Investment Solutions & Products
Swiss Economics

CREDIT SUISSE

Here's the least expensive place to live

Financial residential attractiveness| May 2021

Masthead

Publisher: Credit Suisse AG, Investment Solutions & Products
Dr. Nannette Hechler-Fayd'herbe
Head of Global Economics & Research
+41 44 333 17 06
nannette.hechler-fayd'herbe@credit-suisse.com

Dr. Sara Carnazzi Weber
Head of Policy & Thematic Economics
+41 44 333 58 82
sara.carnazzi@credit-suisse.com

Editorial deadline
May 4, 2021

Orders
Electronic copies via
credit-suisse.com/rdi

Source references
Credit Suisse unless specified

Authors

Dr. Jan Schüpbach
+41 44 333 77 36
jan.schuepbach@credit-suisse.com

Emilie Gachet
+41 44 332 09 74
emilie.gachet@credit-suisse.com

Pascal Zumbühl
+41 44 334 90 48
pascal.zumbuehl@credit-suisse.com

Dr. Sara Carnazzi Weber
+41 44 333 58 82
sara.carnazzi@credit-suisse.com

Contributions

Fabian Diergardt
Thomas Mendelin
Marcin Jablonski

Editorial

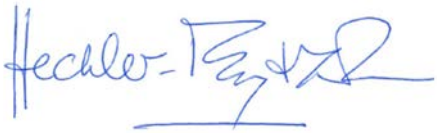
Dear readers,

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

Management Summary

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.

Family allowances and childcare costs as family-specific budget components
(p. 24 – 27)

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 day-care 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.

Financial residential attractiveness of the cantons (RDI indicator 2021)
(p. 29 – 30)

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 midfield 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.

Financial residential attractiveness of the municipalities (RDI indicator 2021)
(p. 31 – 32)

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.

A region's attractiveness varies depending on the household composition
(p. 35 – 44)

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»**.

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.

Financial residential attractiveness: How much money is left at the end of the month for consumption?

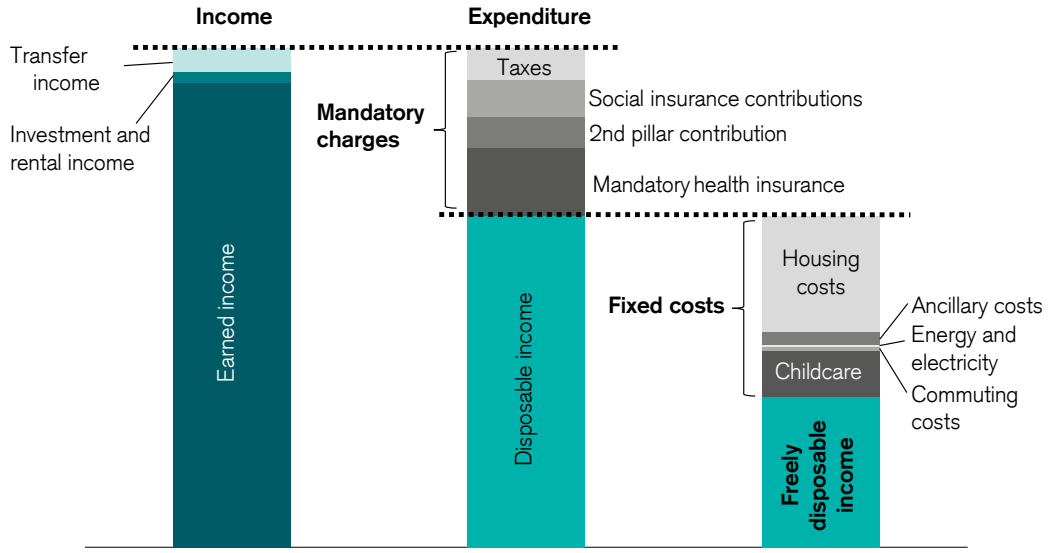
For many people, choosing where to live is one of the most important decisions in life. The selection criteria are diverse: In addition to geographical location, infrastructure, availability of appropriate housing, emotional criteria and personal networks, financial factors usually also play a key role. 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?

Freely disposable income = gross income – mandatory charges – 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

Analyses for over 120,000 sample households per municipality

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

Case types for the analysis of disposable income

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

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.[1] 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.

[1]The 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.

Expenditures of private households

Non-exhaustive representation

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

Source: Credit Suisse

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.

Overview of the applied factors of income and expenses

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

	Abbreviation	Regional scope			Data version	Data source
		Federation	Canton	Municipality		
Transfer income						
Premium reductions (by premium region)	PR		(☑)	(☑)	2020	GDK, cantons
Family allowances	FA		☑		2021	Federal Social Insurance Office (FSIO)
Mandatory charges						
Income tax rates				☑	31/03/2021	TaxWare (if data is not available for 2021, data for 2020 is used)
Wealth tax rates				☑	31/03/2021	TaxWare (if data is not available for 2021, data for 2020 is used)
Old-age and survivors' insurance	AHV	☑			2021	Federal Social Insurance Office (FSIO)
Disability insurance	IV	☑			2021	Federal Social Insurance Office (FSIO)
Income replacement scheme	EO	☑			2021	Federal Social Insurance Office (FSIO)
Unemployment insurance	ALV	☑			2021	Federal Social Insurance Office (FSIO)
Non-occupational accident insurance	NBU	☑			2021	Federal Social Insurance Office (FSIO)
Occupational pensions (assumption)	BV	☑			2021	Federal Social Insurance Office (FSIO)
Mandatory health insurance premiums (by premium region)			(☑)	(☑)	2021	Federal Office of Public Health (FOPH)
Imputed rental value for owner-occupiers (assumption)			☑	☑	2021	Credit Suisse
Fixed costs						
Transaction prices for residential real estate				☑	Q4 2020	Wüest Partner
Apartment rental prices				☑	Q4 2020	Wüest Partner
Mortgage costs (assumption)		☑			2021	Credit Suisse
Return on assets and asset management costs (assumption)		☑			2021	Credit Suisse
Electricity prices				☑	2021	Federal Electricity Commission (ElCom)
Charges for sewage, water and waste disposal				☑	2020	Price watchdog
Commuting costs: public transport travel passes (estimation)				☑	2021	Swiss Federal Railways, Credit Suisse
Commuting costs: private motor vehicle				☑	2020	Touring Club Schweiz (TCS), Credit Suisse
Tax deductions for commuting costs		☑	☑		2020	Cantons, Credit Suisse
Cost of institutional childcare (incl. subsidized places; partial survey for 194 municipalities)			☑	☑	Jan – Apr 2021	Daycare centers, cantons, municipalities, Credit Suisse
Tax deductions for external childcare		☑	☑		2020	Cantons
Other data						
Population				☑	2019	Federal Statistical Office (FSO): Population and Households Statistics (STATPOP)
Population of the neighborhoods of the five largest cities				☑	2019	Municipalities

Source: Credit Suisse

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

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.[2] 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.

Calculating freely disposable income

By type of residence and main income source

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

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

[2] 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.

Tax burden

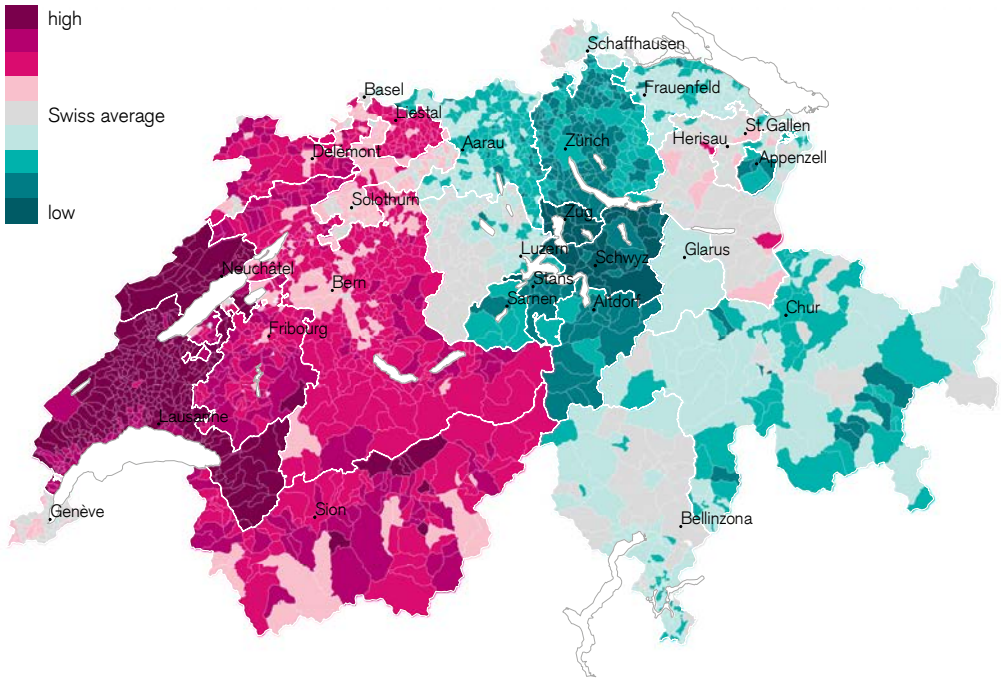
At almost 12% of average gross income, taxes on income and wealth represent one of the largest expenditure items of a Swiss household. Due to Switzerland's federal structure, there are considerable differences in the taxes imposed from one region to another. Western Switzerland in particular has clearly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

Fiscal division: higher taxes in Western Switzerland

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.[3] 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).[4] The canton of Geneva is roughly in line with the Swiss average.

Lowest taxes in Central Switzerland

Tax burden (taxes on income and wealth) on private individuals, synthetic index as of 31/03/2021*



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

[3] Further information: "Location quality 2020: Zug just ahead of Basel-Stadt, Geneva closing in on Zurich", Credit Suisse, October 2020.
[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 region's attractiveness varies depending on income class

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.

Tax savings of tens of thousands of francs possible

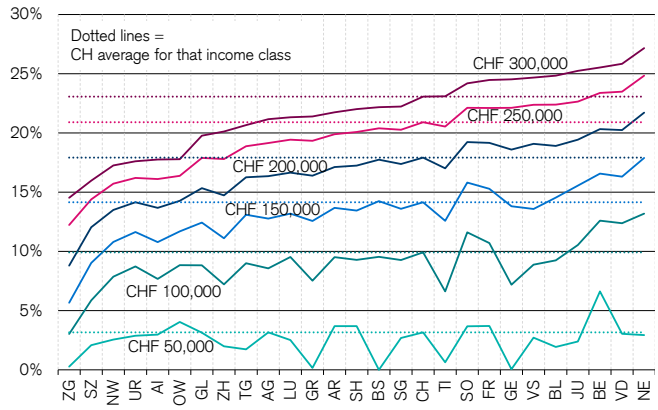
The differences observed in the percentage tax burden translate into considerable sums of money (see right figure below): A couple living in Zug with an income of CHF 100,000 would have to pay about CHF 10,200 more in taxes in the canton of Neuchâtel, and CHF 4,200 more in Zurich. With an income of CHF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

Cantons allow individual tax deductions, such as those for commuting and childcare expenses

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.

