

Follow-up audit of the vested benefits institutions in occupational benefits provision

Federal Social Insurance Office

Key facts

The Swiss Federal Audit Office (SFAO) conducted a follow-up audit at the Federal Social Insurance Office (FSIO) and at the Occupational Pension Supervisory Commission (OPSC) on the implementation of its main recommendations from its report of 20 May 2016 entitled "Vested benefits institutions in occupational benefits provision – Evaluation of the advantages and risks for insured persons and the Confederation"¹.

2016 evaluation revealed weaknesses

At that time, the evaluation analysed to what extent the vested benefits institutions guaranteed the maintenance of pension coverage and how high the financial risks were for the owners of vested benefits and for the Confederation.

The SFAO concluded that vested benefits were generally managed securely and in compliance with the law. At the same time, it identified some weaknesses and risks, especially regarding the interfaces between pension funds and vested benefits institutions. These included a lack of information for the insured, agreements that were not in conformity with the law and vested benefits that were not transferred in full when joining a new pension fund. It also found that vested benefits were not sufficiently protected in the event of a vested benefits institution going bankrupt.

Follow-up audit identified remaining risks

Of the five recommendations made, four were still pending at the time of the follow-up audit. It became apparent that the FSIO wanted to implement the two recommendations concerning the transfer of all vested benefits and their protection in the event of bankruptcy. However, a lack of political will in the 2020 retirement provision reform and in the modernisation of supervision in the first pillar and optimisation in the second pillar meant that both failed. This is particularly regrettable with regard to vested benefit balances held with banks, as the extension of the bankruptcy privilege proposed by the Federal Council does not offer sufficient protection in the SFAO's view. The FSIO implemented the recommendation to provide better information to insured persons with a minimal solution.

The recommendation to the OPSC is no longer applicable. The SFAO has closed all recommendations.

Original text in German

¹ The evaluation report for audit mandate 14471 of 20 May 2016 is available on the website of the SFAO (www.sfao.admin.ch).