




# Worksheet

## 1) Introduction to the topic

As an introduction read the two sections [Why do we have to provide for old age?](#) and [Who is covered?](#) in the factsheet.

The chart below shows different people who are working or have already retired. With the help of the two sections [How is OASI funded?](#) and [How much is an OASI pension?](#) in the factsheet, fill in the gaps in the chart.

 <p><b>Johanna, 40</b> bank clerk (part-time, 70%) Gross monthly salary: CHF 4,000 Employee share: _____ % = CHF 174.00 _____ share: _____ % = CHF 174.00</p>	Pay-as-you-go system	 <p><b>Marianne, _____</b> single, recently retired always worked part-time receives a pension exactly mid-way between the minimum and maximum pension: CHF _____</p>
 <p><b>Timon, 18</b> third-year retail apprentice _____ CHF 1,500 Employee share: _____ % = CHF _____ Employer share: _____ % = CHF _____</p>		
 <p><b>Bernhard, 46</b> qualified nurse (full-time) Gross monthly salary: CHF 8,000 _____ share: _____ % = CHF 348.00 Employer share: _____ % = CHF _____</p>		

## 2) OASI contributions on the payslip

The following table shows the information on Timon's payslip from task 1). From his payslip you can see the deductions for OASI, DI, IC, UI, NOAI and OP (cf. legend below). People who are paid a monthly salary have these amounts deducted from their gross salary.

Study the payslip carefully before you go to the next page.

### Payslip (amounts in CHF)

	Amount/basis	Rate	Deduction	Salary
Basis for OASI (gross salary)				1,500
Basis for OP (insured salary)				0
OASI	1,500	4.35%	65.25	
DI	1,500	0.7%	10.50	
IC	1,500	0.25%	3.75	
UI	1,500	1.1%	16.50	
NOAI	1,500	1.48%	22.20	
Subtotal		7.88%	118.20	
OP = occupational pension / pension fund	0.-	0%	0	
Total			118.20	
Net salary				1,381.80
Amount paid out				1,381.80

DI: disability insurance  
 IC: income compensation  
 UI: unemployment insurance  
 NOAI: non-occupational accident insurance

Here you can see the payslip for Johanna from task 1). Study this payslip closely as well before completing tasks 2a) to 2e).

Payslip (amounts in CHF)				
	Amount/basis	Rate	Deduction	Salary
Basis for OASI (gross salary)				4,000
Basis for OP (insured salary)				1,908.75
OASI	4,000	4.35%		
DI	4,000		28.00	
IC	4,000	0.25%	10.00	
UI	4,000	1.1%	44.00	
NOAI	4,000	1.48%	59.20	
Subtotal		7.88%	315.20	
OP = occupational pension / pension fund	1,908.75	5.0%	95.45	
Total				
Net salary				
Amount paid out				

DI: disability insurance  
 IC: income compensation  
 UI: unemployment insurance  
 NOAI: non-occupational accident insurance

Calculate the following amounts on the basis of the earnings and deductions into Johanna's payslip. Round the amounts to the nearest 5 centimes. Enter the (calculated) amounts from tasks 2a), 2b) and 2d) in the payslip.

- OASI employee contribution \_\_\_\_\_
- DI rate \_\_\_\_\_
- Total OASI contributions from employer and employee \_\_\_\_\_
- Net salary paid out \_\_\_\_\_
- Every month, CHF 286.25 is deducted from Johanna's salary. What does she receive in return? State two things.

