

Unpaid leave

Many employees wish to take an extended break, be this to learn a language, embark on an extended trip, cultivate a hobby, prolong their maternity leave, look after family members or simply to enjoy some more free time and think about their professional and personal future. Unpaid leave can enable these wishes to be fulfilled. We talk about unpaid leave or a sabbatical if you are exempted from your employment duties for a specific period of time with the written consent of your employer. You receive no salary from your employer during this period. However, the employment relationship continues and is resumed after the unpaid leave comes to an end.

Departure or unpaid leave

Departure

- Notice is served and the employment relationship is terminated
- Fixed-term employment relationship expires
- Employment activity is not resumed after the unpaid leave comes to an end
- Unpaid leave > 12 months

Unpaid leave

- Employment relationship continues
- Leave >1 month up to max. 12 months
- Employment activity is resumed after the unpaid leave comes to an end

Basic information

Unpaid leave comprises a temporary suspension of work duties on the one hand and the salary payment obligation on the other. The main duties from the employment contract are therefore suspended for the duration of the unpaid leave. However, the employment relationship remains in force. You or your employer can terminate the employment relationship during the unpaid leave. The notice period does not commence until resumption of the employment activity. The legal situation during unpaid leave is not regulated by law. It is therefore advisable to set out the terms in a written agreement.

Unpaid leave is generally a onetime break from the employment activity that is independent of the contractual holiday entitlement and that you opt for voluntarily. From the perspective of PKG Pension Fund, unpaid leave is limited to 12 months.

Regularly recurring breaks such as those customary in seasonal employment (circus staff, lifeguards, ski instructors etc.) do not count as unpaid leave.

Impact on occupational benefits

Unpaid leave >1 month up to 12 months

If your unpaid leave lasts between one and 12 months, the employment relationship remains in force (subject to the assumption that the employment activity will be resumed with the same employer after the unpaid leave comes to an end) and you will generally continue to be subject to the Swiss Occupational Pensions Act (OPA) with regard to occupational benefits, albeit with reduced benefits. Cover shortfalls can also arise in the area of accident cover and continued salary payment. Accident insurance ceases 31 days after the leave commences. There is no obligation for the employer to continue making salary payments during the unpaid leave. The insurance cover for daily sickness benefits is suspended during this period.

The following constellations of unpaid leave have no impact on the benefits due to their technical implementation:

- from 1st to 15th of a month
- from 16th to the end of a month
- from 16th of a month to 15th of the following month

The normal contributions are invoiced to your employer. Any passing on of the contributions by your employer must be set out in an agreement between you and your employer.

Unpaid leave > 12 months

If you are planning unpaid leave of more than 12 months or the employment relationship will not be resumed after the unpaid leave comes to an end, insurance cover for occupational benefits cannot continue to be granted.

The occupational benefits relationship will be terminated when the leave commences. This means that you and your employer will not pay any more occupational benefits contributions. Owing to the statutory additional coverage period of one month, the full benefits will continue to be paid out in the event of invalidity or death within this period. Following the expiry of one month, no more benefits will be paid out with the exception of the available retirement assets. Please take note of our "Termination" information sheet in this regard.

Insurance protection

As the salary payment obligation is suspended in the event of unpaid leave, the duty of the employer to continue making salary payments in the event of accident or illness is also suspended. It is therefore important to reach a clear agreement with your employer regarding the desired insurance protection and contributions payment.

Accident insurance

If an accident occurs within 30 days following the start of unpaid leave, you are entitled to an AIA daily allowance.

You can extend the insurance protection by 180 days by taking out interim insurance. This interim insurance must be requested within the additional coverage period, i.e. after 30 days at the latest. Please consult your employer or accident insurer for further details.

If the unpaid leave lasts longer than 210 days, you are recommended to take out individual accident insurance.

Daily sickness benefits insurance

Insurance protection is normally suspended for the period of unpaid leave. In the absence of any corresponding agreement, there is therefore also no obligation incumbent on the employer to take measures to uphold insurance protection for the period of unpaid leave. However, collective health insurers often offer this option. Please inquire with your employer about this. Any continuation must in all cases be agreed before the start of any unpaid leave.

OASI / IV / LEC / UI

If you work at least 50% for nine months of a year, you are deemed to be in gainful employment and no contribution gaps arise. If this requirement is no longer met due to unpaid leave, you should pay in the contributions for persons without gainful employment. The employer has no obligations with regard to such contribution gaps. Please note with regard to unemployment insurance that all daily allowance entitlements cease after 12 months of unpaid leave as the contribution period of at least 12 months within the contribution framework period of two years is no longer met.

Occupational benefits

In order to be protected against the risk of disability or death due to illness, we offer you three options for the duration of unpaid leave not exceeding 12 months.

The option of continuing your occupational benefit protection must be agreed with your employer. The selected contribution amount will continue to be collected from the employer. The splitting of the contributions can deviate from the regulation pursuant to the pension plan. Payment of the contributions must therefore be arranged separately between you and your employer in a written agreement.

Suspension of insurance

You can forego the insurance cover pursuant to the pension plan during unpaid leave. If the insurance is suspended, you and your employer will not pay any contributions for the duration of the unpaid leave. Your benefits will remain with PKG Pension Fund during this period. The insurance protection will be reactivated after your unpaid leave comes to an end. In the event of death or disability during the unpaid leave, the benefits will be liquidated retroactively as of the beginning of the unpaid leave and the termination benefit will become due. Subject to statutory provisions, no further benefits will be paid out.

Continuation of risk cover

You forego the further augmentation of your retirement assets during unpaid leave and thereby reduce your occupational benefit expenses by the savings contributions. The risk contributions for maintaining full risk protection in the event of disability or death will continue to be invoiced to your employer at the normal amounts in accordance with the pension plan. Your employer will be responsible for passing these contributions on to you.

The continued contributions to be paid are lower with this solution. Your risk protection is upheld. However, there is no further augmentation of your retirement assets. You may be able to add these missing retirement assets at a later stage in the form of a one-off deposit

(tax-privileged private buy-in) to occupational benefits and thereby close the gap that has arisen.

For a risk- and carefree unpaid leave, we recommend you at least to select this solution option for the continuation of your occupational benefits.

Continuation of entire benefits

This option is the safest but also the most expensive solution during unpaid leave when you are not earning anything. You remain fully insured for occupational benefits for the duration of your unpaid leave. You and your family will therefore enjoy full protection in the event of disability or death and you will also continue to build up your retirement assets.

The contributions will be invoiced to your employer at their existing amounts. Your employer will be responsible for passing these contributions on to you.

Administrative procedure

Plan your unpaid leave in good time and clarify the options with your employer.

When taking unpaid leave of more than one month and up to 12 months, review the option of continued insurance for occupational benefits.

Once you have chosen one of the solution options

- suspension of benefits
- continuation of risk cover
- continuation of entire benefits

your employer must notify us before the unpaid leave commences of the start, duration and selected option using the General mutations form. The form can be retrieved from our homepage pkg.ch under "Downloads".

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