



# PENSION BENEFITS FOR PUBLISHERS

## What pension benefits am I entitled to as a publisher?

What Swiss social security benefits are available to me?

What are the eligibility criteria for Pension Fund (PF) benefits?

Approximately how high are PF benefits?

## The Swiss social security system

The social security system in Switzerland and Liechtenstein is based on three pillars: the first pillar (AHV/AVS), the federal retirement, death and disability insurance, is designed to cover a person's basic needs after retirement. The 2nd pillar (BVG/LPP, or in Liechtenstein, BPVG) is the occupational benefits system. This is designed to enable pensioners to maintain the standard of living to which they are accustomed. The third pillar consists in voluntary private retirement savings plans which individuals can contribute to at their own discretion. In Switzerland, a distinction is made between the pillar 3a and 3b. Pillar 3a consists of tied pension assets, i.e. contributions dedicated "exclusively" to occupational pension benefits. The investor cannot dispose freely of such pension assets. In exchange, for the term of investment, 3a contributions are exempt from income and wealth tax up to a certain amount. Pillar 3b consists in normal savings which are not permanently tied (creation of personal wealth).

## Basis for the SUISA Pension Fund

Pursuant to Article 48(2) of the Federal Copyright Law (or Article 14(2) of the Liechtenstein Copyright Law), a portion of the revenues collected by SUISA may be allocated to the social benefits of its members. SUISA decided to use this possibility and established the *Urheber- und Verleger-Fürsorge der SUISA* (SUISA Pension Fund). SUISA's distribution regulations provide that 7.5% of its performance and broadcasting revenues shall be allocated to the Pension Fund. SUISA therefore deducts these 7.5% from all settlements - including yours - and transfers these funds to the Pension Fund which uses them to finance social benefits for publishers and authors. While the Pension Fund pays retirement, death and disability benefits to authors and their survivors up to a maximum reference income, publishers are paid contributions which are transferred to their own occupational benefit institutions. SUISA's **Pension Fund Regulations** set forth the terms and conditions governing PF benefits and how they are calculated.

### Benefits entitlement criteria

Publishers must satisfy two conditions to be entitled to benefits: They must

- have publishing activities in Switzerland or Liechtenstein and employ personnel who is resident in the country;
- be affiliated with an occupational benefits institution that provides retirement, death and disability benefits for its publishing employees.

### Publishing activities in Switzerland or Liechtenstein

The required publishing activity is established by a publisher's admission to SUISA as a member or principal. The decisive criteria is the employment of Swiss or Liechtenstein residents. The number of employees shall not be fewer than the owner and a part-time employee, or a person employed on a consultancy basis.

## Occupational benefits institutions

### Legal persons

Publishers established as a company (joint-stock companies, limited liability companies, partnerships, associations or foundations) are required by law to insure their employees with a 2nd pillar (BVG/LPP) pension plan. Self-employed publishers may join an occupational benefits institution on a voluntary basis. The contribution of the Pension Fund will be paid to the account or accounts held by the publisher with that occupational benefits institution.

### One-man firms

#### **Publishers before retirement age**

If you are self-employed, you may join a 2nd pillar occupational benefits institution on a voluntary basis. Your employees are subject to compulsory occupational benefits and you must affiliate them with a 2nd pillar occupational benefits institution. The Pension Fund may pay contributions to such an institution.

#### **Publishers having reached retirement age**

As a rule, pension plan contributions can only be paid until the normal retirement age. If a publisher works after reaching the normal retirement age of 65, pursuant to Swiss pension legislation, he may continue contributing to his pension plan for another 5 years at the most. Existing 2nd pillar accounts may be maintained, but as a rule no new 2nd pillar accounts may be opened.

After reaching age 70, no more benefit payments may be received from the Pension Fund.

**To qualify for benefits from the Pension Fund, therefore, you must insure yourself and/or your employees with a 2nd pillar occupational benefits institution.**

## Benefit amounts

The amount of Pension Fund benefits to publishers is expressed as a percentage of SUISA performance and broadcasting settlements.

The percentage rates are:

A For settlements to original publishers:

- 50% for amounts up to CHF 10,000
- 40% for amounts from CHF 10,000 to CHF 150,000
- 20% for amounts over CHF 150,000

B For settlements to sub-publishers:

- 10% for amounts up to CHF 150,000
- 7.5% for amounts from CHF 150,000 to CHF 350,000
- 5% for amounts from CHF 350,000 to CHF 600,000
- 2.5% for amounts from CHF 600,000 to CHF 900,000
- 1% for other amounts.

## Further Information

For questions and further information on publishers' pension benefits, please contact the Member Services under: [membership@suisa.ch](mailto:membership@suisa.ch)