### 3) OASI contributions and payments

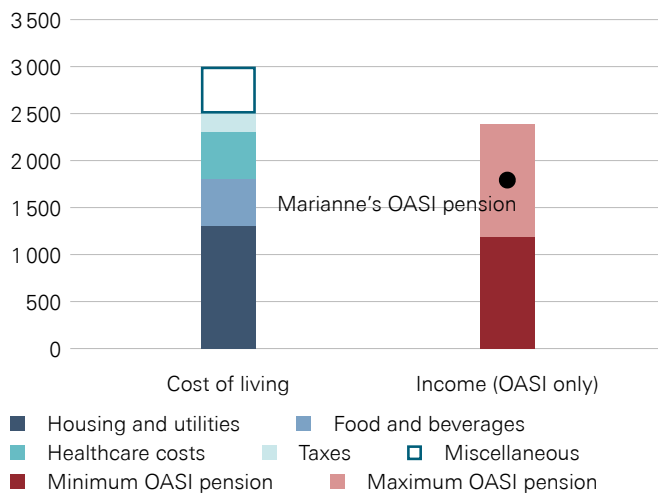
- a) The table shows a projection of how much Bernhard and Marianne have/will each have paid into OASI over their entire working lives and how much they are likely to receive as a pension. The amounts paid in include the employee and employer contributions. What do you notice? What effect on OASI as mentioned in the factsheet (under [How much is an OASI pension?](#)) do you recognise here? Explain this effect in two to three sentences.

	Total amount paid in	Total amount likely to be paid out
<b>Bernhard</b>	CHF 392,457	CHF 458,800
<b>Marianne</b>	CHF 151,129	CHF 451,710

- b) Estimate spontaneously what the minimum cost of living is for a single pensioner in Switzerland. To do this, state a realistic monthly total and list the two biggest cost items.

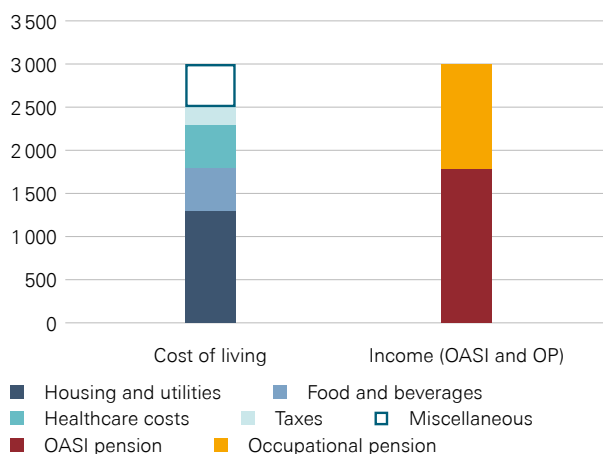
- c) The OASI pensions paid out come to between CHF 1,225 and CHF 2,450 a month. Marianne receives a pension exactly mid-way between the minimum and maximum pension (CHF 1,837.50). Study the following chart and compare the total cost of living from task 3b) with the OASI pensions paid out. What do you notice? Write down your answer in one sentence.

### COST OF LIVING AND OASI PENSION



- d) Read the two sections [The three-pillar system](#) and [What is the purpose of OASI](#) in the factsheet. What portion of retirement provisions does OASI assume and how should the remaining costs be covered? With the help of the following chart, explain in three to four sentences what options Marianne has.

### MARIANNE'S LIVING EXPENSES AND PENSION(S)



#### 4) The pay-as-you-go system

- a) First read the following four statements, which you have to assess. Then study the section [How does OASI work?](#) – particularly the chart. After that, assess whether the two following statements relating to occupational pensions are true or false. Check the boxes. Tip – for one statement, the findings from task 3) will be helpful.

	True	False
<b>Statement 1:</b> In OASI, working people fund current pensions. In doing so they trust that subsequent generations will do the same.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Statement 2:</b> In OASI, only those who are dependent on support receive a pension from the state.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Statement 3:</b> Higher earners pay more into OASI than they receive from it. Those who are economically worse off, by contrast, receive more than they pay in.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Statement 4:</b> In OASI, everyone receives the same amount of pension.	<input type="checkbox"/>	<input type="checkbox"/>

- b) OASI is based on the so-called intergenerational contract. Which statement from task 4a) best describes this?

## 5) Funding of OASI

The following table shows the total income and expenditure of OASI from 2017 to 2023 in CHF billion. Study the table and read the text below it (Aid to reading the table) carefully. You will need the information for the following tasks.

