



Pension Scheme

# *Pragmatic bridging* of the AHV gap

11.09.2025

## At a glance

- The National Council has voted in favour of a temporary increase in VAT of 0.7 percentage points to finance the 13th AHV pension.
- The decision is pragmatic because it secures the financing of the 13th pension demanded by the people until 2030 without having to tap into reserves. From 2030, AHV benefits and financing can be reassessed.

The National Council has taken a pragmatic approach by temporarily increasing VAT by 0.7 percentage points in order to secure the financing of the 13th AHV pension until 2030. Although the economy has spoken out against the AHV expansion due to the high costs, the people have decided otherwise. To avoid having to tap into reserves in the coming years, new revenue is needed in the short term.

## **Targeted and broad-based funding**

An increase in VAT is the less harmful solution compared to an increase in wage contributions, which was also under discussion. The additional burden is spread over a broader range of shoulders and the older generations, the majority of whom have spoken out in favor of the 13th pension, contribute part of the financing. Without additional financing, reserves in the AHV fund would have to be used to pay out the 13th pension, which would result in the AHV fund falling below the statutory minimum in a few years. The law requires that the AHV fund always contains an annual expenditure in order to cushion fluctuations and risks. The VAT increase can be used to finance AHV benefits until 2030.

## **Reassessment in next reform**

Further funding from 2030 is the task of the AHV2030 reform that has already been initiated. The temporary nature of the VAT increase that has now been decided will make it possible to reassess benefits and financing options at a later date. In addition to secure sources of income, a long-term stable solution also requires a gradual adjustment of the reference age in line with higher life expectancy. The fact that constructive discussions are possible on this point became clear with the minority motion for a kind of "debt brake" for the AHV. The motion for an automatically effective stabilization rule was rejected, but only by a narrow margin. The liberal forces in parliament should take up this momentum and keep the issue on the agenda.

## No further AHV-Expansion

With its decision in favor of a solution limited to the financing of the 13th AHV pension, the National Council has taken a decisive step. The National Council has also made it clear that an additional AHV expansion - as envisaged by the Council of States - is not appropriate. In addition to financing the 13th pension, the Council of States' model also includes a proposal for financing the defunding of married couples' pensions, which has not yet been voted on. Additional tax and levy increases are needed to finance this. In view of the AHV's existing funding requirements, even without further expansions, and the generally high level of economic uncertainty, any additional burden is irresponsible. It is right that the National Council has spoken clearly here and does not support any further burdens on employees, consumers and the economy.

## No relief for the federal budget. Federal budget

The parliament's decision is unfavorable, not to adjust the federal contribution to the AHV. The Federal Council has proposed a temporary adjustment for financial policy reasons. It would curb the enormous growth in federal AHV expenditure. The crowding-out effect of AHV expenditure on other federal expenditure would be somewhat reduced. The measure would have been easy on the strained federal budget and at the same time would have been well sustainable for the AHV. Income from the AHV fund would compensate for the slightly lower federal funds. However, this proposal is now definitely off the table.



**Lea Flügel**

Deputy Head of Department Finances & Taxes



**Frank Marty**

Head of Department Finances & Taxes, Member of the Extended Executive Board

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