Here’s the least expensive place to live

Financial residential attractiveness | May 2021
Editorial

Dear readers,

For many people, choosing where to live is one of the most important decisions in life. In addition to geographical location and infrastructure, the availability of appropriate housing, emotional criteria and personal networks, financial factors also play a key role. The RDI (Regional Disposable Income) indicator developed by Credit Suisse assesses the financial residential attractiveness of the cantons and municipalities in Switzerland on the basis of quantitative data.

For this fifth edition of the analysis, which was first published in 2006, economists of Credit Suisse have once again calculated the freely disposable income for each place of residence for over 120,000 sample households. The freely disposable income is the amount of household income that remains for discretionary consumption or savings after deducting all mandatory charges and fixed costs. In addition to the tax burden, other charges such as health insurance premiums are also included in the analysis, whereby any premium reductions are also taken into account. In the case of location-specific fixed costs, all relevant expenditure components are identified, from rents and real estate prices to commuting and childcare costs as well as charges for water, sewage and waste.

The results of this extremely data-intensive analysis provide a comprehensive factual basis for benchmarking the financial attractiveness of Swiss cantons and municipalities. Given the abundance of calculated scenarios, it is possible to identify potential places to live that are also advantageous from a financial point of view, taking into account many specific characteristics of a household. Life is most expensive in urban centers, above all in the cities of Geneva and Zurich. But even from there, for example, with a commute of no more than 30 minutes, there are numerous municipalities that offer significantly higher financial residential attractiveness. In the greater Geneva area, these include Russin (GE) and the Vaud municipalities of La Rippe and Crassier; and in the greater Zurich area, for example, Oberembrach, Rorbas and Hüttikon. The comparisons of different household types are also informative, whether for singles, childless married couples, or for families with children with or without external childcare. And not least, the attractiveness of a place of residence also varies depending on household-specific factors, such as household income. Our factsheets for all Swiss municipalities will help you find the best place to live.

I hope you enjoy reading this report.

Nannette Hechler-Fayd’herbe
Head of Global Economics & Research
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>MANAGEMENT SUMMARY</td>
<td>5</td>
</tr>
<tr>
<td>CONCEPT AND METHODOLOGY</td>
<td>9</td>
</tr>
<tr>
<td>MAIN COMPONENTS OF FINANCIAL RESIDENTIAL ATTRACTIVENESS</td>
<td>14</td>
</tr>
<tr>
<td>Tax burden</td>
<td>14</td>
</tr>
<tr>
<td>Housing costs</td>
<td>16</td>
</tr>
<tr>
<td>Commuting costs</td>
<td>18</td>
</tr>
<tr>
<td>Health insurance</td>
<td>21</td>
</tr>
<tr>
<td>Childcare costs and family allowance</td>
<td>24</td>
</tr>
<tr>
<td>FINANCIAL RESIDENTIAL ATTRACTIVENESS (RDI INDICATOR 2021)</td>
<td>29</td>
</tr>
<tr>
<td>Cantonal level</td>
<td>29</td>
</tr>
<tr>
<td>Municipal level</td>
<td>31</td>
</tr>
<tr>
<td>Neighborhoods of the major cities</td>
<td>33</td>
</tr>
<tr>
<td>FINANCIAL RESIDENTIAL ATTRACTIVENESS FOR SELECTED SAMPLE HOUSEHOLDS</td>
<td>35</td>
</tr>
<tr>
<td>A region's attractiveness varies based on household composition</td>
<td>35</td>
</tr>
<tr>
<td>RDI indicator per household type</td>
<td>36</td>
</tr>
<tr>
<td>Single</td>
<td>37</td>
</tr>
<tr>
<td>Married couple (without children)</td>
<td>39</td>
</tr>
<tr>
<td>Retired couple</td>
<td>40</td>
</tr>
<tr>
<td>Family (two children)</td>
<td>42</td>
</tr>
<tr>
<td>Family (two children in daycare)</td>
<td>43</td>
</tr>
<tr>
<td>RESULTS FOR YOUR HOUSEHOLD</td>
<td>46</td>
</tr>
<tr>
<td>Here's the least expensive place for you to live</td>
<td>46</td>
</tr>
<tr>
<td>FACTSHEETS: FINANCIAL RESIDENTIAL ATTRACTIVENESS AT A GLANCE</td>
<td>47</td>
</tr>
</tbody>
</table>
Financial residential attractiveness: What’s left after all mandatory charges and fixed costs? (p. 9 – 12)

The RDI (Regional Disposable Income) indicator developed by Credit Suisse assesses the financial residential attractiveness of Swiss cantons and municipalities on the basis of quantitative data. Additional comparisons are made at the neighborhood level for the five largest Swiss cities. For this purpose, we estimate the freely disposable income for more than 120,000 sample households in each place of residence, i.e. the amount that a household has left for discretionary consumption after deducting mandatory charges and fixed costs. Four household types are considered for the analysis: singles, married couples without children, married couples with two children and retired couples. For each household type a variety of characteristics are considered – from different income and wealth situations to different housing types and commuting patterns.

Tax burden: A move can reduce taxes, in some cases considerably (p. 14 – 15)

At almost 12% of average gross income, taxes on income and wealth represent one of the largest expenditure items of a Swiss household. For high-income households, the tax burden takes on an even greater weight when assessing the financial residential attractiveness. Due to Switzerland’s federal structure, there are considerable differences in the taxes imposed from one region to another. For private individuals, Central Switzerland is the most attractive in terms of taxation, led by the cantons of Zug, Schwyz, Nidwalden and Uri. Western Switzerland in particular has clearly higher tax rates. Because of the tax differences, a move can have a significant impact on taxes. A married couple living in Zug with an income of CHF 100,000 would have to pay about CHF 10,200 more in taxes in the canton of Neuchâtel, and CHF 4,200 more in Zurich. With an income of CHF 300,000, the difference compared to Neuchâtel is CHF 37,900 and to Zurich almost CHF 16,800. But even within cantons, the tax burden often differs significantly.

High housing costs in the city centers and tourist regions (p. 16 – 17)

Households in Switzerland spend an average of 10.9% of their household budget on housing costs. This figure is often even higher for the lower income groups. The expenses of having one’s own home depend, among other things, on the type of housing (size and standard of the rental property or property owned). Prices and rents also vary greatly depending on the region. Housing costs are significantly higher in urban centers and agglomerations as well as fiscally attractive and tourist regions. In some peripheral municipalities in the cantons of Jura, Neuchâtel, Bern or Grisons, for example, the average annual rent for a 4-room apartment fitted out to a medium standard is less than CHF 15,000. In some locations in the canton of Geneva or around Lake Zurich, however, a comparable object costs over CHF 35,000. The regional disparities in the prices of owner-occupied properties are even greater. For example, a medium-sized single-family house in some municipalities around Lake Zurich or Lake Geneva costs between CHF 2.5 million and CHF 2.8 million, which is more than five times what a family in some municipalities in Jura has to spend; in the case of a medium-sized condominium, the costs are around four times as much.

Work-related mobility costs are higher further away from the city centers (p. 18 – 20)

Around 70% of employed persons in Switzerland work outside the municipality they live in. Work-related travel incurs costs that are generally higher outside the urban centers. However, these costs are partially deductible from taxable income. Most cantons have defined an upper limit for commuter deductions: The limits range from CHF 501 in Geneva to CHF 10,000 in Obwalden. Predominantly rural cantons such as Uri or Appenzell Innerrhoden, however, have not defined an upper limit – not least because they are dependent on new residents who commute to nearby centers in neighboring cantons. Without a limit for commuter deductions, deductions of over CHF 30,000 are theoretically possible, depending on cantonal tax regulations and a person’s commuting distance. Road taxes for motor vehicles also differ depending on the place of residence: A driver in the canton of Jura pays almost CHF 500 – more than twice as much as a driver in Schaffhausen (CHF 204). Since many cantons now grant reduced tax rates for energy-efficient vehicles, the cantonal differences can be even higher for cars with alternative drive systems.

Urban-rural gap in the costs of mandatory health insurance (p. 21 – 23)

Increasing life expectancy and greater prosperity have led to a continuous increase in health insurance premiums in recent years. In 2021, an adult with the standard insurance model including accident coverage with ordinary deductible of CHF 300 will pay an annual average premium of CHF 5,826. Adjusted for inflation, this corresponds to more than a doubling of the premium compared with the year 2000. There are also large regional differences: In Appenzell Innerrhoden, an adult pays significantly less for mandatory health insurance than in Basel-Stadt (CHF 4,253 vs. CHF 7,333). For households with modest financial means, the regional differences in premium reductions also play a role: In the canton of Neuchâtel, an adult with a gross earned income of CHF 40,000 pays the lowest net premiums for the standard insurance model. In the cantons of Jura, Basel-Landschaft and the city of Bern, the same household type has to dig deepest into its
pockets: A low-income adult pays up to one-sixth of his earned income annually there, even after any premium reductions. Depending on the situation, it may make sense to reduce the premium burden by choosing a higher deductible or an alternative insurance model with limited choice in service provision.

Households with children are entitled to family allowances, which are included in their budget as transfer income. The Swiss government prescribes minimum rates, but the cantons can provide for higher allowances. Child allowances are highest in the cantons of Geneva, Vaud and Zug at CHF 300 per child per month. If the children are looked after by others, it often means high fixed costs for a family. The rates of childcare facilities and public subsidies – and thus the costs borne by parents depending on their financial circumstances – vary greatly from region to region. For example, a middle-income couple who has two young children cared for two days a week at a daycare center would pay between less than CHF 5,000 and just over CHF 24,000 per year, depending on where they live. Summarizing the costs for different income and wealth situations, it becomes apparent that preschool childcare is generally the least expensive in the French-speaking cantons of Geneva and Neuchâtel. Although external childcare costs can be deducted from taxable income, the tax savings achieved only partially offset the costs.

