



The SIA Safety Monitor 2019

Security, stability and prospects
for society in Switzerland

Executive summary

ASA | SVV



sotomo
gesellschaft, politik & raum ■ ■ ■

Commissioned by

Swiss Insurance Association SIA
Conrad-Ferdinand-Meyer-Strasse 14
8022 Zurich

Contractor

sotomo Research Institute
Dolderstrasse 24
8032 Zurich

Authors

Michael Hermann
Gordon Bühler

Specialist support

Thomas Ferst
Academic Department of Military Sociology
Military Academy (MILAC) at ETH Zurich

Zurich, June 2019



In brief

The Swiss Insurance Association has published the second issue of the “SIA Safety Monitor,” focusing on old-age insurance. The study is based on a representative online survey with 1000 adult participants that was carried out in April 2019. In most areas of life, including housing, the social environment, the workplace and public security (policing), the population of Switzerland indicates no additional need for safety, according to the study results. However, there is a significant safety deficit as far as old-age provisions are concerned, with just 23 per cent of the respondents believing the current pension system meets their need for safety. Some 40 per cent of the respondents are of the opinion that their needs for pension safety are not met at all. Financial security in old age is thus among the core challenges of the Swiss population, as far as the (subjective) security and safety needs are concerned. The SIA Safety Monitor 2019 therefore focuses primarily on old-age insurance.

Progressive retirement

A significant part of the working population in Switzerland today opts for early retirement. What basic conditions should be met to encourage people to work longer and thereby reinforce the pension system? Out of seven possible measures, the only one met with the approval of a majority of respondents was of the option to progressively reduce one’s workload. 37 per cent of the 56- to 65-year olds believed this to be a viable option for themselves. The study indicates that progressive retirement might be the most promising approach to extending people’s working lives. Giving people more choice as to their retirement age – often viewed as the ideal solution for postponing the average retirement age, while taking heed of individual needs and wishes – seems to be less popular among the respondents.

By extension, retirement planning also includes managing the risk of needing long-term care. Here, the survey results are quite alarming: Just one quarter of the Swiss population thinks that this risk is adequately covered.

Fear of declining pension levels

Just how safe are our pensions? Nearly three quarters of the respondents estimate that pension levels will decline in the future. 22 per cent believe the decline will be massive. Those who believe that policymakers will actively work to reduce pension levels are in the minority. On the other hand, a large majority thinks that reforms will continue to be held up but that pensions will decline, regardless. This illustrates the respondents’ expectations that the system will “automatically”

adapt to demographic constraints and compensate for the gap between revenues and pension levels by reducing the latter.

Both favoured and doubted – Pillar II savings

The survey shows that the mandatory occupational pension system (Second Pillar, BVG/LPP) is considered safer, more sustainable and more efficient. The governmental pay-as-you-go pension scheme (AHV/AVS) is more commonly associated with intergenerational fairness. In total, 38 percent of respondents are of the opinion that the Second Pillar should bear more weight in financing old-age pensions. The percentage of those who give more weight to the governmental AHV/AVS is significantly lower (28 percent). Despite people's trust in the Second Pillar, a comparatively large majority opposes a lower conversion rate. Many of them believe that the steadily increasing imbalance between the elderly recipients of pension benefits and the working contributors should be redressed by socialising the pension deficit. Society would therefore have to make additional payments (e.g. through VAT increases). Reforming pensions in a time of demographic change means facing a dilemma: Very few, if any, favour an ever-increasing pension deficit; however, most also want pensions to remain intact. When asked about actual reform measures, most respondents support equalizing retirement ages across the genders; this represents a clear change of mind in a highly politicised question. The second most popular measure consists of increasing VAT. Cutting state pensions for high earners is surprisingly popular as well.

Federalism, consociationalism and the Swiss militia system in danger of being undermined

An important prerequisite for feeling safe is a stable political order that provides the societal framework. The final section of the «SIA safety monitor» deals with this framework and its specifically Swiss manifestation. The typical features of the basic political order are still supported by a large majority, but the survey results also indicate that some of those features are increasingly less important. While direct democracy and neutrality are solidly anchored within the respondents' personal horizon of meaning, other pillars of the Swiss political system are losing ground. For example, only a fifth of the respondents reports that federalism, consociationalism and the militia system are of personal importance. They approve of these principles in the abstract, but this approval is increasingly hard to differentiate from mere lip service.