Tax rates in Central Switzerland are markedly lower for all income classes

Tax burden* as a percentage of gross income, by income class, 2021**, married couple without children

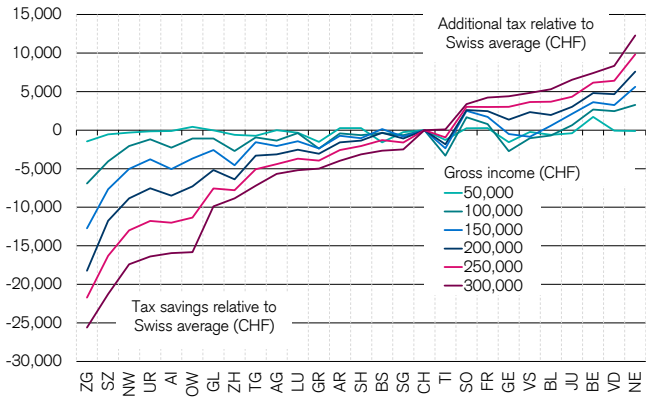


* Income and wealth taxes at municipal, cantonal and federal level; ** As of 31/03/2021: Where data is not available for 2021, data for 2020 is used.

Source: TaxWare, Credit Suisse

Moving can result in significantly lower taxes

Difference from average Swiss tax burden* in CHF, by income class, 2021**, married couple without children



* Income and wealth taxes at municipal, cantonal and federal level; ** As of 31/03/2021: Where data is not available for 2021, data for 2020 is used.

Source: TaxWare, Credit Suisse

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.

Every tenth franc for housing costs

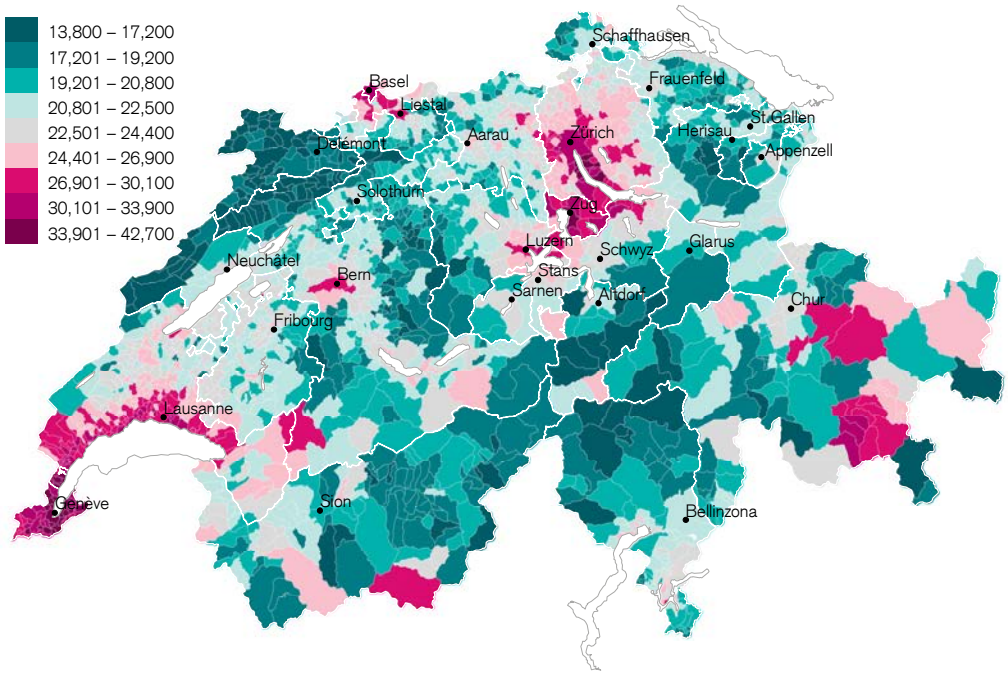
Households in Switzerland spend an average of 10.9% of their budget on housing costs, according to data from the household budget survey (HABE) of the Federal Statistical Office for the period 2015 to 2017. If the additional ancillary and energy costs incurred are also included, the share of expenses 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.

Running costs: home ownership cheaper than renting thanks to low interest rates

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

High housing costs in the city centers and tourist regions

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.

Home ownership barely affordable in many places

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]

[5]See "Home Sweet Home, Swiss Real Estate Market 2021", Credit Suisse, March 2021

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

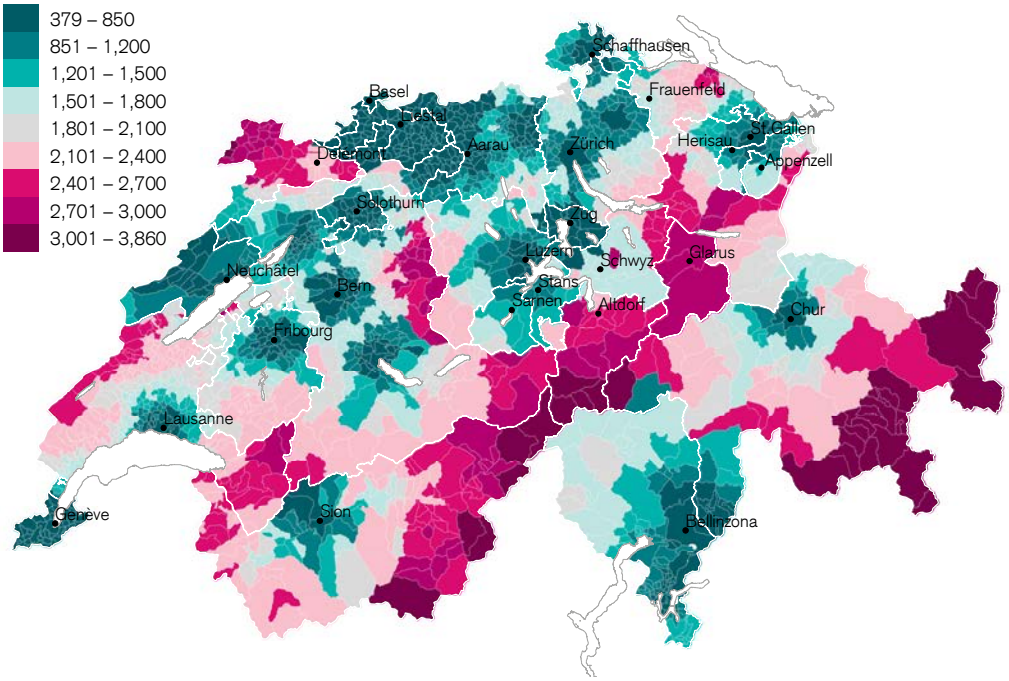
Commuting costs depend primarily on the length of the commute and the mode of transport chosen for it. In addition, regional characteristics also influence commuting costs: Because public transportation in Switzerland is organized in regional travel systems, prices for commuters using public transport 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

Deductions for work-related commuting costs increase willingness to commute, ...

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.

..... but commuter deductions are not without controversy

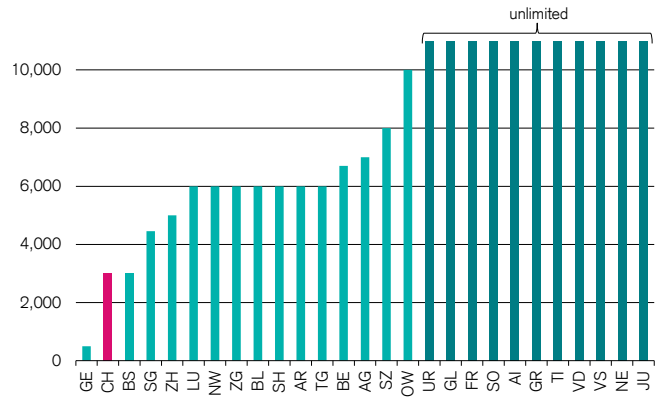
These work-related commuter deductions are not without controversy, as they encourage urban sprawl and traffic congestion and, according to their critics, create disincentives that place an additional burden on the environment. The Swiss federal government has taken action and, with the implementation 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.

Without a defined upper limit, deductions of over CHF 30,000 are possible

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).

Depending on the canton of residence and commuting distance, income tax deductions of over CHF 30,000 are possible

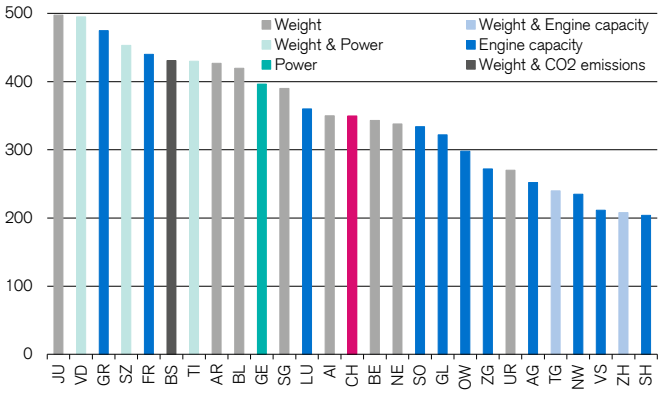
Maximum deductions for commuting in CHF, 2020



Source: Cantons, Credit Suisse

Road taxes: assessment basis and tax amount vary considerably

Annual tax for a private car (gasoline-powered) with 1,500 cm³ engine capacity, 110 kW power, a weight of 1,500 kilograms and emissions of 152 grams of CO_2 per kilometer, in CHF with indication of tax base, 2020



Source: Cantons, Credit Suisse

Schaffhausen, Zürich and Wallis have the lowest vehicle taxes

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 CO_2 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

	Cost factor	Calculation basis
Fixed costs per year	Annual depreciation	9% of list price (straight-line)
	Return on capital	0.05% of half the list price (approx.)
	Road tax	Depends on the canton of residence and vehicle parameters
	Third-party liability insurance	CHF 530
	Partial accidental damage insurance	1.2% of the list price
	Other fixed costs	Garaging costs CHF 1,500, incidental expenses CHF 246, vehicle care CHF 150
Variable costs	Depreciation	2% of the list price per 10,000 km
	Fuel costs	Depends on fuel consumption with gasoline at CHF 1.61 per line (price at the time of calculation)
	Cost of tires	4 x CHF 336 per 30,000 km
	Repairs, servicing, exhaust maintenance	CHF 835 per 10,000 km

Source: Touring Club Schweiz (TCS), Credit Suisse

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.