The cost of living for the average household is least expensive in the canton of Appenzell Innerrhoden, followed by Uri and Glarus. With low housing costs and attractive taxes, these three cantons are the most appealing from a financial perspective. They are followed in the ranking by other rural cantons such as Schaffhausen, Jura, Appenzell Ausserrhoden, Valais and Thurgau. The mid-field of the ranking comprises a number of variously positioned cantons with rural or suburban character. By contrast, the urban cantons of Geneva and Basel-Stadt as well as Vaud, Zurich, Basel-Landschaft, Zug and Neuchâtel achieve below-average values in a Swiss comparison. High rents and real estate prices, as well as in some cases high mandatory charges, make life in the centers more expensive. For the average Swiss household, even Zug, which is the most attractive canton in terms of taxation, does not make up for the disadvantages of high housing costs.

Many budget items vary depending not only upon the canton, but also upon the influence of regulations and cost structures at sub-cantonal level. Despite higher commuting costs, it is significantly cheaper to live in agglomerations than in the city centers. The disposable income is low by Swiss standards in the major centers of Zurich, Basel, Bern, Lausanne and Geneva, including the neighboring municipalities. Our analysis at the neighborhood level for the five major cities shows that all neighborhoods in the five major cities are among the 10% of locations with the lowest financial residential attractiveness, with Geneva’s Genève Centre neighborhood having the lowest indicator value nationwide. In addition to the center regions, internationally known tourist destinations such as Upper Engadine, Davos, Grindelwald, Zermatt and Gstaad-Saanen stand out with RDI values that are well below average.

The RDI indicator is based on a variety of different household types and consequently provides a meaningful assessment of the financial residential attractiveness of Swiss municipalities and regions for the broad middle class. However, various cost factors also vary by household type. The analysis per household type shows that with regard to the RDI indicator, especially for families with children, there are differences compared to the overall ranking for all household types. This is due to regional differences in family allowance, childcare costs and family-specific tax parameters. All things considered, in an intercantonal comparison, Valais offers the least expensive living conditions for couples with children. This applies both to families that use external childcare and to those without such childcare. Last but not least, the financial attractiveness of a residential region also depends on a household’s income and wealth situation, the desired housing situation (small rented apartment or large single-family house), and numerous other factors. For each household type, the regional differences in freely disposable income are shown on the basis of three specific sample households, each of which covers a low, medium and high income as well as a low, medium and high housing standard. Swiss households can achieve considerable savings and optimize their budgets by changing their place of residence – in some cases even by moving to a nearby location.
RDI factsheets for all Swiss municipalities and for key urban neighborhoods

Since depicting all results for all Swiss municipalities exceeds the scope of this study, we offer a web tool as a supplement to the study. Moreover, clients of Credit Suisse can also request personalized factsheets on all Swiss municipalities as well as for the urban neighborhoods of Basel, Bern, Geneva, Lausanne and Zurich. Each factsheet compares the municipality’s financial residential attractiveness with major adjacent municipalities, and provides information on commuting costs and childcare.

Find out more about this service on page 46 in the chapter «Here’s the least expensive place for you to live». 
Concept and methodology

What's left after subtracting all mandatory charges and fixed costs?

The freely disposable income is the amount that remains to a household for discretionary consumption after deducting mandatory charges and fixed costs. Besides the well-known differences in tax rates, there are also regional differences; for example, in real estate prices, health insurance premiums, commuting costs, family allowance, and the cost of childcare.

For many people, choosing where to live is one of the most important decisions in life. The selection criteria are diverse: In addition to geographical location, infrastructure, availability of appropriate housing, emotional criteria and personal networks, financial factors usually also play a key role. The RDI (Regional Disposable Income) indicator developed by Credit Suisse uses quantitative data to assess the financial residential attractiveness of Swiss cantons and municipalities, with additional comparisons at a neighborhood level for the five largest Swiss cities. We use the concept of freely disposable income to determine financial residential attractiveness, i.e. we answer the following question: How much household income is left over for discretionary consumption or saving after deducting mandatory charges and fixed costs?

To determine the freely disposable income we first calculate a household’s gross income, which consists of the sum of earned income or pension income, investment income and transfer income from state redistribution systems (see figure below). The disposable income is what remains after the deduction of mandatory charges. Although households can dispose of this amount as they see fit, fixed costs for housing are not yet taken into account. The freely disposable income is calculated by subtracting the cost of renting or owning a residential property, ancillary costs, the cost of water, sewage and waste disposal, electricity and energy charges as well as costs incurred for commuting and institutional childcare depending on the household. Thus, the freely disposable income represents the amount that households actually have left for consumption or saving.

Calculating the freely disposable income

Schematic representation of the budget of a sample household (married couple with two toddlers attending daycare two days a week)

Source: Credit Suisse
Four household types are considered for the analysis: singles, married couples without children, married couples with two children, and retired couples. For each household type a variety of characteristics are considered – from different income and wealth situations to different housing types and commuting patterns. In the case of households with children, there is the additional option of using external childcare. The table below shows the characteristics considered for the four household types, the combination of which results in more than 120,000 case types at each place of residence.

### More than 120,000 case types per municipality

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Number of types</th>
<th>Specification</th>
<th>Single person</th>
<th>Married without 2 children</th>
<th>Married with 2 children</th>
<th>Retired couple</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earned income</td>
<td>41</td>
<td>Range from CHF 40,000 to CHF 400,000</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Assets</td>
<td>20</td>
<td>Range from CHF 0 to CHF 4 million</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Housing types</td>
<td>7</td>
<td>Rented apartment, 60 m², fitted out to a medium standard</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rented apartment, 100 m², fitted out to a medium standard</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rented apartment, 150 m², fitted out to a medium standard</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Condominium, fitted out to a medium standard</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Condominium, fitted out to a high standard</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Single-family house, fitted out to a medium standard</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Single-family house, fitted out to a high standard</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Commuting</td>
<td>5</td>
<td>No commute</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Commute to the nearest major center, public transportation</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Commute to the nearest major center, private motor vehicle</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Commute to the nearest medium-sized center, public transportation</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Commute to the nearest medium-sized center, private motor vehicle</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>External childcare</td>
<td>2</td>
<td>No (or informal) childcare</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Institutional childcare, two days a week</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>120,540</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Credit Suisse

### Calculation for the broad Swiss middle class

To calculate the RDI indicator, we consider incomes between CHF 40,000 and CHF 180,000, which roughly corresponds to the central 80% interval of Swiss income distribution. Moreover, only cases with net wealth between CHF 0 and CHF 2 million are considered. This way, households taken into account for a specific location are representative of the broad middle class. Consideration of lower incomes would cause problems, as our data basis does not permit consideration, for example, of social welfare benefits with the necessary precision.

### Regional income differences are not the focus of this analysis

Regional income differences are disregarded in this comparison, i.e. the sample households are identical with respect to all parameters in all municipalities. The main focus of this study is to assess the financial residential attractiveness of locations that are within commuting distance of a household’s current residence or place of work. Thus, people of a household can remain in their current job and their wages will not change if they relocate. This enables households to identify potentially interesting places of residence.

### Consideration of all location-specific expenditures

On the expenditure side, mandatory charges regulated at the federal, cantonal and municipal levels are taken into account, as are fixed costs incurred at the place of residence (highlighted in gray in the table on the following page). Discretionary household spending can be divided into different categories based on the necessity and timing of the required payments. For example, having a home is a basic need, but the decision to buy or rent is generally discretionary. Furthermore, this decision has a long-term characteristic, since reversing it involves significant transaction costs. Housing costs and directly associated expenditure can thus be regarded as fixed costs for a household. This also applies to a household’s commuting and childcare-related expenses. Spending based on short-term consumption decisions is not included, however, since it has no bearing on the decision of where to live and is not binding.

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1The annual household budget survey (HABE) conducted by the Federal Statistical Office provides valuable insights into the incomes and expenditures of Swiss households. Standard evaluations for various sociodemographic and socioeconomic characteristics (e.g., household size and type, income class, age, and gender) are representative of the permanent resident population in Switzerland and are possible down to the level of the seven major regions.
Swiss Economics | Financial residential attractiveness 2021

The prices underlying household expenditure often differ substantially from region to region owing to the Swiss system of financial federalism and local differences in market structures. These price differences are responsible for the variations in disposable income at a regional level and are at the heart of this study. The following table illustrates the various income and expenditure factors, the corresponding regulation level and the scope of the market structure.

Regional differences in the income and expense components

The prices underlying household expenditure often differ substantially from region to region owing to the Swiss system of financial federalism and local differences in market structures. These price differences are responsible for the variations in disposable income at a regional level and are at the heart of this study. The following table illustrates the various income and expenditure factors, the corresponding regulation level and the scope of the market structure.