OASI income and expenditure							
	2017	2018	2019	2020	2021	2022	2023
Contributions from insured persons and employers	31.1	31.7	32.5	34.1	35.1	36.3	37.4
Contributions from the public sector*	11.1	11.3	11.6	12.4	12.8	13.2	13.7
Return on capital (and other)**	2.1	-1.2	2.9	1.4	1.7	-4.4	1.7
<b>Total income</b>	<b>44.3</b>	<b>41.8</b>	<b>47.0</b>	<b>47.9</b>	<b>49.6</b>	<b>45.1</b>	<b>52.8</b>
Social benefits	43.1	43.8	45.0	45.8	46.8	47.6	49.7
Administrative and implementation expenses	0.2	0.2	0.2	0.2	0.2	0.2	0.2
<b>Total expenditure</b>	<b>43.3</b>	<b>44.0</b>	<b>45.2</b>	<b>46.0</b>	<b>47.0</b>	<b>47.8</b>	<b>49.9</b>
<b>Balance</b>	<b>1.0</b>	<b>-2.2</b>	<b>1.8</b>	<b>1.9</b>	<b>2.6</b>	<b>-2.7</b>	<b>2.9</b>
<b>OASI fund capital</b>	<b>45.8</b>	<b>43.5</b>	<b>45.2</b>	<b>47.2</b>	<b>49.8</b>	<b>47.0</b>	<b>49.9</b>

Amounts in CHF billion

\* Public sector: federal government, subsidies from value-added tax and casino levies  
 \*\* Return on capital: from interest

**Aid to reading the table**

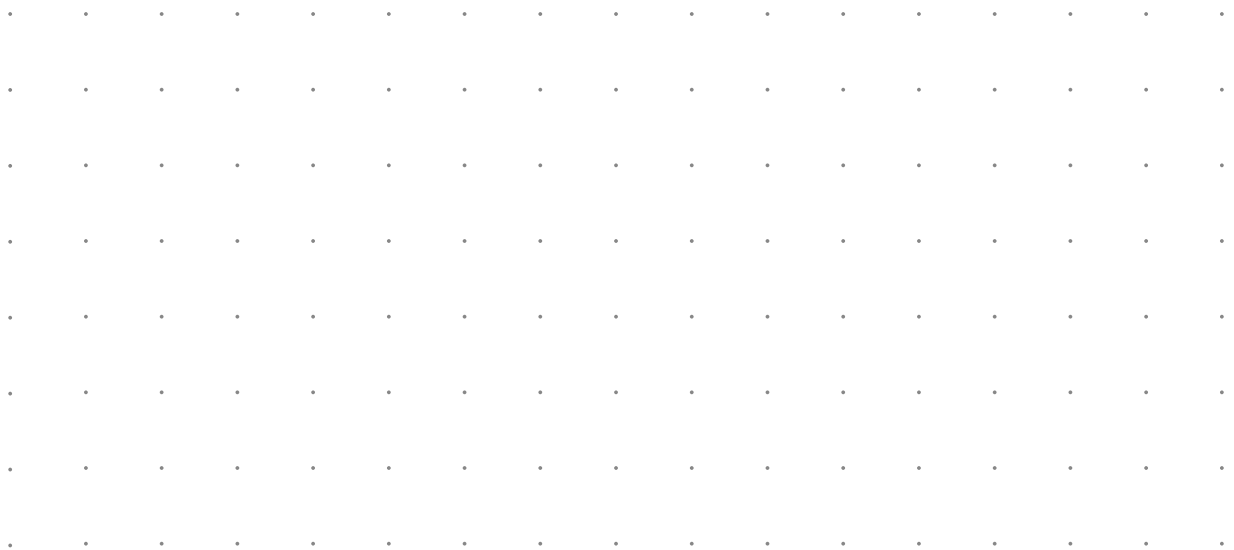
In 2023, the total income of OASI came to around CHF 52.8 billion. The largest part, around CHF 37.4 billion, came from contributions from insured persons and employers. The public sector contributed around CHF 13.7 billion. Another source of income is returns on capital, with around CHF 1.7 billion booked as income.