Growing impact of premiums on a household budget

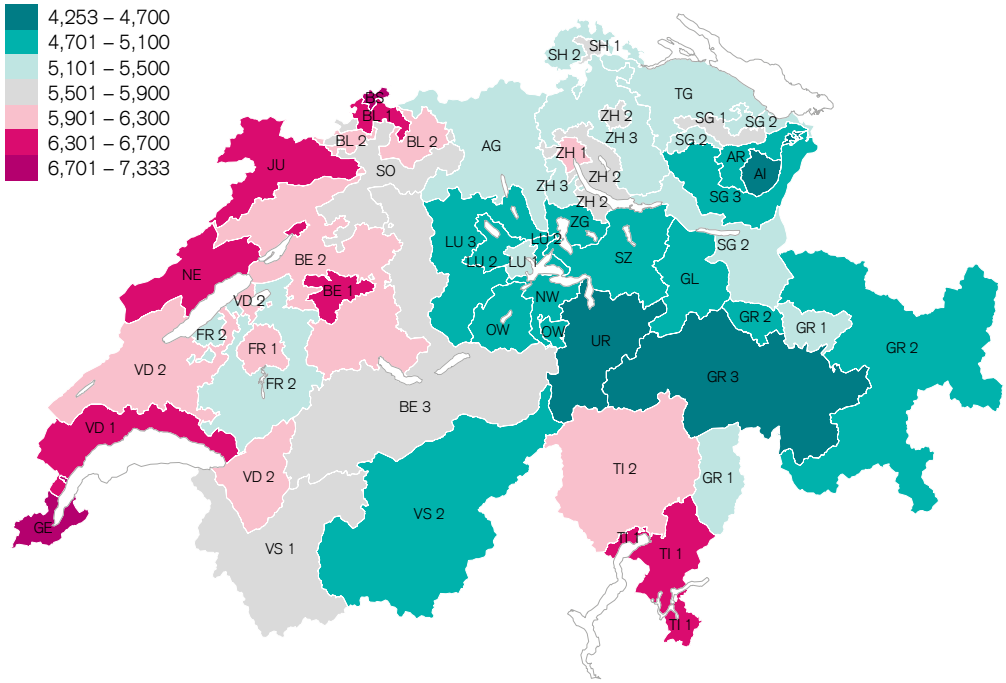
Premiums for mandatory health insurance are a major budget item for many households, especially for the lower income groups. This budget item has become even more significant in recent decades due to a combination of higher life expectancy, more intensive use of medical services and the development of more modern (but more expensive) treatment methods. In 2021, an adult (26 years and older) with the standard insurance model including accident coverage[6] 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.

Urban-rural gap in the average annual premiums

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

[6] 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 Innerrhoden (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

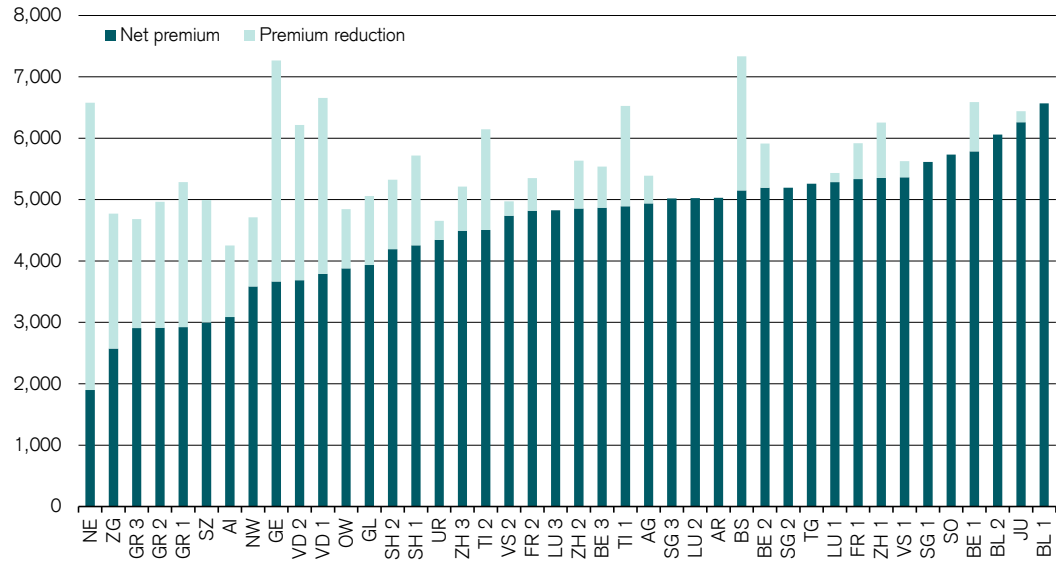
Since healthcare costs vary greatly depending on the area, larger cantons are divided into two or three premium regions.[7] In Bern, Grisons, Lucerne, St. Gallen, and Zurich, municipalities are assigned to three premium regions. The cantons of Basel-Landschaft, Fribourg, Schaffhausen, Ticino, Vaud, and 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 Lumino (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



Source: Cantons, Federal Statistical Office, Credit Suisse:

Generous premium reductions for low earners in the canton of Neuchâtel

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.

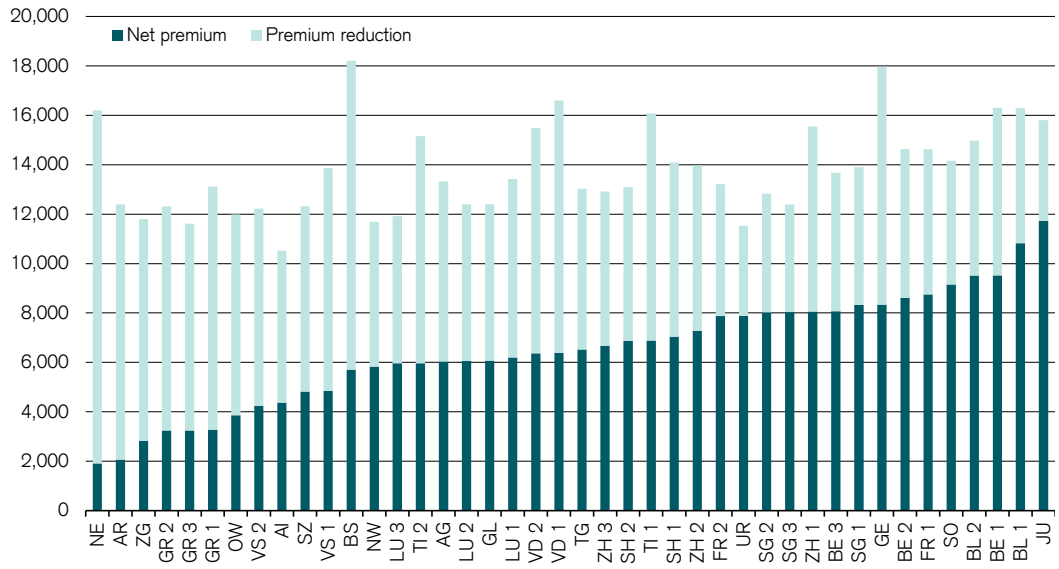
the lower middle class: An adult with a gross earned income of CHF 60,000 (no assets) receives no premium reductions in Neuchâtel and pays correspondingly high premium charges. In this case, only the cantons of Zug, Vaud, Geneva, and Basel-Stadt still cover part of the premium.

In the Canton of Jura, lower-income families spend around one-fifth of their income on premiums

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



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

Additional costs can be saved through savings models

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]

[9]In 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.

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.

External childcare as a central pillar for combining work and family

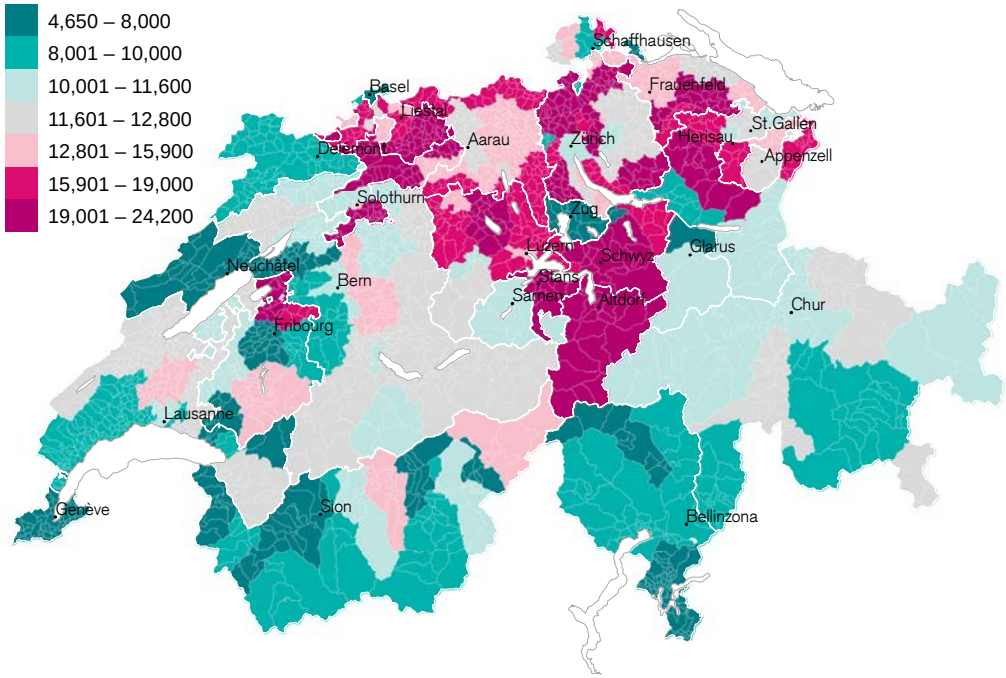
While the labor market participation of fathers has remained virtually stable at a high level, the employment rate of mothers – especially those with partners and young children – has increased significantly over the past two decades. More than four out of five mothers and over 95% of fathers in Switzerland 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).