Expenditures of private households

Non-exhaustive representation

<table>
<thead>
<tr>
<th>Statutory obligation</th>
<th>Discretionary expenditure</th>
<th>Discretionary consumption decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Income tax</td>
<td>- Cost of food</td>
<td>- Various consumer spending</td>
</tr>
<tr>
<td>- Wealth tax</td>
<td>- Spending on clothing</td>
<td>- Spending on entertainment</td>
</tr>
<tr>
<td>- Social insurance contributions</td>
<td>- Housing costs</td>
<td>- Insurance</td>
</tr>
<tr>
<td>- Mandatory health insurance</td>
<td>- Spending determined by place of residence (ancillary costs, charges)</td>
<td>- Media and telecommunications subscriptions</td>
</tr>
<tr>
<td>- Mandatory charges</td>
<td>- Commuting costs (travel passes, kilometer costs)</td>
<td>- Supplementary commuting costs (e.g. leisure and shopping trips)</td>
</tr>
<tr>
<td>- Childcare</td>
<td>- Expenses for external childcare required due to employment</td>
<td>- Additional childcare costs (e.g. babysitter for leisure activities)</td>
</tr>
</tbody>
</table>

Source: Credit Suisse

Overview of the applied factors of income and expenses

Data sources by regulation level or the regional scope of the market structure

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Regional scope</th>
<th>Data version</th>
<th>Data source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premium reductions (by premium region)</td>
<td>PR</td>
<td>(✓)</td>
<td>2020 GDK, cantons</td>
</tr>
<tr>
<td>Family allowances</td>
<td>FA</td>
<td>✓</td>
<td>2021 Federal Social Insurance Office (FSIO)</td>
</tr>
<tr>
<td>Mandatory charges</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax rates</td>
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<td>TaxWare (if data is not available for 2021, data for 2020 is used)</td>
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</tr>
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<td>Wealth tax rates</td>
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<td>TaxWare (if data is not available for 2021, data for 2020 is used)</td>
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</tr>
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<td>Old-age and survivors’ insurance</td>
<td>AHV</td>
<td>✓</td>
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<td>Disability insurance</td>
<td>IV</td>
<td>✓</td>
<td>2021 Federal Social Insurance Office (FSIO)</td>
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<td>Income replacement scheme</td>
<td>EO</td>
<td>✓</td>
<td>2021 Federal Social Insurance Office (FSIO)</td>
</tr>
<tr>
<td>Unemployment insurance</td>
<td>ALV</td>
<td>✓</td>
<td>2021 Federal Social Insurance Office (FSIO)</td>
</tr>
<tr>
<td>Non-occupational accident insurance</td>
<td>NBU</td>
<td>✓</td>
<td>2021 Federal Social Insurance Office (FSIO)</td>
</tr>
<tr>
<td>Occupational pensions (assumption)</td>
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<td>✓</td>
<td>2021 Federal Social Insurance Office (FSIO)</td>
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<tr>
<td>Mandatory health insurance premiums (by premium region)</td>
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<td>2021 Federal Office of Public Health (FOPH)</td>
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<tr>
<td>Imputed rental value for owner-occupiers (assumption)</td>
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<td>2021 Credit Suisse</td>
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<tr>
<td>Fixed costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transaction prices for residential real estate</td>
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<td>Q4 2020</td>
<td>Wüest Partner</td>
</tr>
<tr>
<td>Apartment rental prices</td>
<td>✓</td>
<td>Q4 2020</td>
<td>Wüest Partner</td>
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<td>Mortgage costs (assumption)</td>
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<td>Return on assets and asset management costs (assumption)</td>
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<td>2021 Credit Suisse</td>
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<tr>
<td>Electricity prices</td>
<td>✓</td>
<td>2021 Federal Electricity Commission (EICom)</td>
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</tr>
<tr>
<td>Charges for sewage, water and waste disposal</td>
<td>✓</td>
<td>2020 Price watchdog</td>
<td></td>
</tr>
<tr>
<td>Commuting costs: public transport travel passes (estimation)</td>
<td>✓</td>
<td>2021 Swiss Federal Railways, Credit Suisse</td>
<td></td>
</tr>
<tr>
<td>Commuting costs: private motor vehicle</td>
<td>✓</td>
<td>2020 Touring Club Schweiz (TCS), Credit Suisse</td>
<td></td>
</tr>
<tr>
<td>Tax deductions for commuting costs</td>
<td>✓ ✓</td>
<td>2020 Cantons, Credit Suisse</td>
<td></td>
</tr>
<tr>
<td>Cost of institutional childcare (incl. subsidized places; partial survey for 194 municipalities)</td>
<td>✓ ✓</td>
<td>2021 Daycare centers, cantons, municipalities, Credit Suisse</td>
<td></td>
</tr>
<tr>
<td>Tax deductions for external childcare</td>
<td>✓ ✓</td>
<td>2020 Cantons</td>
<td></td>
</tr>
<tr>
<td>Other data</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Population of the neighborhoods of the five largest cities</td>
<td>✓</td>
<td>2019 Municipalities</td>
<td></td>
</tr>
</tbody>
</table>

Source: Credit Suisse
Some key factors must be assessed differently depending on the type of residence and a household’s major source of income. Owner-occupiers, for example, enjoy an additional tax privilege in that their mortgage interest is deductible when calculating their taxable income – though this is offset by an imputed rental value. In addition, property ownership – besides incurring expenses for mortgage interest, repayment and maintenance costs – reduces the owner’s income-producing assets. All cantons permit deductions to be made from taxable income in respect of work-related commuting expenses. This system differs from canton to canton, but it enables commuters to reduce their tax burden. The case is similar with deductions for childcare provided outside the family. For pensioners, whose main income stems from pension payments instead of earned income, mandatory charges are significantly lower, since they pay no social insurance contributions. Furthermore, there are no commuting costs for pensioners, as they are by definition no longer gainfully employed.

The central components of a location’s financial attractiveness vary based on household composition

Calculated freely disposable income
By type of residence and main income source

<table>
<thead>
<tr>
<th>Gainfully employed tenants</th>
<th>Gainfully employed homeowners</th>
<th>Pensioners</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Earned income, gross</strong></td>
<td><strong>Earned income, gross</strong></td>
<td><strong>Pension income (AHV, pension)</strong></td>
</tr>
<tr>
<td>+ Transfer income (PR, FA)</td>
<td>+ Transfer income (PR, FA)</td>
<td>+ Transfer income (PR)</td>
</tr>
<tr>
<td>+ Capital income (interest, dividends)</td>
<td>+ Capital income (interest, dividends)</td>
<td>+ Capital income (interest, dividends)</td>
</tr>
<tr>
<td>= Gross income</td>
<td>= Gross income</td>
<td>= Gross income</td>
</tr>
<tr>
<td>- Income tax (basis: gross income, mobility deductions, childcare deductions)</td>
<td>- Income tax (basis: gross income, imputed rental value, mortgage interest, mobility deductions, childcare deductions)</td>
<td>- Income tax (depending on the type of residence)</td>
</tr>
<tr>
<td>- Wealth tax</td>
<td>- Wealth tax</td>
<td>- Wealth tax</td>
</tr>
<tr>
<td>- 2nd pillar contributions</td>
<td>- 2nd pillar contributions</td>
<td></td>
</tr>
<tr>
<td>- Social benefit contributions (AHV, IV, ALV, EO)</td>
<td>- Social benefit contributions (AHV, IV, ALV, EO)</td>
<td></td>
</tr>
<tr>
<td>- Mandatory health insurance premiums</td>
<td>- Mandatory health insurance premiums</td>
<td>- Mandatory health insurance premiums</td>
</tr>
<tr>
<td>= Disposable income</td>
<td>= Disposable income</td>
<td>= Disposable income</td>
</tr>
<tr>
<td>- Net rental costs</td>
<td>Owner-occupation costs (mortgage interest, capital repayments for any 2nd mortgage, maintenance)</td>
<td>Housing costs (depending on the type of residence)</td>
</tr>
<tr>
<td>- Ancillary costs, costs of water, sewage, waste disposal</td>
<td>Ancillary costs, costs of water, sewage, waste disposal</td>
<td>Ancillary costs, costs of water, sewage, waste disposal</td>
</tr>
<tr>
<td>- Energy and electricity costs</td>
<td>Energy and electricity costs</td>
<td>Energy and electricity costs</td>
</tr>
<tr>
<td>- Commuting costs</td>
<td>Commuting costs</td>
<td></td>
</tr>
<tr>
<td>- Cost of external childcare</td>
<td>Cost of external childcare</td>
<td></td>
</tr>
<tr>
<td>= Freely disposable income</td>
<td>= Freely disposable income</td>
<td>= Freely disposable income</td>
</tr>
</tbody>
</table>

Legend: FA: Family allowance; PR: Premium reductions; AHV: Federal old-age and survivors’ insurance; IV: Federal disability insurance; EO: Income replacement scheme; ALV: Unemployment insurance; NBU: Non-occupational accident insurance

Source: Credit Suisse
Main components of financial residential attractiveness

Tax burden

At almost 12% of average gross income, taxes on income and wealth represent one of the largest expenditure items of a Swiss household. Due to Switzerland’s federal structure, there are considerable differences in the taxes imposed from one region to another. Western Switzerland in particular has clearly higher tax rates. But even within cantons, the tax burden often differs significantly.

While numerous cantons have significantly reduced their ordinary tax rates for companies in the wake of the corporate tax reform, little has changed in the taxation of private individuals in recent years. In Credit Suisse’s cantonal tax ranking for 2020, Zug still tops the list and has slightly increased its relative lead over the canton of Schwyz. It is followed by Nidwalden and the canton of Uri, which became significantly more attractive in tax terms following the introduction of the flat-rate tax in 2009. Other major shifts like that of Uri have not occurred in recent years. The data for 2021, which is still provisional, as not all cantons and municipalities have defined their tax parameters by the March 31 deadline, also shows the familiar, largely geographical division when it comes to tax policy: French-speaking cantons and their municipalities generally have an above-average tax burden compared with the rest of Switzerland (see figure). The canton of Geneva is roughly in line with the Swiss average.

Lowest taxes in Central Switzerland

<table>
<thead>
<tr>
<th>Tax burden (taxes on income and wealth) on private individuals, synthetic index as of 31/03/2021*</th>
</tr>
</thead>
</table>

* When data is not available for 2021, data for 2020 is used.
Source: TaxWare, Credit Suisse

4 The tax treatment depends on the individual circumstances of each customer and may change over time. This document contains no tax advice of any kind. The general tax-related information contained in these documents in no way replaces comprehensive personal tax advice. Consult a professional tax adviser if you think it is necessary.
A detailed analysis of income and wealth taxes allows a more precise assessment of the tax burden on private individuals. The left figure below shows the tax burden in percentage points of gross income for a married couple with no children in different income classes. In Central Switzerland, taxes at all income levels are below the Swiss average. As a rule, fiscal advantages increase as income rises. In Zug, a married couple with a household income of CHF 100,000 pays around 7% less in taxes than the Swiss average for this income class. At an income of CHF 300,000, the tax benefit is more than 8 percentage points. The cantons of St. Gallen, Fribourg, Bern and Solothurn, on the other hand, have about the same level of attractiveness for all analyzed income classes. Basel-Landschaft and Ticino as well as Western Switzerland are more attractive in a comparison of cantons for lower and middle incomes than for higher income classes.

