

# UBS immo news



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## Approaching retirement with confidence

**People's housing requirements change over time – not least on retirement. UBS Comfort can help you organize your finances so you can keep your accustomed standard of living after you retire and live out your final years in the comfort of your own home.**

A retired person has different financial requirements from a student, who has different financial requirements again from a professional, who has different financial requirements again from a young family. However different we are and whatever course our lives may take, there are certain events that mark a new chapter for all of us: finishing school, having a child, buying a house, taking retirement, to name but a few. These events bring with them various requirements – also from a financial perspective. UBS has a wide range of Lifecycle solutions to meet these requirements. These solutions are tailored to each specific phase but at the same time are flexible enough to take into account individual needs and wishes. For the 45 to 65 age group, this solution is called UBS Comfort.

### Planning for retirement

For many people this phase of life is characterized by children leaving home and planning for retirement. The question in the forefront of many people's mind is: "Will my financial resources be sufficient to sustain my accustomed standard of living after retirement?" Retirement planning thus forms an integral part of UBS

Comfort – from devising the appropriate solution right through to implementation.

A few examples

- A retirement consultation can show whether – in spite of your AHV, pension fund and personal savings – you have a gap in terms of coverage. If action is taken in good time, you can save up the additional assets required.
- When your children move out, the money you have at your disposal increases. Your UBS advisor can help you find suitable investment vehicles for this extra cash.
- If you decide to take early retirement, you will need to find the means to offset your lower AHV and pension fund payments. Here, too, early planning can give you financial peace of mind.
- When planning your retirement, you will need to consider whether you want to withdraw your retirement savings as a pension or as a lump-sum payment. A professional consultation can help you make the right decision – and optimize your tax situation in the process.

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## Editorial



**Jacques Peter**  
Segment Management Private Clients

Dear Reader,

People's requirements change over time – and this is also true of their needs in terms of housing. Children move out, leaving behind a lot of extra space, and the prospect of retirement creates a whole new set of financial challenges. Can we afford to stay in our own home? Should we buy something smaller? Or should we rent instead?

In this issue of UBS immo news we examine how to adapt your own house or apartment to make it suitable for your new phase in life and what other alternative housing options are available. We also look at how you can create the financial flexibility you need to enjoy your life after retirement to the full.

Happy reading!

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## Residential property: prices have peaked for now

**Prices for residential property went up again in 2008. Given the gloomy economic outlook, prices are expected to stagnate or even fall slightly in 2009.**

If you thought that condominium prices would level off in 2008 you were likely disappointed. For in spite of the difficult economic environment and the record number of properties for sale in this segment, offer prices for condominiums rose once again last year (according to surveys conducted by Wüest & Partner). While in 2007 prices increased by a relatively modest 2.5 percent, in 2008 growth is expected to be nearer 4 percent. This most recent price rise was not restricted to individual regions, and with the exception of southern Switzerland prices accelerated across the board. The most dramatic increase was recorded in the Lake Geneva region, where apartment prices posted double-digit percent gains compared with the previous year. Growth rates in the other regions were more moderate at between 1 and 5 percent.

### No major movement in prices for single-family homes

No large price jumps in the single-family home segment were seen last year in any region. Geneva – which is normally renowned for large price increases – again topped the list, but its lead on the other regions was not as marked. On average prices for single-family homes rose less than they did for condominiums in 2008. This can be attributed to several factors: on the one hand, single-family homes are

often less centrally located and are more expensive than condominiums, and as a result demand is not as strong, while on the other the quality of the properties on offer often no longer meets the requirements of those looking to buy.

### Outlook

The key rate cut by the Swiss National Bank has triggered a drop in mortgage rates. The attractive financing conditions this has created for residential property will no doubt go some way to counteract the drop in demand due to the weak economy. However, it is unlikely that this will be enough to sustain the upward price trend into the new year. We therefore expect real estate prices to stagnate throughout Switzerland in 2009. There is also the possibility of a slight downtrend, especially in the single-family home segment.



### UBS mortgages: Trend over the next three months

UBS mortgages	Trend
UBS Libor Mortgage, 3 months	➔
UBS Fixed-Rate Mortgages, 5 years	➔
UBS Fixed-Rate Mortgages, 10 years	➔
UBS Portfolio Mortgage, 2 years	➔

Your UBS advisor will be happy to help you realize your dream of owning your own home.

You can find information on UBS mortgage products and prevailing interest rates at [www.ubs.com/immonews](http://www.ubs.com/immonews)

→ UBS mortgages in the current interest-rate environment.

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Any questions or feedback concerning the newsletter? Please send an e-mail to: [immonews@ubs.com](mailto:immonews@ubs.com)

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## Making residential property affordable over the long term

An important priority for anyone who owns their own home is that their house or apartment remains affordable after they retire. After all, nobody wants to give up what they have worked their whole lives to achieve. When you take out a mortgage your UBS advisor will sit down with you and draw up a financing plan – also for the period after retirement. As a rule of thumb, your housing costs should not exceed one-third of your disposable income. If planned in good time, your mortgage can be partially amortized and reduced to a manageable level. Interest payments and maintenance costs are a vital part of any budget. What is more, you should not base your calculations on the low interest rates seen over recent years, but instead factor in an average interest rate of 5 percent over the long term.