Regional patchwork for daycare tariffs and subsidies

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

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[10]

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]

A middle-income family pays up to five times more for daycare, depending on where they live

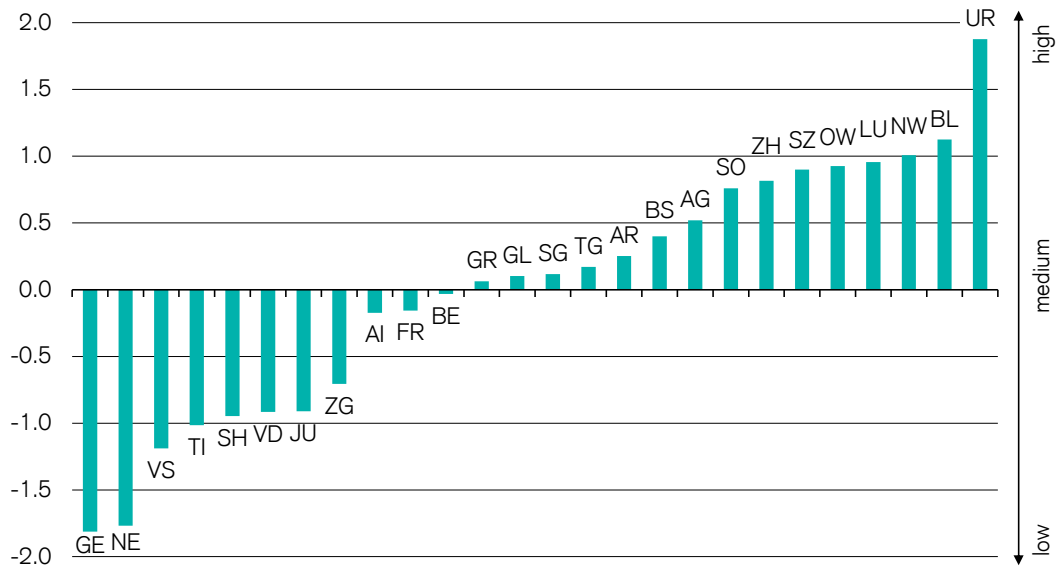
The map on the previous page shows the estimated costs after deducting subsidies if the couple has a gross earned income of CHF 110,000, which roughly corresponds to the Swiss median gross earned income at a joint level of employment of 140%, and assets of CHF 100,000. In this configuration, annual childcare costs range from less than CHF 5,000 in Wollerau (SZ) or Mendrisio (TI) to just over CHF 24,000 in Wetzikon (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.

Daycare costs in the cantons of Geneva and Neuchâtel are generally the lowest

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.

Preschool childcare tends to be cheaper in Western Switzerland and Ticino

Childcare costs (incl. meals), after accounting for any subsidies, 2021; married couple with two toddlers attending daycare two days per week; synthetic indicator, aggregated across all case types, CH = 0



Source: Daycare centers, municipalities, cantons, Credit Suisse

[10] For more information and details, see «So viel kostet ein Kitaplatz in der Schweiz», Credit Suisse, May 2021 (available in German and French).

Large cantonal differences in tax deductions for third-party care costs

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.

Childcare costs only partially compensated by tax savings

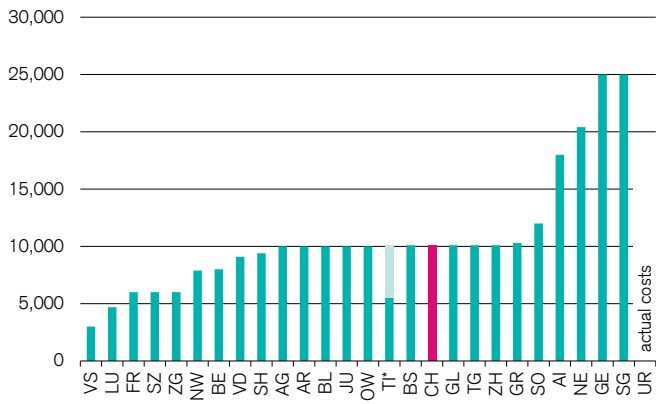
In total, 10 cantons increased the allowable deductions for third-party childcare costs between 2018 and 2020, with Geneva, St. Gallen, and Appenzell Innerrhoden leading the way, joining former outliers Neuchâtel and Uri. In Bern, the maximum deduction will be increased to CHF 12,000 beginning with the 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.

Child deduction as another relevant tax parameter

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.

Wide range of deductions for childcare

Taxable third-party childcare deduction, maximum amount in CHF per child, cantonal and municipal tax (CH = federal tax), tax period 2020

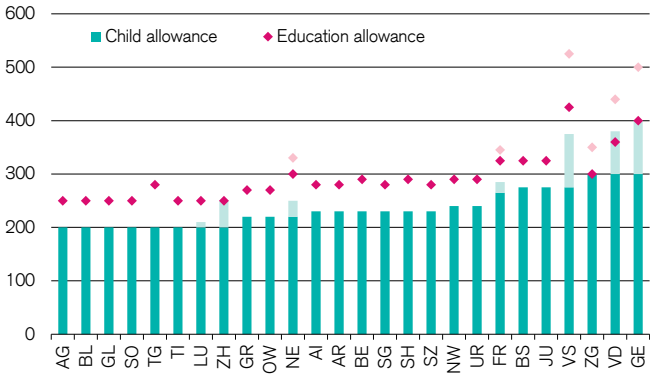


* Canton of Ticino: If net taxable income (before deduction of third-party childcare costs) exceeds CHF 80,000, the deduction is reduced from CHF 10,000 to CHF 5,500

Source: Cantonal tax offices, Federal Tax Administration

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



BE, FR, NE, SO, VD, ZH: The individual family compensation offices may provide for higher allowances and, in BE, also for additional allowances

FR, GE, NE, VD, VS: The first amount applies to the first two children, the second to each additional child. LU, ZH: The first amount of the child allowance applies to children up to age 12, the second to children over age 12. GE: Child allowances for disabled children from 16 to 20 years CHF 400, from the third child CHF 500. ZG: The first amount of the education allowance applies until the child reaches the age of 18, the second from the age of 18 onwards

Source: Federal Social Insurance Office, cantonal compensation offices

Family allowances tend to be higher in Western Switzerland

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.

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.

Conventional comparisons of financial residential attractiveness fall short

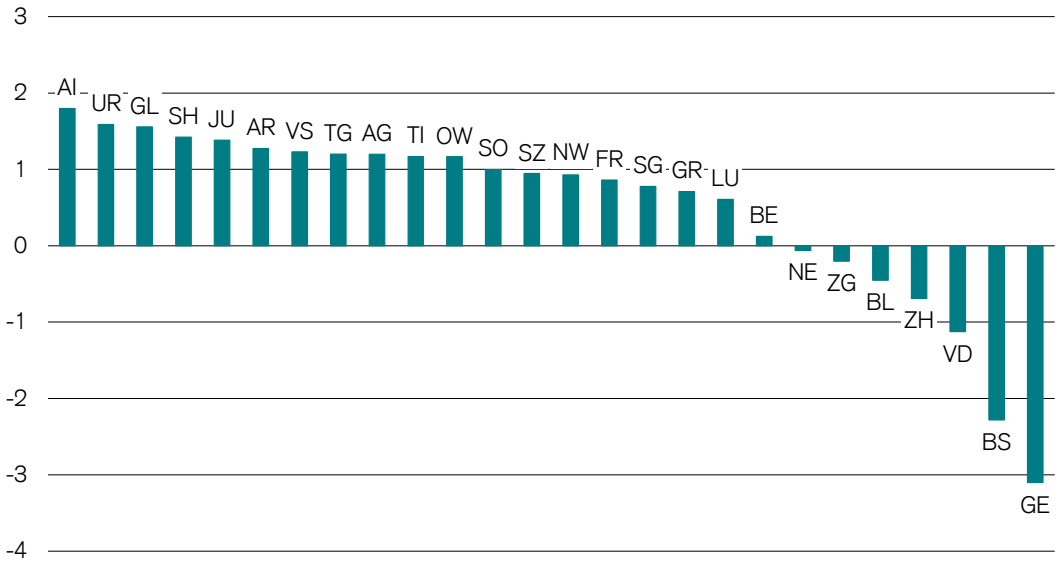
The analysis of regional differences in freely disposable income – in contrast to conventional comparisons of residential attractiveness – takes new aspects into account. A pure comparison of tax burdens neglects the fact that, for example, high real estate prices in low-tax regions can wipe out large 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.

RDI indicator of Swiss cantons

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

Appenzell Innerrhoden, Uri, and Glarus at the top of the ranking

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.

City life is more expensive

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.

Cantons in Central and Eastern Switzerland have combined advantages

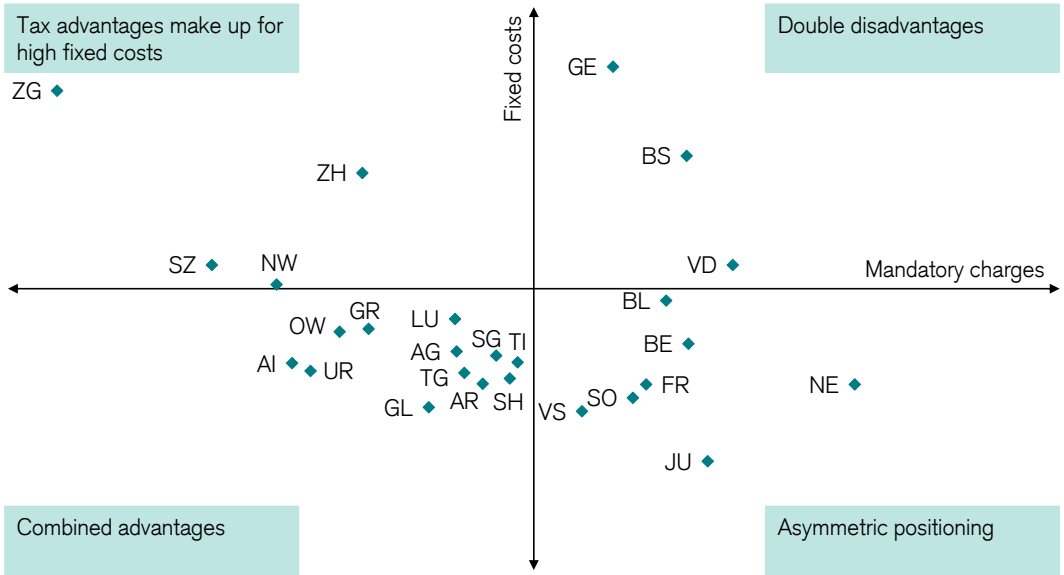
A high level of financial residential attractiveness may stem from low fixed costs or low mandatory charges. The positioning of the cantons in terms of these two elements is depicted in the chart below. From a financial viewpoint, households in smaller, rural cantons benefit from combined advantages. 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 with high fixed costs at the bottom of the ranking

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

Municipal level

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.

