

UBS immo news



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Product Management Mortgages
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UBS mortgage with insurance cover. Home ownership with complete peace of mind.

Buying your own home is a big step. The decisions you make at this important point in your life can often have long-term financial consequences. For this reason, retirement provision and insurance cover for your family members to protect against unforeseen circumstances are important aspects when buying your own home.

With this in mind, UBS now offers an all-in-one private retirement provision solution – the **UBS mortgage with insurance cover**. Here the UBS mortgage financing is supplemented by term insurance – UBS Homelife. This combination is intended to provide optimal cover for your family or partner in the event of the death of the main wage earner. UBS Homelife can be combined with all UBS mortgage products.

Despite the benefits from Pillar 1 (AHV/IV) and Pillar 2 (BVG/UVG), the remaining income in the event of the death of the main wage earner is often insufficient to ensure the standard of living to which the survivors are accustomed. The UBS mortgage with insurance cover allows you optimum protection against this risk.

How does it work? In the event of the death of the insured person, the survivors receive the agreed lump-sum death benefit provided for by the UBS Homelife policy. These funds can be used to reduce the mortgage financing, so that keeping the house remains financially feasible and your family or partner can stay in the home they love.

We recommend that you insure your second mortgage at least. Repaying this in full using the lump-sum settlement means not only that no interest will be chargeable on the balance but also that it will no longer be necessary to pay it off in installments.

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Editorial



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Welcome to the first Special Edition of the "UBS immo news" newsletter. Special Editions come out every so often to mark special opportunities and deal with particular themes.

This issue addresses the topic of "UBS mortgages with insurance cover" and in particular our new product "UBS Homelife", which is being launched in March 2006.

I hope it makes exciting reading.

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Typical case

Initial situation

Family with 2 children, husband, aged 40, earning household income	
Market value of property	CHF 700,000
Mortgage (incl. 2nd mortgage of CHF 50,000)	CHF 500,000
UBS Homelife sum insured	CHF 200,000

Calculated home ownership costs per month¹	CHF 3,083
UBS Homelife premium per month (main wage earner = policyholder)	CHF 62
Total payable per month	CHF 3,145

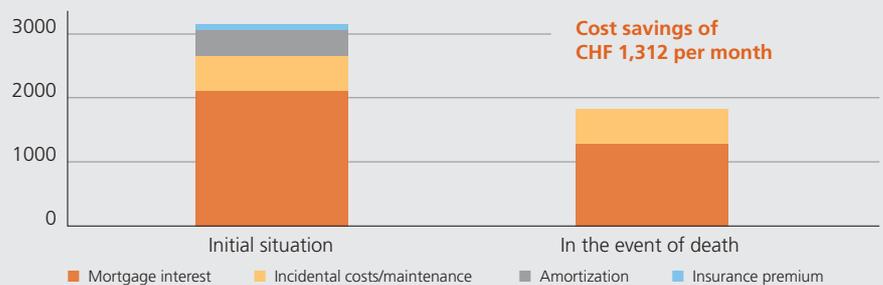
In the event of the husband's death at 45

Payout from UBS Homelife (used to repay mortgage)	CHF 200,000
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Calculated home ownership costs per month¹	CHF 1,833
UBS Homelife premium per month	not applicable
Total payable per month	CHF 1,833

Cost savings per month	CHF 1,312
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Calculated home ownership costs in CHF per month



1) Basis for typical case: Imputed interest rate of 5%, amortization at 1% of the value of the mortgage (in the case of second-priority financing), incidental costs at 1% of the market value

Insurance cover can be expanded on an individual basis. Depending on your requirements, you may want something more than just mere term insurance. In which case, one of our extended packages might be for you:

- Term insurance supplemented with tax-privileged retirement savings – can be used for indirect amortization (Pillar 3a).

- Term insurance supplemented with disability cover and tax-privileged retirement savings – can be used for indirect amortization (Pillar 3a).

Your UBS advisor will be happy to discuss the various options with you and draw up an individual proposal.

Interview with Reto Schüle, Product Management Mortgages.

What exactly is covered by the new UBS Homelife insurance?

UBS Homelife is a pure term insurance product. It gives the client the possibility of insuring a partial contribution from CHF 100,000 to a maximum of CHF 600,000 of his or her UBS financing against the risk of death.

Why are you offering a new term insurance product in connection with home financing?

Often too little consideration is given to pensions and protecting the family or partner when real estate is purchased. The launch of the "UBS mortgage with

insurance cover" product combination addresses this shortfall.

What advantages does the UBS mortgage with insurance cover offer?

Clients get comprehensive advice both about their financing and about integrated insurance cover all from one place – UBS. Qualification for the insurance is via six simple, easy-to-answer questions about your health.