The differences observed in the percentage tax burden translate into considerable sums of money (see right figure below): A couple living in Zug with an income of CHF 100,000 would have to pay about CHF 10,200 more in taxes in the canton of Neuchâtel, and CHF 4,200 more in Zurich. With an income of CHF 300,000, the difference compared with Neuchâtel is CHF 37,900 and in Zurich almost CHF 16,800.

In contrast to the RDI, the tax burden discussed in this section does not take into account individual deductions, which vary depending upon the canton and household characteristics. All cantons, for example, permit deductions for costs related to transportation from home to the workplace. Moreover, childcare costs can be deducted from the calculation of taxable income. In addition to these deductions, which are addressed in other sections of this study, there are further individual deductions, such as those for costs related to education or healthcare. However, these costs vary considerably from one household to another and it would exceed the scope of this study to consider them all.
Main components of financial residential attractiveness

Housing costs

Besides taxes, housing costs are one of the largest budget items for most Swiss households. On average they account for approximately 10% of the household budget. However, the figure can also be much higher, especially for lower-income households.

Households in Switzerland spend an average of 10.9% of their budget on housing costs, according to data from the household budget survey (HABE) of the Federal Statistical Office for the period 2015 to 2017. If the additional ancillary and energy costs incurred are also included, the share of expenses associated with the housing situation amounts to an average of 14.7%. For households with lower incomes, housing costs are even more significant relative to other expenditure components. For example, if we take households in the first quintile of the gross income distribution with an annual income of less than CHF 59,000, the share of housing expenses in the household budget averages around one-fourth. The opposite is also true: The higher the household income, the greater the relative burden of taxes.

The costs of owning a home depend, among other things, on the type of residence. To calculate the freely disposable income, we consider seven constellations: rental apartments fitted out to a medium standard in three sizes, as well as condominiums and single-family homes fitted out to a medium and high standard. The purchase of residential property requires a minimum amount of capital. Thanks to low mortgage interest rates, however, the current financial expense for a property has for years been lower than for renting an apartment of the same size. This is true not only when comparing mortgage interest rates with apartment rents, but also when taking into account other aspects such as maintenance costs, tax burden (imputed rental value and debt interest deduction), opportunity costs in the form of investment alternatives for equity, and the risks and potential appreciation gains of a real estate investment.

Annual rent for an apartment fitted out to a medium standard

Average annual rent excluding ancillary costs, in CHF; 4 rooms, 110 m² net floor space, built in 2020; Q4 2020

Source: Wüest Partner, Credit Suisse
The region of residence has an even greater influence on the level of housing costs. Given the regional differences in supply and demand structures, it is almost impossible to speak of a homogeneous national real estate market across Switzerland. Rather, there are a number of regionally distinct markets for rental and owner-occupied property. Prices thus differ widely from one region to another. Housing costs are significantly higher in urban centers and agglomerations as well as fiscally attractive and tourist regions than in the other areas (see figure on the previous page). In some peripheral municipalities in the cantons of Jura, Neuchâtel, Bern or Grisons, for example, the average annual rent for a 4-room apartment fitted out to a medium standard is less than CHF 15,000. In some locations in the canton of Geneva or around Lake Zurich, however, a comparable property costs over CHF 35,000. Rental costs are also above average in the low-tax cantons of Central Switzerland and in tourist destinations.

The regional disparities in home ownership prices are even greater. For example, a medium-sized single-family house in some municipalities around Lake Zurich or Lake Geneva costs between CHF 2.5 million and CHF 2.8 million, which is more than five times what a family in some Jura municipalities has to spend; in the case of a medium-sized condominium, the costs are around four times as much. Due to the price increases of recent years, middle-income households can now no longer afford property in many regions because of regulatory affordability hurdles. According to our estimates, at an imputed interest rate of 5% and 80% debt financing, only 34% of properties with four or more rooms advertised throughout Switzerland are currently affordable for a middle-income household.5

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5See "Home Sweet Home, Swiss Real Estate Market 2021", Credit Suisse, March 2021
Main components of financial residential attractiveness

**Commuting costs**

Switzerland is a nation of commuters: Around 70% of the working population work outside the municipality they live in, and nearly 20% cross at least one cantonal border on their way to work. The cost of commuting varies by place of residence and is higher further away from the city centers. However, it is generally more than compensated by lower housing costs.

**Regional differences in commuting costs**

Commuting costs depend primarily on the length of the commute and the mode of transport chosen for it. In addition, regional characteristics also influence commuting costs: Because public transportation in Switzerland is organized in regional travel systems, prices for commuters using public transport vary. Fiscal policy instruments also play a role, which manifest themselves in regionally different tax deductions or road taxes.

**Travel systems make commuting easier**

In Switzerland, there is a national travel system that covers practically the entire public transport network and facilitates travel across municipal and cantonal borders. In addition, there are currently 18 regional travel systems that are organized independently and set a common fare for a specific area. The prices are usually based on a zone system. One exception is the travel system Northwestern Switzerland (TNW), which has a uniform tariff of CHF 800 per year for the catchment area of the city of Basel. Today, all areas in Switzerland are integrated into such a regional travel system, with the exception of the cantons of Valais and Uri and parts of Vaud and Grisons. In these largely alpine regions, point-to-point travel passes of the Swiss Federal Railways are the cheapest option for commuters. The map below shows the annual commuting costs by public transportation for all municipalities to the respective nearest medium-sized or large center.

**Commuting costs by public transportation to the nearest medium-sized or large center**

Annual travel pass costs in CHF for a single adult to the nearest medium-sized or large center*, estimation, 2021

* Medium-sized centers: Aarau, Baden, Bellinzona, Bienne, Chur, Fribourg, La Chaux-de-Fonds, Lucerne, Neuchâtel, Olten, Schaffhausen, Sion, Solothurn, St. Gallen, Thun, Winterthur and Zug; large centers: Bern, Basel, Lausanne, Lugano, Geneva and Zurich

Source: Swiss Federal Railways, Credit Suisse
In Switzerland, there were a total of 3.6 million employed commuters in 2019, of whom around 70% worked outside their municipality of residence and just under 20% outside their canton of residence. More than half of all commuters used a car to get to work, and around one-third used public transportation. The remaining commuters traveled to work by bicycle, motorized two-wheelers, or on foot. Work-related commuting costs are partially deductible from taxable income, which in turn provides financial incentives to travel longer distances in pursuit of gainful employment. Investments in the transportation network make these connections more attractive, bringing the labor markets of the major centers closer together. In addition, the prospect of more time working from home as a result of the coronavirus crisis is likely to increase the willingness of some commuters to take on longer commutes on individual workdays in the future.

These work-related commuter deductions are not without controversy, as they encourage urban sprawl and traffic congestion and, according to their critics, create disincentives that place an additional burden on the environment. The Swiss federal government has taken action and, with the implementation of the bill on the financing and expansion of railroad infrastructure (FABI) in January 2016, limited commuting deductions from the direct federal tax to CHF 3,000. Several cantons have followed suit and also defined an upper limit for commuting deductions. This makes longer commutes more expensive, and remote residential regions become less attractive from this point of view. Therefore, predominantly rural cantons such as Uri or Appenzell Innerrhoden are rather reluctant to limit commuting deductions: They are dependent on new residents who seek employment in the surrounding economic centers and tend to want to deduct higher commuting costs.

In most cantons, the commuting deduction is based on the actual costs of an annual public transportation ticket. In situations where the use of a private vehicle is demonstrably reasonable or appropriate, vehicle costs can be claimed according to a cantonal cost code. The conditions for this vary from canton to canton, but basically include cases of illness and frailty, large time savings compared with public transportation, and an unreasonable distance to the nearest station or stop. With regard to commuting deductions, the canton of Uri proves to be particularly generous: Uri residents can deduct CHF 0.70 annually from their taxable income for the first 10,000 kilometers and CHF 0.40 for each additional kilometer, regardless of their chosen mode of transportation (i.e. also for pedestrians). Without a defined upper limit for deductions for commuting, deductions of over CHF 30,000 are theoretically possible, depending on cantonal tax regulations and commuting distance (see left figure).

The road tax for motor vehicles also differs from canton to canton. In most cantons, the road tax is calculated on the basis of engine capacity or vehicle weight. In Geneva, the tax is based on power output, five other cantons use a combination of these characteristics, and in Basel-Stadt, the calculation is based on weight and CO₂ emissions. The figure above on the right shows a comparison...
of road taxes for a gasoline-powered passenger car that is widely used in Switzerland. In the canton of Schaffhausen, the sample vehicle incurs the lowest taxes at CHF 204, while in the canton of Jura they are more than twice as high at around CHF 500. For vehicles with alternative drive systems (e.g. electric cars), these differences are sometimes even greater because a large number of cantons grant reduced tax rates for energy-efficient vehicles. And in Zurich, Solothurn and Glarus, owners of electric cars are completely exempt from road tax.

How are the costs of commuting entered into the RDI?

Costs of commuting...
Work-related commuting costs are deducted from disposable income for the relevant case types. Costs that are relevant for the RDI indicator are related to real expenses that arise when commuting to work. These commuting costs are defined by the distance between home and work as well as by the mode of transportation and can therefore lead to considerable differences in freely disposable income. Non-monetary costs, such as the time spent commuting, are difficult to quantify in Swiss francs and hence are not included in our calculation. Taking account of commuting costs enhances the explanatory power of the concept of financial residential attractiveness, as the benefits of living in a remote, low-cost location are often “bought” at the cost of long-distance, high-cost commuting.