Major differences in residential attractiveness between municipalities of a canton

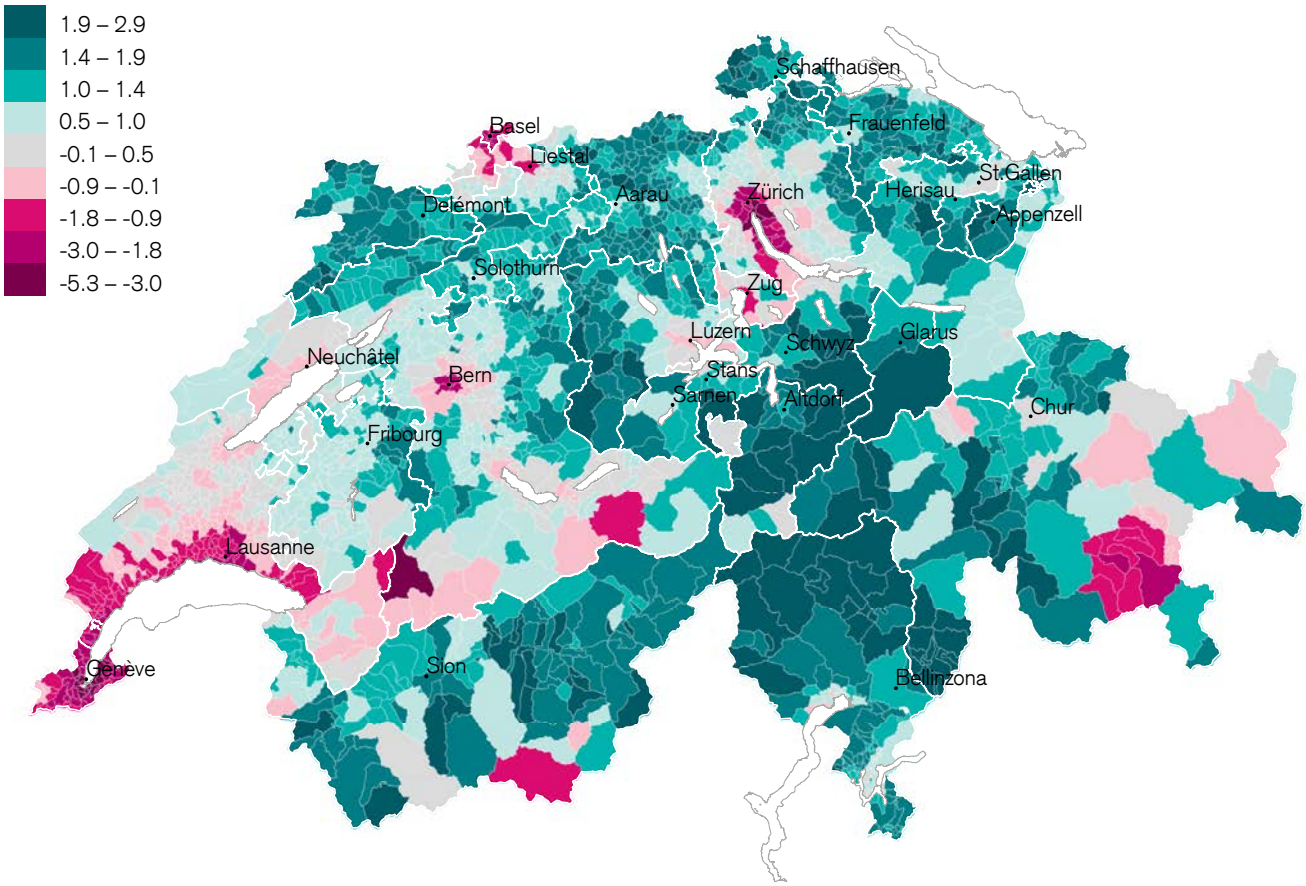
As the lowest administrative level of the Swiss state system, the municipalities are the appropriate unit for the analysis of disposable income; most components of financial residential attractiveness are either affected by locally administered prices, or they represent goods in well-defined local markets. 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.

Life in the city centers is expensive…

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.

Financial residential attractiveness of the Swiss municipalities (RDI indicator 2021)

Synthetic indicator, CH = 0; including the costs of external childcare and work-related commuting, 2021



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

	Zurich			Bern			Basel		
	Municipality	**RDI**	**Travel time**	**Municipality**	**RDI**	**Travel time**	**Municipality**	**RDI**	**Travel time**
Top 10	Oberembrach	1.4	26	Wiggiswil	1.8	19	Olsberg (AG)	1.8	21
	Rorbas	1.3	30	Häutligen	1.8	30	Wintersingen (BL)	1.3	26
	Hüttikon	1.2	25	Heitenried (FR)	1.6	28	Eptingen (BL)	1.2	26
	Oberwil-Lieli (AG)	1.1	28	Kleinbösingen (FR)	1.6	26	Kaiseraugst (AG)	1.2	17
	Fislisbach (AG)	1.1	30	Deisswil bei Münchenbuchsee	1.6	19	Hersberg (BL)	1.2	19
	Stadel	1.1	29	Tafers (FR)	1.5	28	Maisprach (BL)	1.2	26
	Dänikon	1.0	24	Treiten	1.5	24	Bennwil (BL)	1.1	28
	Arni (AG)	1.0	27	Bösingen (FR)	1.4	24	Känerkinden (BL)	1.0	29
	Dällikon	1.0	21	Messen (SO)	1.4	27	Zeiningen (AG)	1.0	29
	Höri	1.0	25	Ulmiz (FR)	1.4	24	Rickenbach (BL)	1.0	29
Bottom 10	Zumikon	-1.6	24	Kirchlindach	-0.2	7	Oberwil (BL)	-0.8	13
	Thalwil	-1.9	22	Zollikofen	-0.2	9	Liestal (BL)	-0.9	22
	Meilen	-1.9	29	Köniz	-0.3	13	Aesch (BL)	-0.9	18
	Küsnacht (ZH)	-2.2	18	Ittigen	-0.4	12	Muttenz (BL)	-1.0	13
	Rüschlikon	-2.2	21	Vechigen	-0.4	19	Bottmingen (BL)	-1.1	11
	Herrliberg	-2.3	25	Bremgarten bei Bern	-0.4	8	Allschwil (BL)	-1.2	13
	Erlenbach (ZH)	-2.4	21	Ostermundigen	-0.4	11	Riehen	-1.2	14
	Zollikon	-2.5	15	Bolligen	-0.6	14	Reinach (BL)	-1.2	17
	Kilchberg (ZH)	-2.8	18	Muri bei Bern	-0.9	14	Binningen (BL)	-1.8	6
	Zurich	-2.9	0	Bern	-1.8	0	Basel	-2.4	0

	Lausanne			Geneva			Lugano		
	Municipality	**RDI**	**Travel time**	**Municipality**	**RDI**	**Travel time**	**Municipality**	**RDI**	**Travel time**
Top 10	Montricher	0.5	30	Russin	-0.4	30	Sant'Antonino	1.9	23
	Chavannes-le-Veyron	0.5	27	La Rippe (VD)	-0.7	28	Stabio	1.8	30
	Eclépens	0.4	22	Crassier (VD)	-1.0	24	Novaggio	1.8	26
	Pompaples	0.4	29	Cartigny	-1.0	27	Astano	1.8	29
	Auboranges (FR)	0.4	30	Grens (VD)	-1.1	27	Mezzovico-Vira	1.7	21
	Jorat-Menthue	0.3	30	Gingins (VD)	-1.3	28	Castel San Pietro	1.7	28
	Dizy	0.3	25	Bogis-Bossey (VD)	-1.3	21	Grancia	1.7	10
	Ropraz	0.3	25	Signy-Avenex (VD)	-1.3	26	Lumino	1.7	30
	Ferreyres	0.3	28	Aire-la-Ville	-1.4	26	Miglieglia	1.7	30
	Ballens	0.2	27	Soral	-1.4	27	Isone	1.7	29
Bottom 10	Corseaux	-1.8	25	Coppet	-2.8	24	Muzzano	0.7	7
	Bourg-en-Lavaux	-1.9	18	Tannay	-2.9	21	Canobbio	0.7	8
	Jouxtens-Mézery	-2.0	12	Le Grand-Saconnex	-3.0	20	Lugano	0.7	-
	Lausanne	-2.1	0	Corsier (GE)	-3.0	26	Maroggia	0.6	15
	Dully	-2.1	28	Carouge (GE)	-3.1	15	Massagno	0.6	4
	Buchillon	-2.1	22	Chêne-Bougeries	-3.3	19	Comano	0.5	10
	Lutry	-2.3	13	Collonge-Bellerive	-3.4	19	Porza	0.4	7
	Pully	-2.5	8	Vandoeuvres	-3.9	23	Vico Morcote	0.2	14
	Saint-Sulpice (VD)	-3.1	13	Cologny	-4.0	15	Collina d'Oro	0.1	8
	Paudex	-3.3	10	Geneva	-4.1	0	Morcote	0.1	18

Source: Credit Suisse

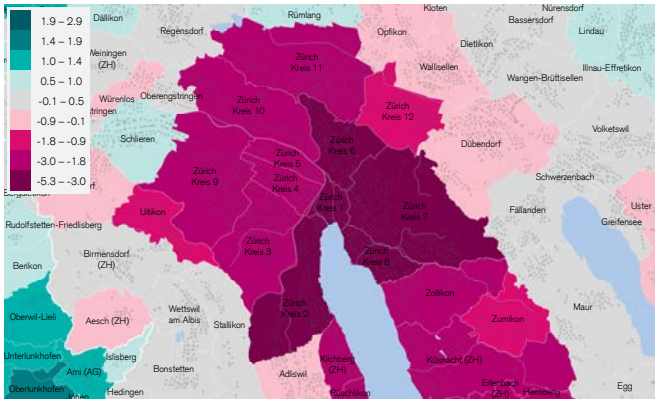
Neighborhoods of the major cities

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).

Zurich

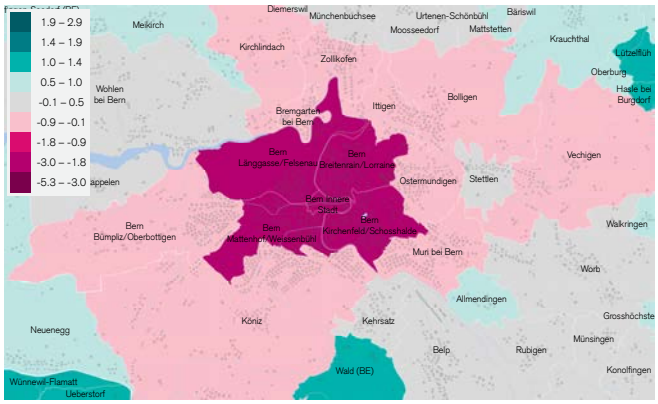
Financial residential attractiveness of the neighborhoods, synthetic indicator, CH = 0



Source: Credit Suisse

Bern

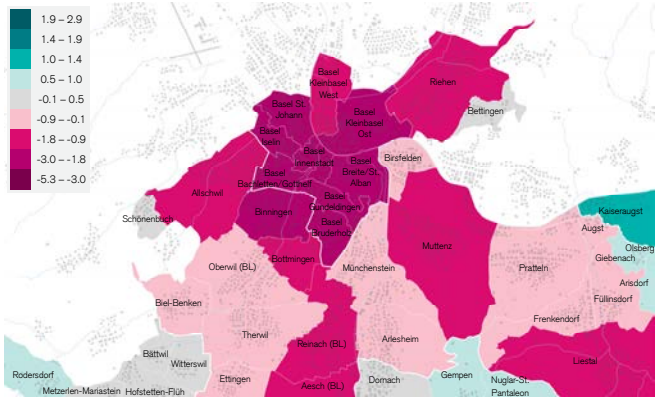
Financial residential attractiveness of the neighborhoods, synthetic indicator, CH = 0