Even though the products are bundled together, the client always has a sense of transparency – interest charges and insurance premiums are calculated

separately. The insurance premium agreed when the contract is signed remains unchanged for approximately 10 calendar years. Clients have the possibility to terminate UBS Homelife at any time at the end of a calendar year without incurring additional costs.

It should also be mentioned that the lump-sum benefit from the insurance is not automatically used as security for the UBS mortgage. The beneficiary decides how the insurance capital is used.

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Are only spouses and children insured or can I also take out insurance in respect of my common law partner?

Common law partners or third parties can absolutely benefit from the insurance. Something to bear in mind in this respect is that a payout from the insurance sum will incur a separate tax demand.

When is the latest I can take out Homelife and how long does the insurance cover last?

UBS Homelife can be taken out by all persons up to the age of 55. The insurance cover lasts until you reach AHV retirement age.

Are there other possibilities besides cover in the event of death?

Clients can supplement term insurance with tax-privileged amortization/retire-

ment savings (Pillar 3a) or integrate disability into the insurance cover.

Can the insurance also be taken out when the client already has a UBS mortgage?

Yes, absolutely. The new "UBS mortgage with insurance cover" product also offers existing homeowners the opportunity to reassess their retirement situation. UBS advisors will be happy to give our clients any support they need.

Optimum protection against financial risks. Thanks to tailored insurance cover.

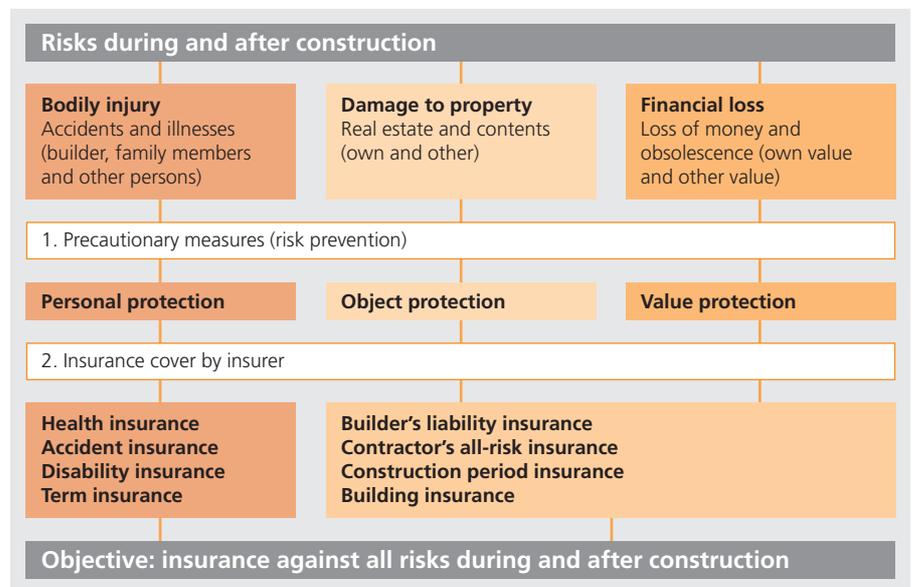
Risks arise both during and after the construction of a home. Analyzing these risks, preventing them from occurring and insuring against them as well as possible pays off. Builder's liability insurance, contractor's all-risk insurance and construction period insurance offer protection against unforeseen structural damage. When the house has been built, damage to premises or buildings, homeowner's comprehensive liability, damage to household goods (through fire, water, etc.) and personal risks all need to be insured against as much as possible.

Ensuring financing

Serious illness, accidents, incapacity or death can result in a loss or shortfall in earnings. Mortgage repayments and financing real estate costs should be protected in these circumstances as well. National insurance regulated by law (OASI, IV, ALV, KVG, UVG, BVG) is often not enough to meet the full extent of liabilities from a home financed with borrowed capital. Additional insurance is required on top of this. We propose that you calculate your insurance requirements as follows.

If you calculate the imputed home costs and the expenditures incurred for the standard of living to which you are accustomed, and compare this with your regular income, you will be able to estimate how great the gap in cover would be if that income were to fall owing to death, accident, injury or disability.

Because the employer's obligation to continue paying wages is regulated by law or by contract, earned income is guaranteed for a limited time. Many companies operate collective health,



daily accident benefit, pension and term insurance policies. These mostly cover only part of the cost of living. Having additional insurance cover therefore makes a lot of sense.

The UBS mortgage with insurance cover (UBS Homelife) is a perfect, economical

and tax-privileged way to supplement existing insurance in the event of death or disability and eases the financial burden of unforeseen strokes of fate – a wise precaution!

Guest article by Max Schweizer, building and management consulting.

Publication data

Published by: UBS AG, Lending Products
Appears in English, German, French and Italian
Subscription: www.ubs.com/immonews

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