In 2023, OASI's total expenditure came to around CHF 49.9 billion. Social benefits of around CHF 49.7 billion that were paid out accounted for the largest part of the expenditure. Administrative and implementation costs represent a fairly small item (around CHF 200 million) by comparison.

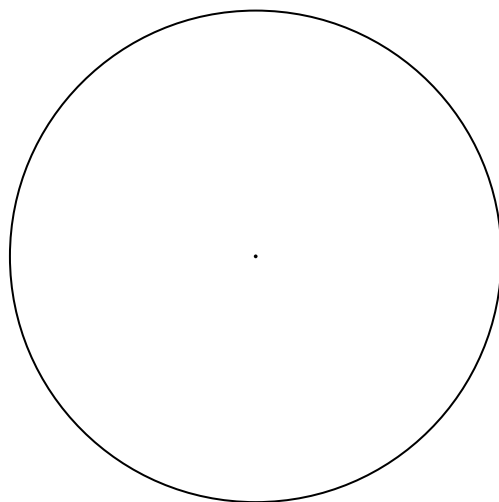
In 2023, OASI recorded a surplus of CHF 2.9 billion. This amount flowed into the OASI fund, whose capital amounted to CHF 49.9 billion at the end of 2023.

- a) OASI is funded primarily by contributions insured persons and employers. As the table shows, however, it has other sources of funding as well. Show the development of the total income and expenditure from the table in a diagram.

First think about what type of diagram is most suitable for this. Then decide what units are best to represent the information from the table in the diagram. Draw by hand or with a ruler and use the dot grid as a sketching aid. Label the diagram by subdividing and labelling the axes appropriately, and draw up a legend.



- b) Now use a pie chart to show what sources of funding accounted for what percentage of OASI funding in 2021.





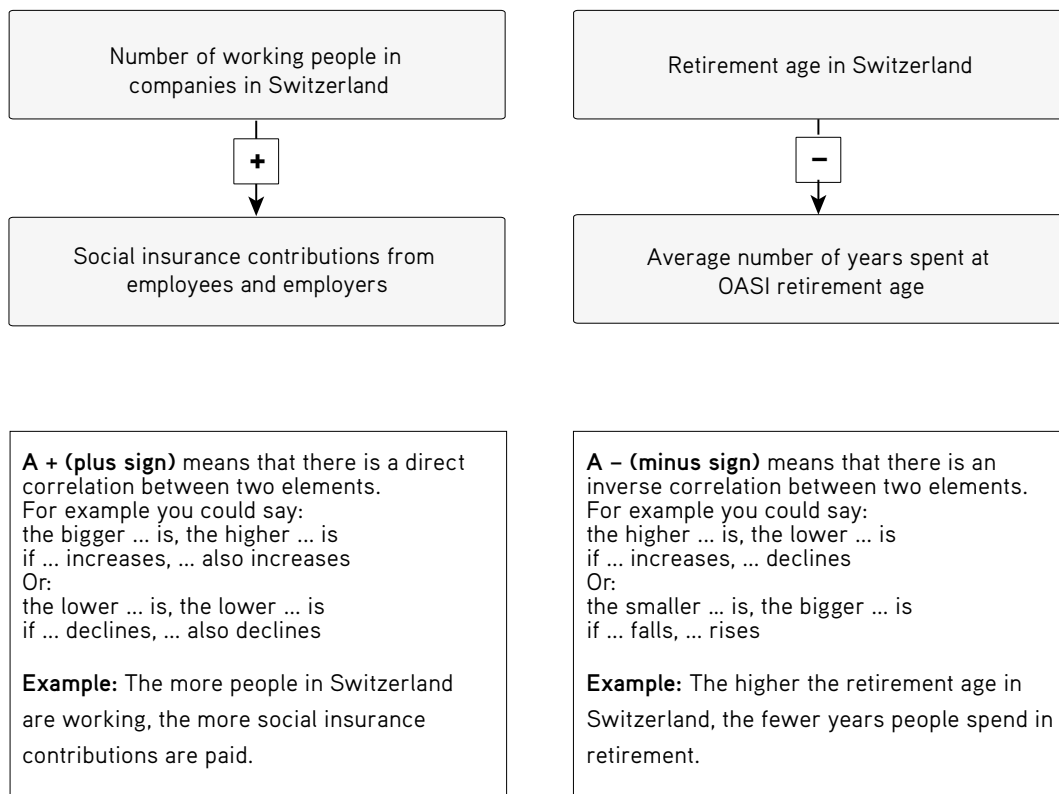
c) Use the chart(s) you have drawn to assess whether the following statements are true or false.