Source: Credit Suisse

Basel

Financial residential attractiveness of the neighborhoods, synthetic indicator, CH = 0



Source: Credit Suisse

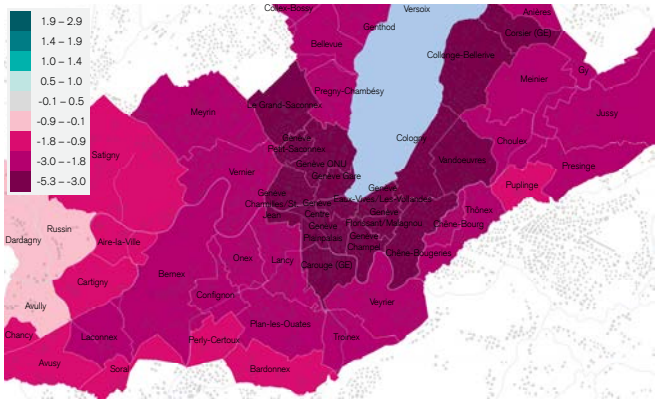
Lausanne

Financial residential attractiveness of the neighborhoods, synthetic indicator, CH = 0

Source: Credit Suisse

Geneva

Financial residential attractiveness of the neighborhoods, synthetic indicator, CH = 0



Source: Credit Suisse

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

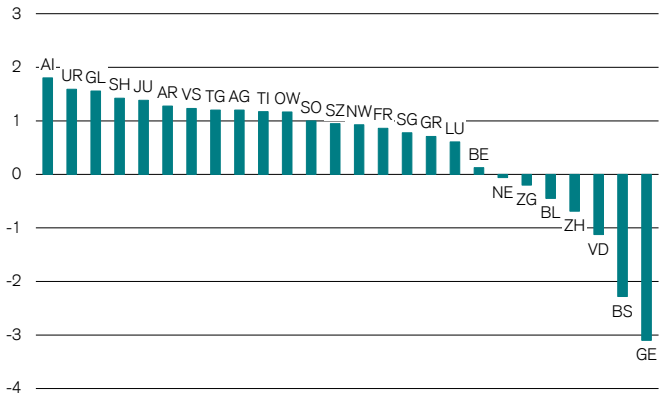
Last but not least, the financial attractiveness of a residential region naturally also depends on a household's income and wealth, the desired housing situation (small rented apartment or large single-family home), and numerous other factors. From page 37 onwards, three specific sample households are 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)

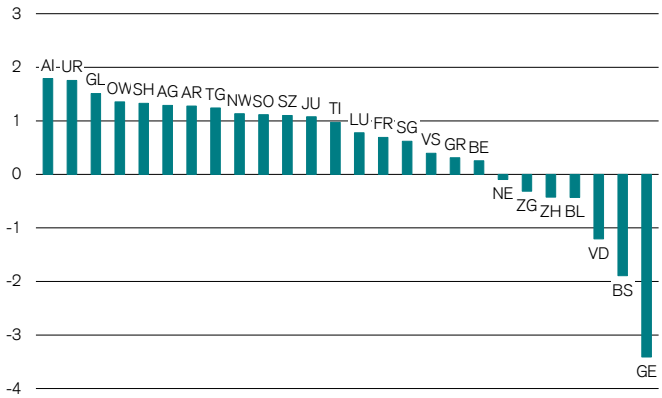
RDI indicator, synthetic indicator, CH = 0, 2021



Source: Credit Suisse

Single

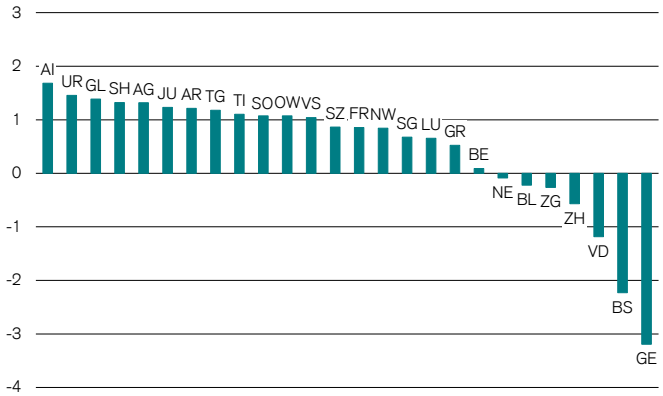
RDI indicator, synthetic indicator, CH = 0, 2021



Source: Credit Suisse

Married couple (without children)

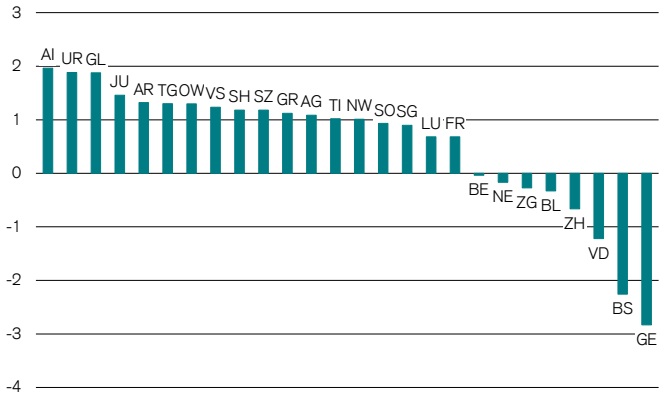
RDI indicator, synthetic indicator, CH = 0, 2021



Source: Credit Suisse

Retired couple

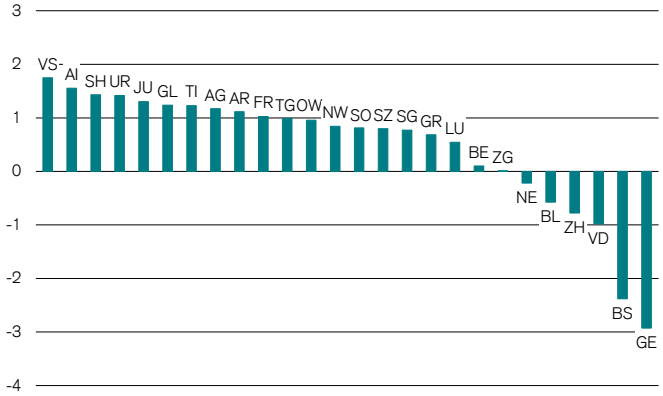
RDI indicator, synthetic indicator, CH = 0, 2021



Source: Credit Suisse

Family (two children)

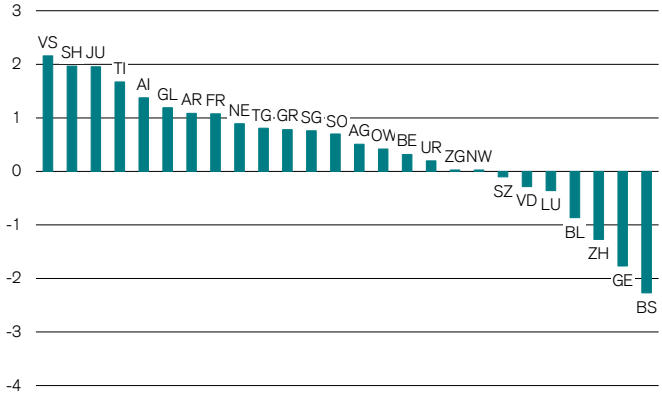
RDI indicator, synthetic indicator, CH = 0, married couple with two children (no institutional childcare), 2021



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

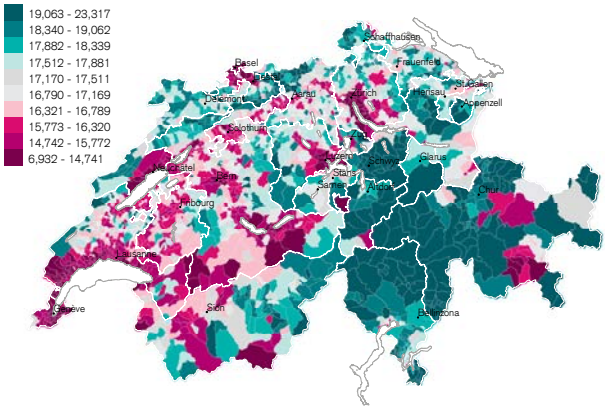
Single

Sample household A

- Number of employed persons: 1
- Earned income: CHF 50,000
- Assets: CHF 0
- Rented apartment, 60 m^2, fitted out to a medium standard
- Commute with public transportation to the nearest major center
- No children

Freely disposable income

In CHF, by deciles



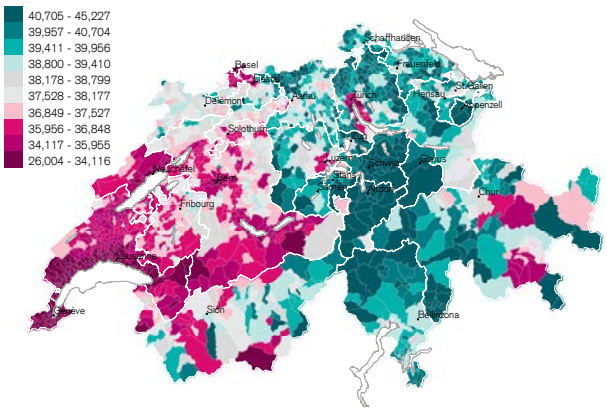
Source: Credit Suisse

Sample household B

- Number of employed persons: 1
- Earned income: CHF 80,000
- Assets: CHF 100,000
- Rented apartment, 60 m^2, fitted out to a medium standard
- Commute with public transportation to the nearest major center
- No children

Freely disposable income

In CHF, by deciles



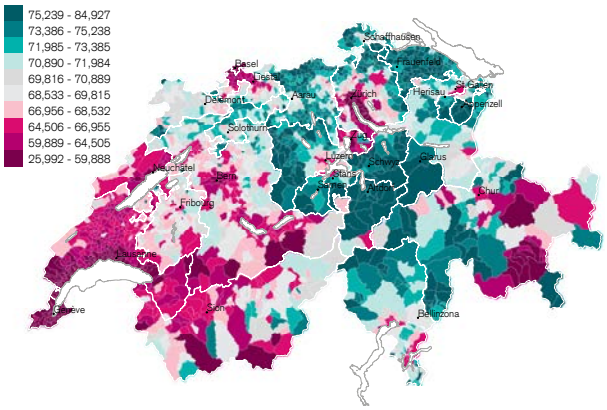
Source: Credit Suisse

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

Freely disposable income

In CHF, by deciles



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)

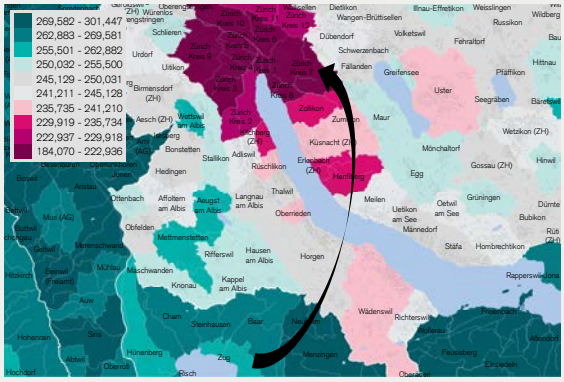
Ms. Monod has recently graduated and is now working in Lausanne. She is single and lives in Châtel-Saint-Denis in a 60 m² rented apartment. Ms. Monod earns an income of CHF 80,000 and owns CHF 100,000 in assets from an inheritance. Her disposable income after deducting all mandatory charges is CHF 53,300. 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.