...to the nearest medium-sized or large center
The large number of possible combinations of residential and work locations throughout Switzerland cannot be adequately depicted. Therefore, the calculations are limited to the commute from each municipality to the two medium-sized or large centers reached most quickly. Based on the municipality typology of the Swiss Federal Statistical Office, medium-sized as well as large urban municipalities with at least 15,000 full-time jobs are considered. For the routes, both the costs for the use of public transportation and the costs for the daily use of the personal vehicle are shown. The costs are calculated on an annual basis, assuming an average of 193.4 working days. For households with two employed persons, the assumption is that only one person commutes to the center.

Commuting costs of public transportation
In determining the commuting costs of public transportation, the annual ticket prices of the regional travel systems apply in relation to the minimum number of the zones required for the commute to work. For commutes not covered by one or more travel system, the prices of a point-to-point season ticket of the Swiss Federal Railways apply, or at most the price of a GA Travelcard.

Private vehicle: Calculating the full costs of commuting by private motor vehicle
The costs of commuting by private motor vehicle are based on the cumulative annual distance of the commute. The vehicle parameters are based on a passenger car widely used in Switzerland (see figure). Fixed costs derived from this are allocated proportionally to the commute, assuming a non-commute-related mileage of 6,099 kilometers per year. Variable costs are charged directly per kilometer.

Cost overview: Commuting by private motor vehicle, 2020

<table>
<thead>
<tr>
<th>Cost factor</th>
<th>Calculation basis</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed costs</strong></td>
<td></td>
</tr>
<tr>
<td>Annual depreciation</td>
<td>9% of list price (straight-line)</td>
</tr>
<tr>
<td>Return on capital</td>
<td>0.65% of half the list price (approx.)</td>
</tr>
<tr>
<td>Road tax</td>
<td>Depends on the canton of residence and vehicle parameters</td>
</tr>
<tr>
<td>Third-party liability insurance</td>
<td>CHF 630</td>
</tr>
<tr>
<td>Partial accidental damage insurance</td>
<td>1.2% of the list price</td>
</tr>
<tr>
<td>Other fixed costs</td>
<td></td>
</tr>
<tr>
<td>Garaging costs</td>
<td>CHF 1,500</td>
</tr>
<tr>
<td>Incidental expenses</td>
<td>CHF 246</td>
</tr>
<tr>
<td>Vehicle care</td>
<td>CHF 150</td>
</tr>
<tr>
<td><strong>Variable costs</strong></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>2% of the list price per 10,000 km</td>
</tr>
<tr>
<td>Fuel costs</td>
<td>Depends on fuel consumption with gasoline at CHF 1.61 per liter (price at the time of calculation)</td>
</tr>
<tr>
<td>Cost of tires</td>
<td>4 x CHF 336 per 30,000 km</td>
</tr>
<tr>
<td>Repairs, servicing, exhaust maintenance</td>
<td>CHF 836 per 10,000 km</td>
</tr>
</tbody>
</table>

Source: Touring Club Schweiz (TCS), Credit Suisse
Main components of financial residential attractiveness

Health insurance

After taxes, health insurance premiums are a household’s most important mandatory expense. Increasing life expectancy and greater prosperity have led to a continuous increase of this budget item in recent years. But the regional differences are considerable: An adult in Appenzell Innerrhoden pays CHF 3,000 less than in Basel-Stadt. Depending on the household, individual premium reductions are also factored in.

Premiums for mandatory health insurance are a major budget item for many households, especially for the lower income groups. This budget item has become even more significant in recent decades due to a combination of higher life expectancy, more intensive use of medical services and the development of more modern (but more expensive) treatment methods. In 2021, an adult (26 years and older) with the standard insurance model including accident coverage and ordinary deductible of CHF 300 will pay an average of CHF 5,826 on annual mandatory insurance premiums. This means that, adjusted for inflation, the average annual premium has more than doubled compared with the year 2000; expressed in constant prices, the average annual premium at that time was CHF 2,748.

The average annual premium for Switzerland as a whole does not necessarily tell us much about the actual premium level of a household, as the annual health insurance premium can vary greatly depending on the place of residence. These regional differences can be considerable: In extreme cases, 72% higher premiums must be paid, a difference of over CHF 3,000 (see figure). Specifically, the health insurance companies in the urban cantons of Basel-Stadt (CHF 7,333) and

Health insurance premiums: Regional disparity of over CHF 3,000

Annual average premium for mandatory health insurance in CHF; adults aged 26 and over; standard insurance model including accident coverage with ordinary deductible of CHF 300; 2021; average of all premium regions = CHF 5,826

Source: Federal Office of Public Health, Credit Suisse

For employees, accident insurance is provided by their employer. Because not all household members in our sample households are employed, we have considered a standard insurance model including accident coverage for all household members in the RDI calculation for the sake of simplicity.
Geneva (CHF 7,266) have the highest premium charges for adults with the standard insurance model. At the other end of the scale are Appenzell Innerhoden (CHF 4,253) and Uri (CHF 4,655). Health insurance premiums in Central and Eastern Switzerland are also below the Swiss average.

Relocating can lead to significant savings in premiums

Since healthcare costs vary greatly depending on the area, larger cantons are divided into two or three premium regions.\(^7\) In Bern, Grisons, Lucerne, St. Gallen, and Zurich, municipalities are assigned to three premium regions. The cantons of Basel-Landschaft, Fribourg, Schaffhausen, Ticino, Vaud, and Valais each have two premium regions. Therefore, even a change of residence within a canton can influence the level of health insurance premiums. A move from the city of Bern to the Bernese Oberland leads to annual premium savings of CHF 1,049. Across cantonal borders, premium expenses can be reduced even more: For example, a move from Lumiño (TI) to neighboring San Vittore (GR) results in premium savings of CHF 1,242.

Diverse system with regard to premium reductions

In addition to regional variations in basic premiums, differences in individual premium reductions mean that actual net premiums\(^8\) can vary widely from place to place, especially for low-income households. This has to do with the fact that the federal government grants the cantons extensive powers in designing premium reduction systems. Before 2021, the cantons were only required to reduce the premiums of children and young adults in education from low and middle-income families by at least 50%. Since January 1, 2021, and the entry into force of new federal requirements, cantons must increase children’s premium reductions for these households to at least 80%.

Lowest net premiums for low-income adults in Neuchâtel

Annual net premium for mandatory health insurance in CHF; adult; annual gross earned income of CHF 40,000; no assets; standard insurance model including accident coverage with ordinary deductible of CHF 300; tenant household; 2020/2021

If the premium reductions are taken into account, there are strong shifts in the cantonal premium structure based on income and wealth. In the canton of Neuchâtel, an adult with a gross earned income of CHF 40,000 (no assets) and the standard insurance model receives the highest percentage reduction (71%, see figure above). Despite the otherwise high health insurance premiums, the canton makes the leap to the top after deducting the premium reductions. While the canton of Neuchâtel grants the highest premium reductions for low earners, it is less attractive for

7 Health insurance companies are allowed to set different premiums for the premium regions of a canton, but the difference between region 1 and region 2 may be a maximum of 15% and between region 2 and region 3 a maximum of 10%. This subdivision attempts to better reflect differences in regional health care costs. For example, residents of rural areas use healthcare less intensively than urban residents, consequently paying lower premiums. But other factors, such as efficiency of service delivery, also drive regional cost differences. The division into the current intra-cantonal premium regions is not without controversy, as it no longer reflects actual costs.

8 The net premiums shown here are the gross premiums for 2021 minus the premium reductions for 2020. Reason: At the time of writing, not all cantons had disclosed the parameters used to calculate the premium reductions for 2021.
the lower middle class: An adult with a gross earned income of CHF 60,000 (no assets) receives no premium reductions in Neuchâtel and pays correspondingly high premium charges. In this case, only the cantons of Zug, Vaud, Geneva, and Basel-Stadt still cover part of the premium.

However, if we take a sample household consisting of a married couple with two children and a gross household income of CHF 60,000 (no assets), we see that this lower-income family would receive a premium reduction with the standard model in all 42 premium regions, regardless of their place of residence. Once again, the Canton of Neuchâtel grants the highest premium reduction with 88% and thus leads the cantonal comparison (see figure below). It is followed by the cantons of Appenzell Ausserrhoden, Zug, and Grisons, which also reduce premiums significantly. In the cantons of Jura, Basel-Landschaft and the city of Bern, families have to dig deepest into their pockets, at the other end of the scale. Even after premium reductions, they pay between CHF 9,512 and CHF 11,726 annually, which is equivalent to up to one-fifth of their gross earned income.

### Premium burden of low-income families with two children

Annual net premium for mandatory health insurance in CHF; married couple with two children; annual gross earned income (excluding child allowances) of CHF 60,000; no assets; standard insurance model including accident coverage with ordinary deductible of CHF 300 or CHF 0 (adults/children); tenant household; 2020/2021

<table>
<thead>
<tr>
<th>Region</th>
<th>Net premium</th>
<th>Premium reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>NE</td>
<td>20,000</td>
<td>16,000</td>
</tr>
<tr>
<td>ZG</td>
<td>18,000</td>
<td>14,000</td>
</tr>
<tr>
<td>GR</td>
<td>16,000</td>
<td>12,000</td>
</tr>
<tr>
<td>OW</td>
<td>14,000</td>
<td>10,000</td>
</tr>
<tr>
<td>VS</td>
<td>12,000</td>
<td>8,000</td>
</tr>
<tr>
<td>SZ</td>
<td>10,000</td>
<td>6,000</td>
</tr>
<tr>
<td>BS</td>
<td>8,000</td>
<td>4,000</td>
</tr>
<tr>
<td>NW</td>
<td>6,000</td>
<td>2,000</td>
</tr>
<tr>
<td>LU</td>
<td>4,000</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Cantons, Federal Office of Public Health, Credit Suisse

For many insured persons, health insurance premiums with the standard insurance model represent a significant expense. However, these costs can be reduced by choosing a higher deductible or an alternative insurance model with limited choice in the provision of services (e.g. family doctor, HMO or Telmed model). In the case of an alternative insurance model, the insured person agrees, in the event of illness, to contact either the family doctor, a doctor at the defined health center, or a consulting center defined for this purpose, which then coordinates the further course of action. In this way, the insured person accepts certain restrictions in the choice of doctor and hospital. Those who opt for an alternative insurance model therefore incur lower healthcare costs and pay correspondingly lower premiums. The exact amount of reduction varies depending on the health insurance company and insurance model.9

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9In the RDI indicator, only the standard insurance model with ordinary deductible of CHF 300 including accident coverage was taken into account. Other savings models were not included in the calculations.
Main components of financial residential attractiveness

Childcare costs and family allowance

For working parents, external childcare often represents a major financial burden. However, the rates of childcare facilities and the subsidy practices of cantons and municipalities vary greatly from region to region. Family-specific tax deductions and family allowances also vary from canton to canton.

