a total of CHF 1,740,000 upwards, the annual contribution amount rises by CHF 159 for each additional CHF 50,000. The AHV compensation offices also charge administrative cost contributions up to a maximum of 5% of the annual AHV, IV, and EO contributions.

## Two-fold benefits from part-time employment

If you still work occasionally after early retirement or if you retire gradually, you can reduce your contributions on the basis of your earned income.

Working 50% for at least nine months a year can be sufficient for you to be deemed in gainful employment for AHV purposes. The benefits of this are two-fold:

- You reduce your AHV contributions. The basis used for calculation is your gross earned income and not 20 times your pension income plus assets.
- If you and your employer together pay over CHF 1,028 in AHV contributions (twice the minimum contribution), your non-working spouse is exempt from making contributions.

### Example 2:

If the 62-year-old early retiree from Example 1 earns CHF 40,000 gross from part-time employment, then he and his employer will make AHV, IV, and EO contributions of CHF 4,240 (CHF 40,000 x 10.6%). His wife, who is not gainfully employed, does not have to make any contributions of her own because her husband and his employer together pay more than twice the minimum contribution. Thanks to this part-time employment, the couple reduces its annual contributions by CHF 3,777.60 (CHF 5,897.60 - CHF 2,120).

## Comparative calculation in the case of low working hours or low income

If you work less than 50% or are employed for less than nine months of the year, the AHV makes a comparative calculation. If this shows that the contributions made by you and your employer for your gainful employment are less than half the contributions that you would have to make as a non-employed person, you will be deemed a non-employed person for AHV purposes and will have to pay the corresponding contributions. Any contributions that you have already paid as a result of your gainful employment can be offset against the contributions for non-employed persons.

**Source:** AHV (Federal Old Age and Survivors' Insurance) / IV (Disability Insurance) information office, January 1, 2023.

### Example 3:

If our 62-year-old early retiree works irregular hours on an hourly rate basis and earns CHF 7,000 per year from this activity, the AHV, IV, and EO contributions made by the retiree and his employer will come to CHF 742 (CHF 7,000 x 10.6%).

From the calculation in Example 1, our early retiree would pay contributions for non-employed persons of CHF 2,946.80. The salary-based contributions of CHF 742 are substantially less than half of the contributions for non-employed persons (CHF 1,473.40). This means that the 62-year-old part-time worker is deemed not to be in gainful employment for AHV purposes and must make contributions of CHF 2,204.80 (CHF 2,946.80 - CHF 742). His wife, who is also not gainfully employed, will have to pay contributions as well. Her annual contributions for non-employed persons will be an additional CHF 2,946.80 (see Example 1).

## Further information

You can find more information in the brochure "Non-employed contributions to Old-Age and Survivors' Insurance (OASI), Disability Insurance (DI), and Income Compensation Insurance (IC)" published by the OASI/DI Information Centre, as well as a calculator to estimate the amount of your non-employed contributions, at [www.ahv-iv.info](http://www.ahv-iv.info).

## Contact Us

If you would like to speak to us personally, please do not hesitate to contact us.

You can call us at 0844 200 114\*

For further information visit us at:

**[credit-suisse.com/financialplanning](http://credit-suisse.com/financialplanning)**

\* Telephone conversations may be recorded

## CREDIT SUISSE (Switzerland) Ltd.

P.O. Box 100  
CH-8070 Zurich  
**[credit-suisse.com](http://credit-suisse.com)**

The information provided herein constitutes marketing material. It is not investment advice or otherwise based on a consideration of the personal circumstances of the addressee nor is it the result of objective or independent research. The information provided herein is not legally binding and it does not constitute an offer or invitation to enter into any type of financial transaction. The information provided herein was produced by Credit Suisse Group AG and/or its affiliates (hereafter "CS") with the greatest of care and to the best of its knowledge and belief. The information and views expressed herein are those of CS at the time of writing and are subject to change at any time without notice. They are derived from sources believed to be reliable. CS provides no guarantee with regard to the content and completeness of the information and does not accept any liability for losses that might arise from making use of the information. If nothing is indicated to the contrary, all figures are unaudited. The information provided herein is for the exclusive use of the recipient. Neither this information nor any copy thereof may be sent, taken into, or distributed in the United States or to any US person (within the meaning of Regulation S under the US Securities Act of 1933, as amended). It may not be reproduced, either in part or in full, without the written permission of CS. Your Personal Data will be processed in accordance with the Credit Suisse privacy statement accessible at your domicile through the official Credit Suisse website <https://www.credit-suisse.com>. In order to provide you with marketing materials concerning our products and services, Credit Suisse Group AG and its subsidiaries may process your basic Personal Data (i.e. contact details such as name, email address) until you notify us that you no longer wish to receive them. You can opt out from receiving these materials at any time by informing your Relationship Manager.

Copyright © 2022 Credit Suisse Group AG and/or its affiliates. All rights reserved.