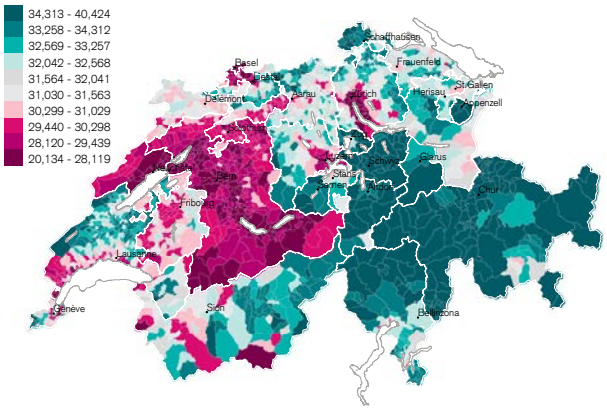
Married couple (without children)

Sample household A

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

Freely disposable income

In CHF, by deciles



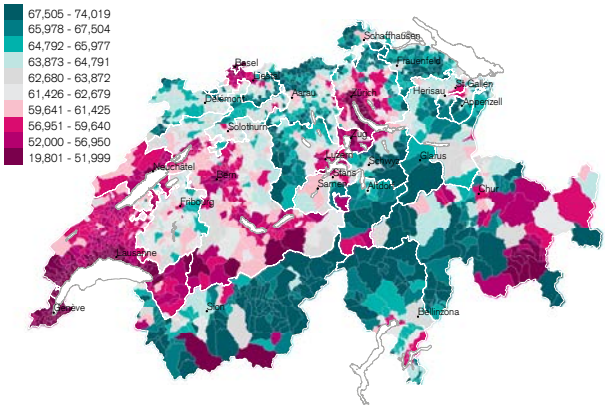
Source: Credit Suisse

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

Freely disposable income

In CHF, by deciles



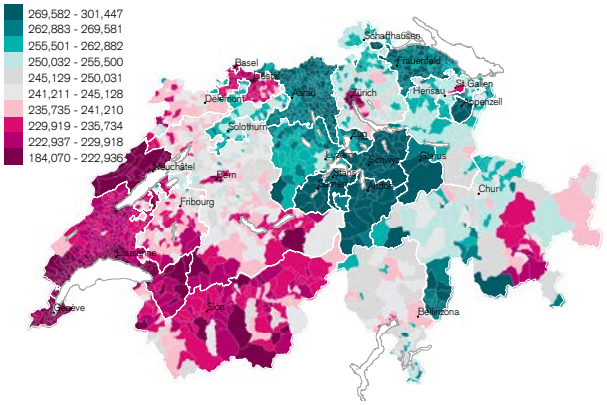
Source: Credit Suisse

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

Freely disposable income

In CHF, by deciles



Source: Credit Suisse

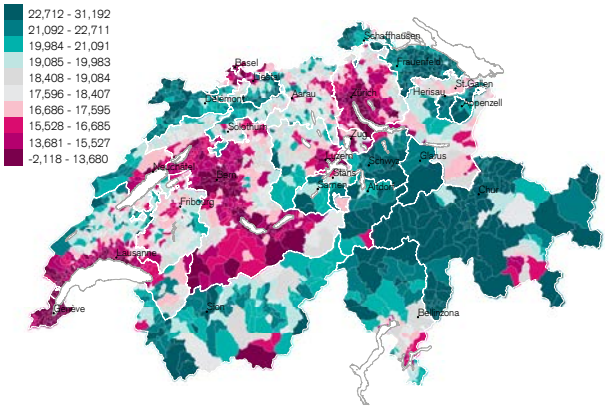
Retired couple

Sample household A

- Number of employed persons: both retired
- Pension income: CHF 50,000
- Assets: CHF 50,000
- Rented apartment, 100 m^2, fitted out to a medium standard
- No commute
- No (minor) children

Freely disposable income

In CHF, by deciles



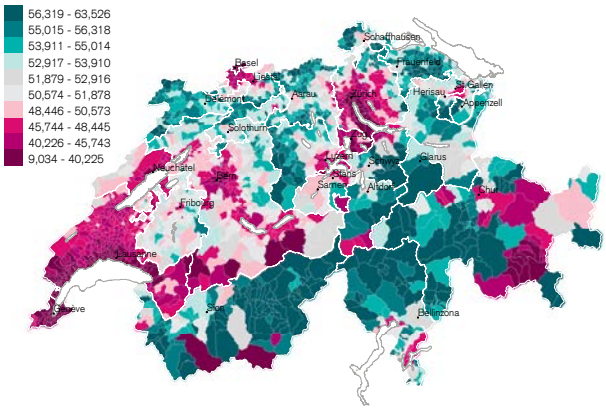
Source: Credit Suisse

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

Freely disposable income

In CHF, by deciles



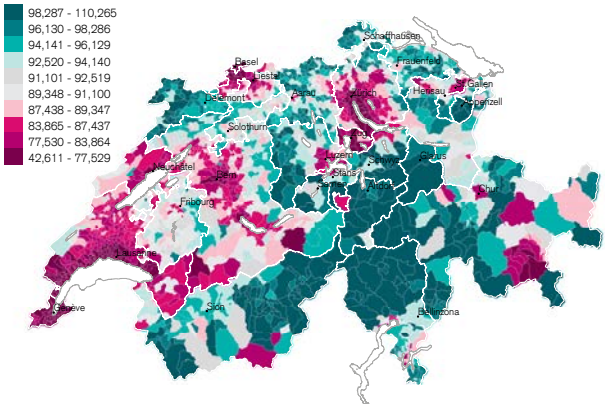
Source: Credit Suisse

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

Freely disposable income

In CHF, by deciles

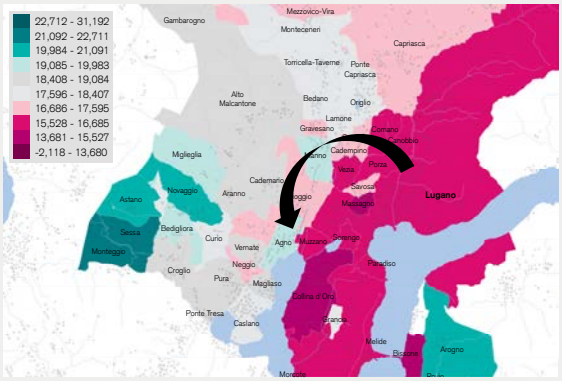


Source: Credit Suisse

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 m^2 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.

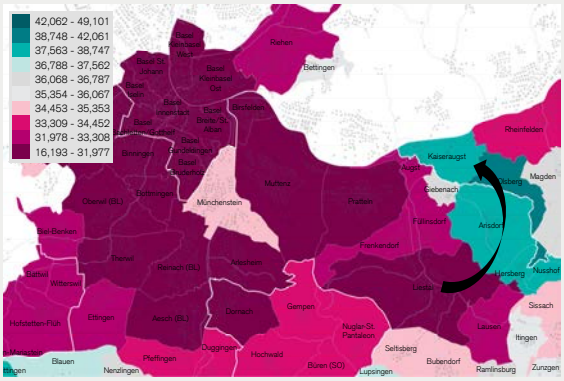
By moving to a comparable apartment in nearby Agno (TI), where Mrs. Rossi grew up, their freely disposable income would increase to CHF 19,300. The couple would thus have around CHF 3,100 more available annually (+19%).



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 m^2 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.



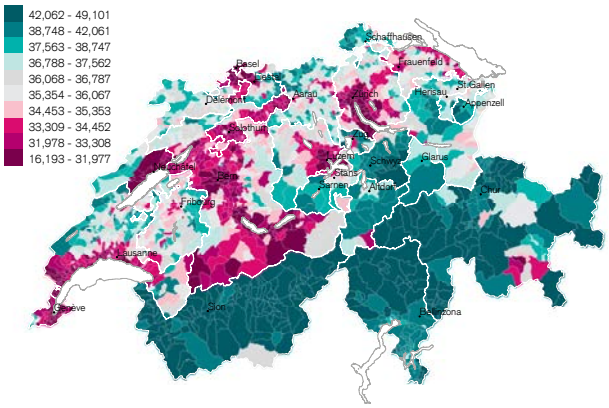
Family (two children)

Sample household A

- Number of employed persons: 2
- Earned income: CHF 80,000
- Assets: CHF 50,000
- Rented apartment, 100 m^2, 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



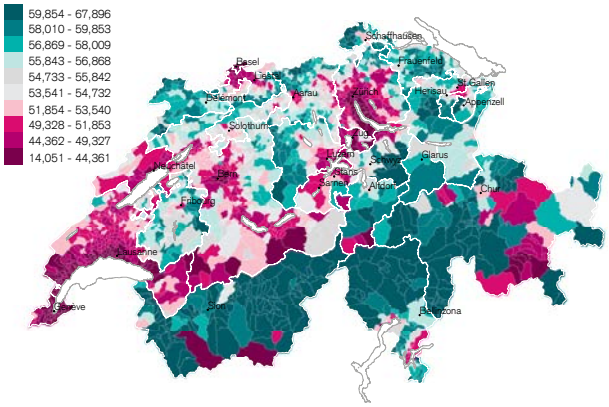
Source: Credit Suisse

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



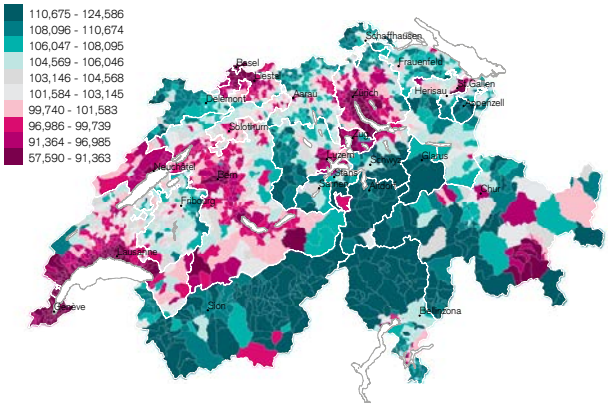
Source: Credit Suisse

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

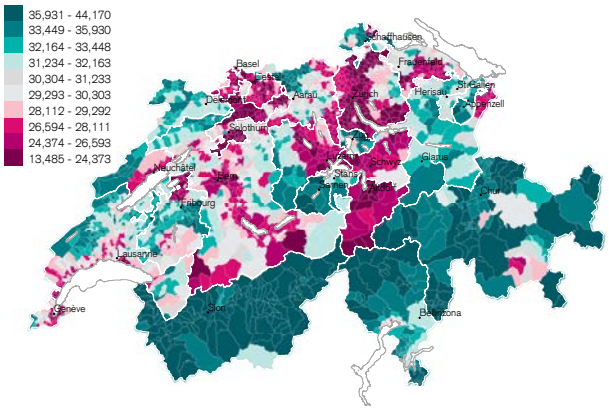
Family (two children in daycare)