While the labor market participation of fathers has remained virtually stable at a high level, the employment rate of mothers – especially those with partners and young children – has increased significantly over the past two decades. More than four out of five mothers and over 95% of fathers in Switzerland are now active in the labor market. For working parents, ensuring childcare during working hours is one of the biggest challenges – not only in organizational terms, but often also financially. If parents cannot take turns providing care or count on free or low-cost help from grandparents, friends, neighbors or other acquaintances (informal care), they have to rely on daycare centers, day structures, after-school care or lunchtime care. On average in Switzerland, just under 40% of households with children under 12 use such institutional childcare services (as of 2018).

On the one hand, the costs incurred depend on the number and age of the children and the weekly duration of care, but on the other hand, the place of residence and the family’s financial situation also play a role. The full costs of the childcare facilities, but also government subsidies and thus the costs borne by parents, vary greatly from region to region. Depending on the canton, the subsidization of childcare services is the responsibility of the canton and/or the municipalities. The regulations on parental rates vary correspondingly, for example with regard to the definition of external childcare as a central pillar for combining work and family.

Regional patchwork for daycare tariffs and subsidies

Large regional differences in the costs of external childcare

Childcare costs (incl. meals) in CHF per year, after accounting for any subsidies, by municipality*, 2021: married couple with two toddlers attending a daycare center** two days per week; gross earned income (excluding child allowances) CHF 110,000, assets CHF 100,000, tenant household, main earner commutes by public transportation to the nearest large center

* In total, childcare costs were analyzed in 194 municipalities (at least one municipality per district). For the remaining municipalities, the tariff or subsidy regulations of the nearest surveyed municipality in the same district are used. ** in the place of residence, when available

Source: Daycare centers, municipalities, cantons, Credit Suisse
of the parents' relevant income, the upper limit for subsidy eligibility or the amount of subsidy contributions. In a recently published study, we took a closer look at the costs of institutional care for preschool children and made a regional comparison. In this study we examine the case of a married couple with two children aged two and three who attend daycare two days a week (at their place of residence, if available). Any sibling discounts are taken into account. Further, it is assumed that the family receives subsidies or subsidized places if they are eligible based on their place of residence and income and asset situation.\(^{10}\)

The map on the previous page shows the estimated costs after deducting subsidies if the couple has a gross earned income of CHF 110,000, which roughly corresponds to the Swiss median gross earned income at a joint level of employment of 140\%, and assets of CHF 100,000. In this configuration, annual childcare costs range from less than CHF 5,000 in Wollerau (SZ) or Mendrisio (TI) to just over CHF 24,000 in Wetikon (ZH) – a difference with a factor of 5. The gap between the municipalities with the highest and the lowest parental rates widens at lower incomes, while it narrows at higher incomes, but nevertheless remains considerable (factor of 2.8). The positioning of the municipalities also looks different depending on the financial circumstances of the family. For example, Baar (ZG), with estimated childcare costs of just under CHF 6,500 per year, is one of the municipalities with the lowest childcare costs in Switzerland for a couple with a medium income. However, if the threshold for subsidy eligibility is exceeded, costs skyrocket to over CHF 25,000 per year, placing Baar among the most expensive locations.

If the costs for all income, wealth, housing and commuting types are combined into a single indicator (see figure), the cantons of Geneva and Neuchâtel in Western Switzerland have the lowest childcare costs overall for the sample household, followed by the cantons of Valais, Ticino, Schaffhausen, Vaud, Jura, and Zug. At the other end of the scale is the canton of Uri. In Altdorf, the middle-income couple already exceeds the subsidy threshold, and the non-subsidized costs amount to an estimated CHF 23,900 per year. In the other cantons of Central Switzerland as well as in Basel-Landschaft, Zurich, and Solothurn, parents also pay relatively large amounts for daycare compared with the rest of Switzerland.

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\(^{10}\) For more information and details, see «So viel kostet ein Kitaplatz in der Schweiz», Credit Suisse, May 2021 (available in German and French).
Parents are allowed to deduct the proven costs of third-party childcare under the age of 14 up to a maximum amount of their taxable income. For federal tax purposes, the maximum deduction for the 2020 tax period is CHF 10,100 per child. An increase to CHF 25,000 was rejected by the Swiss electorate in September 2020 (along with an increase in the child deduction to CHF 10,000). However, there is a wide range in the case of cantonal and municipal taxes (see left figure below): The maximum deductions range from CHF 3,000 in the canton of Valais to CHF 25,000 in Geneva and St. Gallen. In the Canton of Uri, the actual costs can be deducted. In the canton of Neuchâtel, the same applies de facto: The maximum deduction of CHF 20,400 corresponds to the costs incurred by parents for full-time care of a toddler in a daycare center in Neuchâtel. In the cantons of Aargau and Thurgau, the maximum deductions apply to circumstances with a full-time workload, while the canton of Ticino provides for different maximum amounts depending on the net income of the parents.

In total, 10 cantons increased the allowable deductions for third-party childcare costs between 2018 and 2020, with Geneva, St. Gallen, and Appenzell Innershoden leading the way, joining former outliers Neuchâtel and Uri. In Bern, the maximum deduction will be increased to CHF 12,000 beginning with the 2021 tax period, which will move the canton from the lower to the upper middle range. Nevertheless, the maximum deduction is in many cases lower than the childcare costs actually borne by the parents. Our analysis shows that the tax savings achieved thanks to the third-party childcare deduction only partially compensate for the additional costs of the sample household. For a middle-income family, the tax savings amount to between 10% and 40% of the costs, depending on where the family lives.

Tax authorities also support families in general by granting social deductions for each minor child or child in school. In some cantons, child deductions are staggered according to the age of the child and/or the number of children. For children of preschool age, child deductions for the 2020 tax period range from CHF 0 in Basel-Landschaft to CHF 12,000 in the canton of Zug (federal tax: CHF 6,500). In addition, several cantons grant tax credits for families with children. For example, in Basel-Landschaft, CHF 750 can be deducted from the income tax amount for each minor child who is disabled or in vocational training. At the federal level, the tax deduction is CHF 251 per child. In the cantons of Lucerne (CHF 1,000 per child), Nidwalden (CHF 3,000), Zug (CHF 6,000), and Valais (CHF 3,000), there is also a deduction for children cared-for at home in addition to the general child deduction and the third-party childcare deduction. In Lucerne and Nidwalden, deductions for own and third-party childcare can be cumulated.

<table>
<thead>
<tr>
<th>Canton</th>
<th>Taxable third-party childcare deduction, maximum amount in CHF per child, cantonal and municipal tax (CH = federal tax), tax period 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>VS</td>
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<td>BE</td>
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<tr>
<td>SO</td>
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</tr>
<tr>
<td>VD</td>
<td>5,000</td>
</tr>
<tr>
<td>ZH</td>
<td>0</td>
</tr>
</tbody>
</table>

Highest child allowances in Zug and the Lake Geneva region

Child and education allowances in CHF per month and child, 2021; the lighter shades indicate the upper limit of the range in each case.
Lastly, parents are also entitled to family allowances. This is intended to partially offset the costs they incur in maintaining their children. In accordance with the corresponding federal law (FamZG), the federal government prescribes minimum rates for child and education allowances (CHF 200 and CHF 250 per child and month, respectively). The cantons may set higher allowances and also pay birth and adoption allowances. As a rule, children are entitled to child allowances until they reach the age of 16. Education allowances are paid for the duration of schooling, but at least until the age of 16 and up to the age of 25. Employed persons are generally entitled to family allowances in accordance with the family allowance regulations of the canton in which they work. If both parents are employed, the person who works in the canton of residence has priority. No social security or pension fund contributions are levied on family allowances, but they are included in taxable income. As the figure on the previous page shows, there are also regional differences in family allowances. While several cantons adhere to the minimum rates under federal law, child allowances in the cantons of Geneva, Vaud, and Zug amount to CHF 300 per child per month. Calculated over one year, the difference for our sample household with two children amounts to CHF 2,400.
Financial residential attractiveness (RDI indicator 2021)

Cantonal level

On the scale of the RDI indicator, the urban cantons of Geneva and Basel-Stadt as well as Vaud, Zurich, Basel-Landschaft, Zug, and Neuchâtel achieve below-average values in a Swiss comparison. High rents and real estate prices, as well as comparatively high mandatory charges, make life more expensive, especially in the urban centers.

The analysis of regional differences in freely disposable income – in contrast to conventional comparisons of residential attractiveness – takes new aspects into account. A pure comparison of tax burdens neglects the fact that, for example, high real estate prices in low-tax regions can wipe out large parts of the tax savings. In addition, regional differences in other types of expenditure, such as health insurance premiums, are very significant. Since a large proportion of employees commute to the Swiss labor market centers, the agglomerations close to the centers can also offer additional cost advantages.

