

Carefully considered financing and protection

Build on a solid financial foundation and protect **your family and your home** from unforeseeable events

If you're buying your own home, this is a significant investment that incurs ongoing costs, including mortgage interest, repayment of the principal, and associated costs. If the unexpected happens, this can pose a huge problem. So it's a good idea to find out now about the insurance solutions available. These will protect you, your partner, your family and your home. We are here to help you with this.

Finance

Financing

When financing your residential property, we recommend choosing a mix of products and durations whenever possible. This approach allows you to better diversify potential risks, such as the interest rate risk on mortgages, in a similar way to how you would for other investments. By staggering durations you can avoid having to renegotiate your entire financing if it reaches maturity in an unfavorable interest rate environment.

Mortgages with a fixed rate of interest

For fixed-rate mortgages, you can avoid being exposed to fluctuations in interest costs throughout the agreed fixed term of your mortgage. These mortgages involve a degree of risk, however, that the fixed period will end during a phase of high interest rates. If you expect interest rates to be higher at the end of your current UBS Fixed-Rate Mortgage term or for future mortgage financing than they are now, you can protect yourself against this. You can fix the rate of interest on the new UBS Fixed-Rate Mortgage up to 12 months before it is paid out. So the rate of interest is fixed and the mortgage paid out on different dates. You will pay an additional fee for this interest hedge. The earlier you take out a UBS Fixed-Rate Mortgage, the higher this additional fee will usually be.

Mortgages with Libor-based interest rates

Libor mortgages are based on the CHF Libor rate (London Interbank Offered Rate). The CHF Libor rate is the interest rate that prime banks offer each other on short-term deposits in Swiss francs. You can take out a UBS Libor Mortgage at any time. When taking out the mortgage, you select a certain fixed interest period (three, six or twelve months). At the end of this

fixed-interest period, the interest rate is adjusted in line with current money market conditions, i.e. with the CHF Libor rate. The interest rate comprises the CHF Libor rate plus a margin. Due to its short fixed-interest period, the Libor mortgage quickly adjusts to developments on the money market. This means that falling interest rates are beneficial, while rising interest rates are not. You can hedge against rising interest rates at any time by switching free of charge, at the start of a new fixed-interest period to a multi-year UBS Fixed-Rate Mortgage, which lets you fix the interest rate in advance of the date the loan takes effect.

Protect

Your partner and family

For home owners, individual financial retirement planning and protecting their partner or family are of key importance. An accident, incapacity to work, disability or death are unforeseen events that can result in serious financial difficulties – especially when a family's income is mainly generated by one person.

While employed individuals are in most cases relatively well protected against the consequences of an accident, in the event of incapacity to work or death due to illness they are often faced with a large drop in income. In the event of illness or death, mortgage payments may no longer be affordable. In the worst-case scenario, this could mean that you have to sell your home. In each case, the risks depend on a range of very different factors. You should analyze your retirement plans particularly carefully if pension fund assets have been used as financing support: benefits paid out in the event of disability or death could be considerably lower. It is advisable in these cases to request a benefits calculation from the pension fund. A further important aspect to think about is the current loan-to-value ratio. If this is still within the scope of a second mortgage (more than two thirds of the real estate value), amortization costs will also weigh on your household budget.

The right retirement cover

Every client has different needs in terms of protection. In certain cases, it makes sense to take out a term insurance policy to reduce the mortgage to a level that would be affordable even on survivors' benefits.

The risk of disability can be covered with a disability pension. In practice, you can get protection against different risks in a single policy. In cooperation with Swiss Life, UBS offers tailored solutions. Your UBS client advisor will be happy to show you the various options available for ensuring optimal retirement planning and protection for your partner and/or family.

Your home

It's worth thoroughly examining the different insurance solutions available for home owners. Damage to buildings and furniture can result in very high costs, against which you can protect yourself. Read on to discover a number of ways to cover your home, then compare the solutions available from various providers, and let us advise you.

Building insurance

In most cantons, building insurance is mandatory. Depending on the canton, this is taken out through the cantonal building insurer or a private insurer. Building insurance covers you for the repair of building damage caused by fire and natural events, such as high water and floods, avalanches, storms and hail, as well as for any associated demolition, clean-up and disposal costs.

Earthquake and water damage insurance

Damage from an earthquake, or water damage from faulty water pipes, leaky roofs, etc. is sometimes covered in building insurance. Where this is not the case, with some private insurers you can protect yourself if necessary against consequential damages such as cracks in facades, glass breakages, and washed-out cellar floors by taking out a separate earthquake or water damage insurance policy.

Private and building liability insurance

By taking out personal liability insurance, owners and landlords of single-family houses and multi-family dwellings can cover themselves against claims made against them or their family members for personal injury or damage to property. The extent of cover and the benefits offered by the insurance vary from one policy to the next.

Household contents insurance

By taking out household contents insurance, you can insure your furniture against damage from natural events or theft up to an insured amount.

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For all your questions

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