	True	False
Three-quarters of OASI's funding comes from contributions from insured persons and employers.	<input type="checkbox"/>	<input type="checkbox"/>
OASI's expenditure has declined steadily since 2017.	<input type="checkbox"/>	<input type="checkbox"/>
In 2017 OASI's income was lower than its expenditure.	<input type="checkbox"/>	<input type="checkbox"/>
In 2018 OASI's income was greater than its expenditure.	<input type="checkbox"/>	<input type="checkbox"/>
Unlike returns on capital, contributions from the public sector account for a significant percentage of OASI funding.	<input type="checkbox"/>	<input type="checkbox"/>

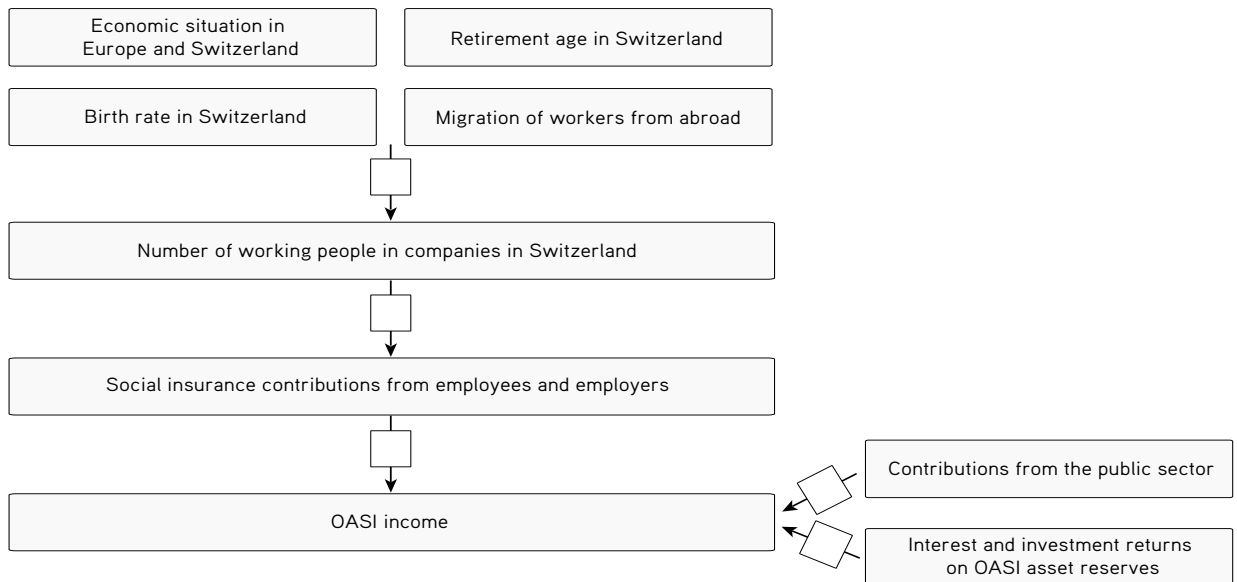
## 6) Problems and challenges faced by the OASI system

The table on the funding of OASI (cf. task 5) shows that neither its income nor its expenditure are stable. The purpose of the following task is to structure the factors influencing the income and expenditure of OASI.