The RDI (Regional Disposable Income) indicator represents the financial residential attractiveness of regions for the broad Swiss middle class relative to the national average of zero. Positive values indicate higher, negative values lower freely disposable incomes compared with the Swiss average.

Financial residential attractiveness of the Swiss cantons (RDI indicator) 2021
Synthetic indicator, CH = 0; including the costs of external childcare and work-related commuting, 2021

Source: Credit Suisse

The cost of living for an average household is least expensive in the canton of Appenzell Innerrhoden, followed by Uri and Glarus. With low housing costs and attractive taxes, these three cantons are the most appealing from a financial perspective. They are followed in the ranking by other rural cantons such as Schaffhausen, Jura, Appenzell Ausserrhoden, Valais, and Thurgau. The middle range of the ranking consists of a number of differently positioned cantons with rural or suburban character.

At the other end of the scale are the urban cantons Geneva and Basel-Stadt, where high housing costs combined with taxes and health insurance premiums that are above the average make life expensive for the average household. Vaud, Zurich, Basel-Landschaft, Zug, and Neuchâtel likewise come in below the national average of financial residential attractiveness. Here, households can choose a residence from a wide variety of urban, suburban and rural municipalities, some of which are positioned differently. The aggregation at cantonal level blurs the differences in financial residential attractiveness between individual municipalities. The following section contains a detailed analysis at the municipal and neighborhood level.
A high level of financial residential attractiveness may stem from low fixed costs or low mandatory charges. The positioning of the cantons in terms of these two elements is depicted in the chart below. From a financial viewpoint, households in smaller, rural cantons benefit from combined advantages. Although the fixed costs in the canton of Jura are the lowest in Switzerland, the mandatory charges are above average. Nevertheless, the canton has been able to slightly increase its tax attractiveness for private individuals in recent years and thus achieves a clearly above-average positioning in our indicator.

Cantons where fixed costs are high generally offer below-average financial residential attractiveness. For the average Swiss household, even Zug, which is the most attractive canton in terms of taxation, does not make up for the disadvantages of high housing costs. In Geneva and Basel-Stadt, both taxes and fixed costs are disproportionately high which is reflected in a clearly below-average level of financial attractiveness.

Expenditure components in the cantons 2021
Mandatory charges: Income and wealth taxes, social security contributions, mandatory health insurance
Fixed costs: Housing costs, ancillary costs, charges for water, energy, sewage and waste disposal; standardized values, CH = 0

Source: Credit Suisse
Numerous budget items not only vary by canton, but are also influenced by regulations and cost structures at the sub-cantonal level. Despite higher commuting costs, it is significantly cheaper to live in agglomerations than in the city centers. Even moving a short distance can sometimes generate considerable savings.

As the lowest administrative level of the Swiss state system, the municipalities are the appropriate unit for the analysis of disposable income; most components of financial residential attractiveness are either affected by locally administered prices, or they represent goods in well-defined local markets. Given the wide competencies of the municipalities under Switzerland’s (financial) federalism, beside the federation and the cantons they constitute the final authority that makes decisions affecting the financial attractiveness of residential locations.

The RDI values for the Swiss municipalities, including the costs of work-related commuting and external childcare, are shown in the figure below. In the major centers of Zurich, Basel, Bern, Lausanne, and Geneva, including the adjacent municipalities, disposable income is low by Swiss standards. In addition to the central regions, internationally known tourist destinations such as the Upper Engadine, Davos, Grindelwald, Zermatt and Gstaad-Saanen are characterized by RDI values that are well below average.

Source: Credit Suisse
… while in the agglomerations, there are municipalities with significantly higher financial residential attractiveness

People who work in the major centers or who like to live within their reach will find a large number of municipalities with significantly higher financial residential attractiveness. The table below shows the ten municipalities with the highest and lowest financial attractiveness for the five major cities and Lugano, which can be reached in a maximum commute time of 30 minutes. In the catchment area of Zurich, for example, people living in Oberembrach, Rorbas and Hüttikon have the most money at their disposal. Around Geneva, Russin (GE) and the Vaud municipalities of La Rippe and Crassier, in particular, offer a higher financial residential attractiveness.

### Ranking of residential locations in the catchment area of the major centers

**Municipalities with the highest and lowest financial residential attractiveness that can be reached from the major centers within a maximum of 30 minutes**

<table>
<thead>
<tr>
<th>City</th>
<th>Municipality</th>
<th>RDI Travel Time</th>
<th>Municipality</th>
<th>RDI Travel Time</th>
<th>Municipality</th>
<th>RDI Travel Time</th>
</tr>
</thead>
<tbody>
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<td>Zurich</td>
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<td>26</td>
<td>Wigiswil</td>
<td>1.8</td>
<td>19</td>
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<td></td>
<td>Rorbas</td>
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<td>30</td>
<td>Häutli gen</td>
<td>1.8</td>
<td>30</td>
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<td>Deswil bei Münchenbuchsee</td>
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<td>Treien</td>
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<td>Messen (SO)</td>
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<td>Bern</td>
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<td>0</td>
</tr>
</tbody>
</table>

**Source:** Credit Suisse
Financial residential attractiveness (RDI indicator 2021)

Neighborhoods of the major cities

RDI indicator at the neighborhood level for five major cities

Rents and real estate prices also vary considerably from neighborhood to neighborhood in the major Swiss cities. We also calculate the differences in freely disposable income within the five largest Swiss cities. All of these neighborhoods are among the 10% of locations with the lowest financial residential attractiveness in Switzerland, with Geneva’s Genève Centre neighborhood showing the lowest value. In Genève Gare or Charmilles/St. Jean it is only slightly less expensive. In Zurich, districts 11 and 12 are already significantly more affordable than districts 1 (Altstadt) and 8 (Riesbach).
Financial residential attractiveness for selected sample households

A region's attractiveness varies based on household composition

The RDI indicator is based on a variety of different household types and consequently provides a meaningful assessment of the financial residential attractiveness of Swiss municipalities and regions for the broad middle class. However, various cost factors also vary by household type: For example, the tax rates of singles and married couples differ, and family allowances, health insurance premiums and the costs of external childcare for the parents vary depending on the place of residence.

Only minor shifts in the ranking for childless households

For singles and childless married couples, the differences vis-à-vis the overall ranking for all household types are moderate. For singles, Obwalden, Nidwalden, and Lucerne gain significantly in attractiveness, while Jura and Valais fall behind. There are only minor changes for working married couples without children: canton of Aargau moves up four places, while Valais fell five places in the ranking. For retired couples, for whom no work-related commuting costs are included, central locations become somewhat less attractive again, since the advantage of low costs for commuting to a nearby workplace is eliminated. On the other hand, more peripheral locations become more attractive.

Valais is generally the most attractive place for families to live

If family allowances, childcare costs, and family-specific tax parameters are included in the analysis of freely disposable income, it becomes apparent that, on balance, the canton of Valais offers the most favorable living conditions for couples with children (see figure p. 36 below). This applies both to families that use institutional childcare as well as those without such childcare. In the canton of Geneva, on the other hand, the relatively favorable childcare rates as well as the generous child allowances and tax deductions for third-party care are not enough to offset the high mandatory charges and, above all, the high fixed costs (keyword: housing costs). Accordingly, Geneva ranks at the bottom in the indicator of financial residential attractiveness for families. For families with childcare, however, Geneva gives up the last place to another urban canton, namely Basel-Stadt.

Three sample households per household type: low, medium and high income

Last but not least, the financial attractiveness of a residential region naturally also depends on a household's income and wealth, the desired housing situation (small rented apartment or large single-family home), and numerous other factors. From page 37 onwards, three specific sample households are shown per household type, each of which covers low, medium, and high income as well as a low, medium and high housing standard.
Financial residential attractiveness for selected sample households

RDI indicator per household type

All household types (see page 29)

RDI indicator, synthetic indicator, CH = 0, 2021

Source: Credit Suisse

Single

RDI indicator, synthetic indicator, CH = 0, 2021

Source: Credit Suisse

Married couple (without children)

RDI indicator, synthetic indicator, CH = 0, 2021

Source: Credit Suisse

Retired couple

RDI indicator, synthetic indicator, CH = 0, 2021

Source: Credit Suisse

Family (two children)

RDI indicator, synthetic indicator, CH = 0, married couple with two children (no institutional childcare), 2021

Source: Credit Suisse

Family (two children in daycare)

RDI indicator, synthetic indicator, CH = 0, married couple with two children, institutional childcare two days a week, 2021

Source: Credit Suisse
Financial residential attractiveness for selected sample households

Single

**Sample household A**
- Number of employed persons: 1
- Earned income: CHF 50,000
- Assets: CHF 0
- Rented apartment, 60 m², fitted out to a medium standard
- Commute with public transportation to the nearest major center
- No children

**Sample household B**
- Number of employed persons: 1
- Earned income: CHF 80,000
- Assets: CHF 100,000
- Rented apartment, 60 m², fitted out to a medium standard
- Commute with public transportation to the nearest major center
- No children

**Sample household C**
- Number of employed persons: 1
- Earned income: CHF 150,000
- Assets: CHF 200,000
- Condominium, fitted out to a medium standard
- Commute with public transportation to the nearest major center
- No children

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Source: Credit Suisse
Sample household Single B:
Ms. Monod, resident in Châtel-Saint-Denis (FR)
Hypothetical example for a one-person household (see page 37)

Ms. Monod has recently graduated and is now working in Lausanne. She is single and lives in Châtel-Saint-Denis in a 60 m² rented apartment. Ms. Monod earns an income of CHF 80,000 and owns CHF 100,000 in assets from an inheritance. Her disposable income after deducting all mandatory charges is CHF 53,300. Taking into account housing, commuting, ancillary and electricity costs, Ms. Monod has CHF 35,800 at her free disposal.