### In brief: UBS Comfort

UBS Comfort offers a comprehensive banking solution specifically tailored to the needs of clients aged 45 to 65. Together with you we develop customized solutions for planning your retirement, building up and safeguarding your assets, and saving up for and financing your own home. UBS Comfort also includes the Pay and Save Basic Offering at an attractive all-in-one price.

For more information, go to:  
[www.ubs.com/comfort](http://www.ubs.com/comfort)

Our team of UBS advisors will be happy to answer any questions you may have.

## “What kind of lifestyle do I want?”

Rolf Biggel, head of the UBS branch in Glattbrugg, talks about the most important issues to consider when planning for your retirement.

*Mr. Biggel, what is the question you have been asked most frequently in your 35 years in the retirement business?*

A quite simple one: “Will what I have been able to keep their accustomed standard of living after they retire.

*And, will it?*

Generally speaking, people are realistic. The Swiss tend to be rather conservative, also when it comes to retirement. But of course the answer also depends on another question: “What kind of lifestyle do I want?”

*Do I need to draw up an exact budget before you can give me an answer?*

Not necessarily, no. On the expenditure side we have a set of empirical values we can use to draw up a rough assessment. When somebody is just 45 to 50, it is not always easy to estimate their standard of living after retirement.

*If you notice now that my AHV and pension fund savings will not be enough to provide my desired income after retirement, what can we do?*

In that case I can show you how much you need to put aside each month in order to reach your goal. The sooner you begin, the less money you will need. This is called the compound interest rate effect. And that is why UBS Comfort starts at age 45 – 20 years before normal retirement age.

*Do you need a lot of information in order to advise me?*

Of course. This will make it easier for us to analyze your situation better. For example, if a client doesn't tell me that they have some assets with another bank, then I might propose a solution that isn't optimally suited to their needs. Only the overall picture will provide the ideal solution.

*What role does owner-occupied property play in retirement provision?*

For many people property constitutes a major chunk of their assets. Interest and maintenance also need to be factored into the equation. If you examine your situation in good time, you can reduce your mortgage to a level that is manageable even after retirement.

*Some people are scared they might be forced to sell their house or apartment after they retire for financial reasons...*

I understand these concerns. That is also one of the reasons why we, as UBS advisors, always perform an economic feasibility study when examining the real estate financing options available. This will take account of retirement if it is in the foreseeable future, and thus clients should normally never have to give up their owner-occupied residential property.



## Living options in line with the times

Sooner or later everyone will have to ask themselves the question: Do I want to stay in my own home, buy something smaller, or move into a rental? Maybe a retirement home would be more suitable, or even a retirement community? The housing options in old age are numerous and varied.



Many people would like to live in their own house or apartment for as long as possible. But most single-family homes are purchased when the children are small and thus sometimes no longer are suitable for the requirements of old age. By the time the kids move out, time has usually taken its toll on the building and renovations are required – for example a new kitchen or bathroom. This does not necessarily mean that the owners need to install a wheelchair-accessible bathtub, but it's worth paying attention to the future, for example by avoiding unnecessary steps. If circumstances permit, part of the house can also be separated off into a self-contained apartment. The remaining space will be more than enough – and the rent will be a welcome source of additional income. One possible source of financing for smaller conversions is the UBS Mortgage Overdraft Facility. This mortgage-backed credit facility has an unlimited term and can be withdrawn when required. Depending on the market price of the property, the credit limit can be between 25,000 and 200,000

francs. A consultation with a UBS advisor can show you the ins and outs of this type of financing and how it can be tailored to your specific situation.

### **Wanted: compact apartment close to downtown**

However, one problem cannot be solved by a head-to-toe renovation: your home on the outskirts of town may not be as convenient now that you are less agile on your feet, and could turn the trip to the shops into a long and arduous journey. If you want to relieve yourself from the burden of owning your own home, you may want to consider moving into a rental property nearer the center of town. Another solution could be to buy a smaller apartment. This option is especially worth considering from a tax perspective, since buying another owner-occupied property could save you property gains tax under certain circumstances.

However, it may not be as easy for you sell your old home as it is to find a new one. Your UBS advisor will be happy to discuss

with you the various ways you can bridge financing from your existing home to your new one.

### **Retirement home or shared housing for retired persons?**

Mobile services such as Spitex make it easier for people to live alone until an older age and provide the option of outsourcing cooking, laundry and other housework as required. Sometimes, however, freeing yourself from day-to-day chores may not be the main motivation – perhaps you are more concerned about being part of a community. In such cases, a retirement home may offer the ideal solution. And even if you do not need all of the additional services offered at the present time, you can take advantage of them on a gradual basis as and when the need arises. Shared housing for retired persons is a modern form of living, where people set up a house so that they can spend their retirement together. The minor burdens of old age are often more manageable as part of a community. And there's the added advantage of having someone to laugh with you at life's little troubles.

## **The Swiss population is getting older**

Almost one in six inhabitants of Switzerland is over 65. And our population is getting older all the time: according to official government statistics, by 2020 one in five will be over normal retirement age, and by 2030 one in four. The situation is also intensifying among senior citizens themselves, and in future more than one in three pensioners will be over 80.