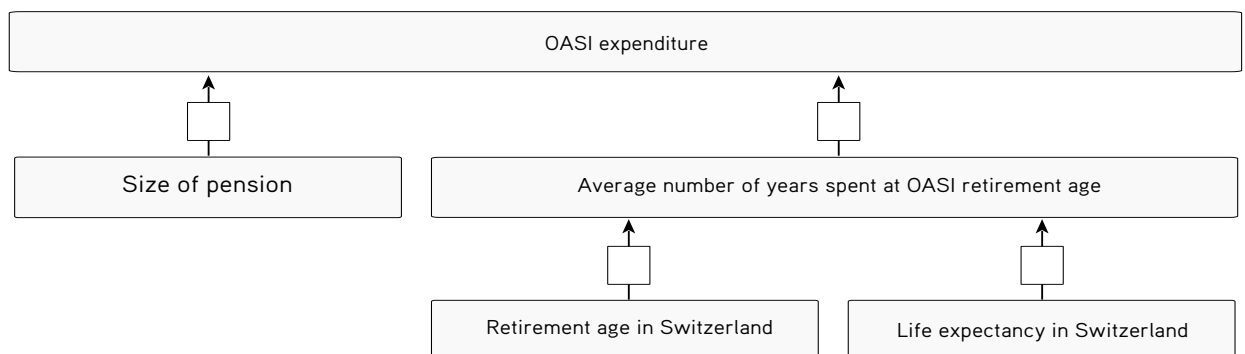
a) Look at the following reading aid for the chart on the next page and read the tips in the boxes.  
Make sure that you have understood them before continuing with the next task.



- b) The following chart shows the income streams of OASI. Think about what effects the developments below could have on OASI's income. Place a plus or minus sign in the empty boxes depending on the influence one factor has on the next.



- c) The following chart shows the expenditure streams of OASI. Think about what effects the developments below could have on OASI's expenditure. Place a plus or minus sign in the empty boxes depending on the influence one factor has on the next.



- d) Consider the overall economic impact the phenomena and developments in the table below have on OASI.

In the second column, indicate whether the primary impact is on income or expenditure. Then indicate with an arrow in the third column whether the income (or expenditure as appropriate) increases (↑ or decreases (↓). Justify your solution succinctly in the fourth column, and in the last column record whether the effect on the long-term funding of OASI is positive or negative. The table contains an example showing you what is meant.

Tip – read [What are the challenges faced by OASI?](#) and [What are the consequences of demographic change?](#) in the factsheet. You can also use the charts from further up the text to help you.

Phenomenon/Development	Primarily affects income or expenditure?	Effect on income/ expenditure (↑ or ↓)	Reason	Effect on long-term funding of OASI (positive or negative)
The Swiss economy booms. Unemployment declines; profits and thus federal tax revenues increase.	Income	↑	More employees and employers pay OASI contributions. The contributions from the federal government (public sector) also increase.	Positive
Changes in social behaviour lead to a decline in the birth rate. While in 1960 a women gave birth to an average of 2.4 children, in 2020 this figure was only 1.5 children per woman.				
Thanks to medical progress and greater prosperity, the life expectancy of the Swiss population is increasing long term. While in 1950 the average person reached the age of 70.5, these days people can expect to live to age 83.				
Switzerland gets into serious recession. Some companies have to make staff redundant; profits and thus federal tax revenues decline.				
A new state treaty with the EU leads to an increase in the migration of highly qualified workers from abroad.				

- e) Study the chart below. Then fill in the gaps in the text with the following terms:

***assets / expenditure / income / reserve***

OASI's asset reserves form the so-called OASI fund. If \_\_\_\_\_ is lower than \_\_\_\_\_ in a particular year, the gain is paid into the fund. The fund serves as a \_\_\_\_\_ to even out fluctuations in income and expenditure. The more \_\_\_\_\_ in the OASI fund, the healthier OASI is financially.