By moving to Lausanne, Ms. Monod could save about 30 minutes per commute and reduce the annual costs of her public transportation subscription by CHF 1,200. In return, her health insurance premiums would increase by CHF 1,300, taxes by CHF 1,100, and housing costs by about CHF 2,300. The bottom line is that her freely disposable income in Lausanne Est would be about CHF 32,600, a reduction of 9%.

Sample household married couple (without children) C:
Mr. and Mrs. Weber, residing in Zug (ZG)
Hypothetical example for a married couple without children (see page 39)

Mr. and Mrs. Weber are married and live in an 80% debt-financed single-family house fitted out to a medium standard in Zug (ZG). Mrs. Weber commutes to work by car to Zurich, Mr. Weber's office is within walking distance. They own net assets of CHF 4 million and have a total gross earned income of CHF 400,000. In addition, they have income from assets of around CHF 110,000. After deduction of the mandatory charges, a disposable income of CHF 343,000 remains. Including housing, ancillary, and electricity costs, the couple in Zug has a freely disposable income of CHF 255,800.

Since the couple used to live in Zurich and Mr. Weber is considering a job in Zurich with roughly the same salary, they are considering a move to Zurichberg (District 7). A move to a similar residential property would reduce their freely disposable income to CHF 210,600 (-18%), especially since taxes would be significantly higher.
Married couple (without children)

Sample household A
- Number of employed persons: 2
- Earned income: CHF 70,000
- Assets: CHF 100,000
- Rented apartment, 60 m², fitted out to a medium standard
- Commute with public transportation to the nearest major center
- No children

Sample household B
- Number of employed persons: 2
- Earned income: CHF 130,000
- Assets: CHF 250,000
- Condominium, fitted out to a medium standard
- Commute with public transportation to the nearest major center
- No children

Sample household C
- Number of employed persons: 2
- Earned income: CHF 400,000
- Assets: CHF 4,000,000
- Single-family house, fitted out to a medium standard
- Commute by car to the nearest major center
- No children

Source: Credit Suisse
Financial residential attractiveness for selected sample households

Retired couple

Sample household A
- Number of employed persons: both retired
- Pension income: CHF 50,000
- Assets: CHF 50,000
- Rented apartment, 100 m², fitted out to a medium standard
- No commute
- No (minor) children

Sample household B
- Number of employed persons: both retired
- Pension income: CHF 90,000
- Assets: CHF 300,000
- Condominium, fitted out to a medium standard
- No commute
- No (minor) children

Sample household C
- Number of employed persons: both retired
- Pension income: CHF 150,000
- Assets: CHF 600,000
- Single-family house, fitted out to a medium standard
- No commute
- No (minor) children

Source: Credit Suisse
Sample household retired couple A: Mr. and Mrs. Rossi, residing in Lugano (TI)
Hypothetical example for a retired couple (see page 40)

Mr. and Mrs. Rossi are retired and live in a rented apartment of 100 m² in Lugano (TI). They receive pensions and AHV benefits of CHF 50,000 from their previous employment. Their assets amount to CHF 50,000. After deducting taxes on income and assets as well as mandatory health insurance premiums, their disposable income amounts to CHF 40,600. Including housing, ancillary, and electricity costs, they have CHF 16,200 at their free disposal.

By moving to a comparable apartment in nearby Agno (TI), where Mrs. Rossi grew up, their freely disposable income would increase to CHF 19,300. The couple would thus have around CHF 3,100 more available annually (+19%).

Sample household family (two children) A: Mr. and Mrs. Schmid, residing in Liestal (BL)
Hypothetical example for a married couple with two children (see page 42)

Mr. and Mrs. Schmid and their two children live in Liestal in a 100 m² rented apartment. Mr. Schmid commutes every day by public transportation to his job in Basel and Mrs. Schmid works from home while the children are at school. Together they earn a gross income of CHF 80,000. The couple has saved assets of CHF 50,000. With family allowance and income from assets, the household achieves a gross income of about CHF 86,000 per year. The family’s disposable income after deducting all mandatory charges is CHF 58,700. After taking into account rent, ancillary, and electricity costs as well as Mr. Schmid’s public transportation costs, the family is left with CHF 29,400 at their free disposal.

The Schmid family will soon move to Kaiseraugst (AG), where Mr. Schmid’s parents live and where they have found a comparable apartment. This will increase their freely disposable income by around CHF 8,900 to CHF 38,300 (+30%). This is primarily due to cheaper rent and lower health insurance premiums. Meanwhile, Mr. Schmid’s commuting time and commuting costs remain virtually unchanged.
Financial residential attractiveness for selected sample households

Family (two children)

Sample household A

- Number of employed persons: 2
- Earned income: CHF 80,000
- Assets: CHF 50,000
- Rented apartment, 100 m², fitted out to a medium standard
- Commute with public transportation to the nearest major center
- Two children, no or informal childcare

Freely disposable income

In CHF, by deciles

Source: Credit Suisse

Sample household B

- Number of employed persons: 2
- Earned income: CHF 110,000
- Assets: CHF 200,000
- Condominium, fitted out to a medium standard
- Commute with public transportation to the nearest major center
- Two children, no or informal childcare

Freely disposable income

In CHF, by deciles

Source: Credit Suisse

Sample household C

- Number of employed persons: 2
- Earned income: CHF 200,000
- Assets: CHF 300,000
- Single-family house, fitted out to a medium standard
- Commute with public transportation to the nearest major center
- Two children, no or informal childcare

Freely disposable income

In CHF, by deciles

Source: Credit Suisse
Financial residential attractiveness for selected sample households

**Family (two children in daycare)**

**Sample household A**

- Number of employed persons: 2
- Earned income: CHF 80,000
- Assets: CHF 50,000
- Rented apartment, 100 m<sup>2</sup>, fitted out to a medium standard
- Commute with public transportation to the nearest major center
- Two children, both in daycare twice a week

**Sample household B**

- Number of employed persons: 2
- Earned income: CHF 110,000
- Assets: CHF 200,000
- Condominium, fitted out to a medium standard
- Commute with public transportation to the nearest major center
- Two children, both in daycare twice a week

**Sample household C**

- Number of employed persons: 2
- Earned income: CHF 200,000
- Assets: CHF 300,000
- Single-family house, fitted out to a medium standard
- Commute with public transportation to the nearest major center
- Two children, both in daycare twice a week

Source: Credit Suisse
Sample household family (two children in daycare) C: Mr. and Mrs. Müller, residing in Zuchwil (SO)

Hypothetical example for a married couple with two children who attend daycare two days a week (see page 43).

The Müller family lives in Zuchwil (SO) in a single-family house fitted out to a medium standard (80% debt financing). Mr. and Mrs. Müller are married and both are employed. Their two children (2 and 3 years old) attend daycare in Zuchwil two days a week. The couple’s net assets amount to CHF 300,000 and their joint gross earned income is CHF 200,000 per year. Mr. and Mrs. Müller have an annual gross income of CHF 214,600, including family allowances and income from assets. After taking into account social security and pension fund contributions, taxes, and mandatory health insurance premiums, they are left with a disposable income of around CHF 147,800. After deducting housing, commuting, childcare, and other fixed costs, the Müller family’s freely disposable income is CHF 87,700.

Mr. and Mrs. Müller could save about CHF 6,900 per year in childcare costs if they lived in the city of Solothurn, which is adjacent to Zuchwil, and their children attended daycare there. Nevertheless, the family’s freely disposable income would increase by only about CHF 1,700 per year. The reason for this is primarily the higher housing costs in Solothurn for a comparable house. However, Mr. and Mrs. Müller would also pay slightly higher taxes than in Zuchwil.
Here’s the least expensive place for you to live

As shown in the previous sections, the freely disposable income depends on numerous factors. We have analyzed over 120,000 sample households for each municipality, covering a wide range of possible family and housing constellations. To complement the study, we offer a web tool. Credit Suisse’s clients can also request personalized factsheets on all municipalities in Switzerland.

Dynamic web tool: credit-suisse.com/rdi

You can find a web tool at credit-suisse.com/rdi that shows the most important results of the study using interactive maps. Alongside the financial residential attractiveness, information is also available on the factors that determine the assessment, first and foremost mandatory charges, fixed costs, commuting costs, and the cost of external childcare.

Factsheets for all municipalities and for the neighborhoods of five major cities

You can order factsheets for one or more municipalities from your relationship manager for an even more in-depth look at the financial residential attractiveness of the places of residence you are considering. For the cities Basel, Bern, Geneva, Lausanne, and Zurich, additional factsheets are available at a neighborhood level. These factsheets contain information on the general financial residential attractiveness of the selected municipalities and its adjacent municipalities. In addition, the freely disposable income for the three sample households considered in this study is shown for each household type (see pages 37 – 44). Finally, you can optionally order a personalized analysis from your relationship manager that is tailored to your household in the best possible way. For this purpose we will require information from you on household type (single, married couple without children, retired couple, family with two children, or family with two children in daycare) as well as the desired household constellation (income, assets, desired housing type).

We would be happy to provide you with the factsheet of your residential location or any reference municipality. Please contact your relationship manager at Credit Suisse.
Factsheets: Financial residential attractiveness at a glance

Factsheets for all Swiss municipalities and for key urban neighborhoods
What about the financial residential attractiveness of my municipality? Where would my family have more money left after a move? How high are mandatory charges, fixed costs, commuting costs and the costs of external childcare in a Swiss comparison? The factsheets of Credit Suisse answer these and many other questions.

Analyses for five household types...
Credit Suisse’s factsheets provide information on freely disposable income for singles, married couples (without children), retired couples, families (with two children) and families (with two children in daycare).

... and different income classes
For each household type, three different sample households are shown, corresponding to lower, middle and higher incomes, respectively.

This is how you can order Credit Suisse’s factsheets:
Please contact your relationship manager at Credit Suisse to order factsheets on selected municipalities in the desired language (German, French, Italian or English).
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