Sample household A

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

Freely disposable income

In CHF, by deciles



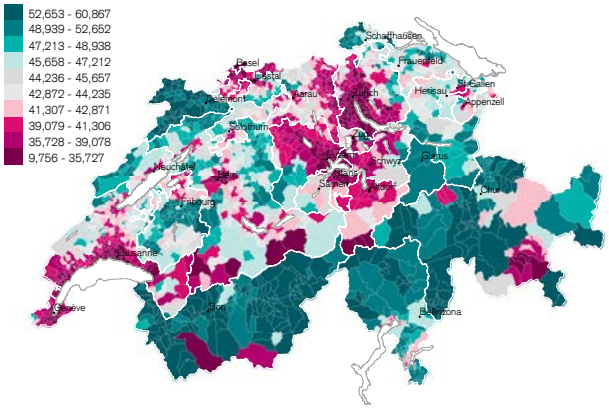
Source: Credit Suisse

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, both in daycare twice a week

Freely disposable income

In CHF, by deciles



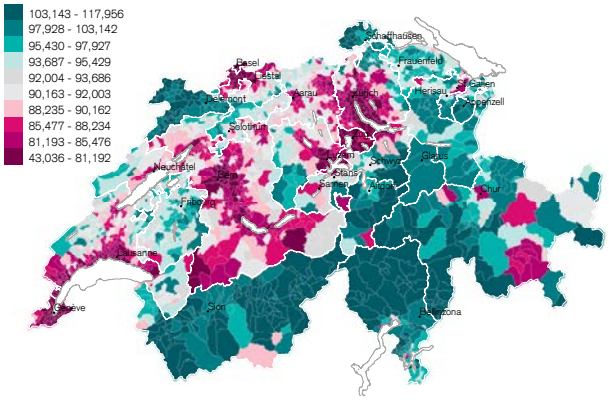
Source: Credit Suisse

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, both in daycare twice a week

Freely disposable income

In CHF, by deciles



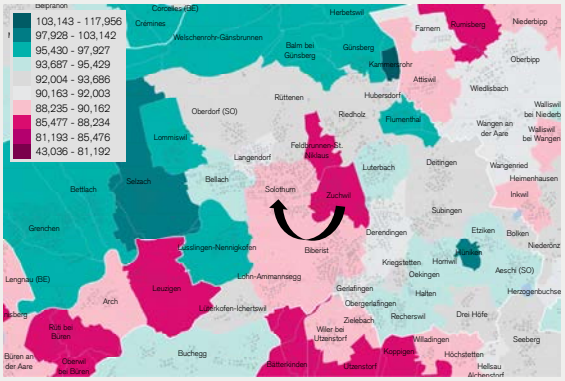
Source: Credit Suisse

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

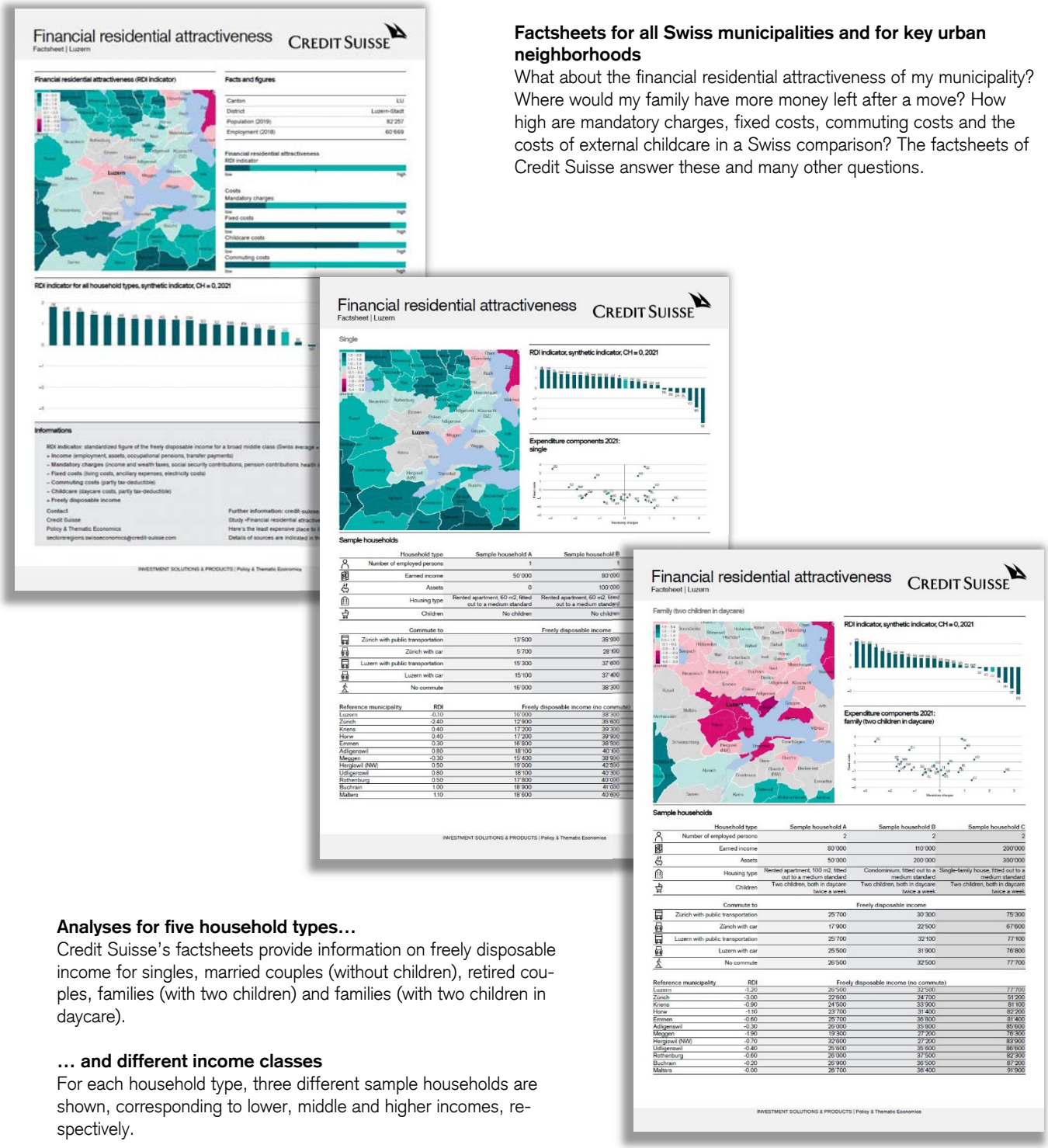
You can find a web tool at credit-suisse.com/rdi that shows the most important results of the study using interactive maps. Alongside the financial residential attractiveness, information is also available on the factors that determine the assessment, first and foremost mandatory charges, fixed costs,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

Important Information

This report represents the views of the Investment Strategy Department of CS and has not been prepared in accordance with the legal requirements designed to promote the independence of investment research. It is not a product of the Credit Suisse Research Department even if it references published research recommendations. CS has policies in place to manage conflicts of interest including policies relating to dealing ahead of the dissemination of investment research. These policies do not apply to the views of Investment Strategists contained in this report.

Risk Warning

Every investment involves risk, especially with regard to fluctuations in value and return. If an investment is denominated in a currency other than your base currency, changes in the rate of exchange may have an adverse effect on value, price or income.

This document may include information on investments that involve special risks. You should seek the advice of your independent financial advisor prior to taking any investment decisions based on this document or for any necessary explanation of its contents. Further information is also available in the information brochure "Risks Involved in Trading Financial Instruments" available from the Swiss Bankers Association.

Past performance is not an indicator of future performance. Performance can be affected by commissions, fees or other charges as well as exchange rate fluctuations.

Financial market risks
Historical returns and financial market scenarios are no reliable indicators of future performance. The price and value of investments mentioned and any income that might accrue could fall or rise or fluctuate. You should consult with such advisor(s) as you consider necessary to assist you in making these determinations.

Investments may have no public market or only a restricted secondary market. Where a secondary market exists, it is not possible to predict the price at which investments will trade in the market or whether such market will be liquid or illiquid.

Emerging markets
Where this document relates to emerging markets, you should be aware that there are uncertainties and risks associated with investments and transactions in various types of investments of, or related or linked to, issuers and obligors incorporated, based or principally engaged in business in emerging markets countries. Investments related to emerging markets countries may be considered speculative, and their prices will be much more volatile than those in the more developed countries of the world. Investments in emerging markets investments should be made only by sophisticated investors or experienced professionals who have independent knowledge of the relevant markets, are able to consider and weigh the various risks presented by such investments, and have the financial resources necessary to bear the substantial risk of loss of investment in such investments. It is your responsibility to manage the risks which arise as a result of investing in emerging markets investments and the allocation of assets in your portfolio. You should seek advice from your own advisers with regard to the various risks and factors to be considered when investing in an emerging markets investment.

Alternative investments
Hedge funds are not subject to the numerous investor protection regulations that apply to regulated authorized collective investments and hedge fund managers are largely unregulated. Hedge funds are not limited to any particular investment discipline or trading strategy, and seek to profit in all kinds of markets by using leverage, derivatives, and complex speculative investment strategies that may increase the risk of investment loss.

Commodity transactions carry a high degree of risk, including the loss of the entire investment, and may not be suitable for many private investors. The performance of such investments depends on unpredictable factors such as natural catastrophes, climate influences, hauling capacities, political unrest, seasonal fluctuations and strong influences of rolling-forward, particularly in futures and indices.

Investors in real estate are exposed to liquidity, foreign currency and other risks, including cyclical risk, rental and local market risk as well as environmental risk, and changes to the legal situation.

Private Equity
Private Equity (hereafter "PE") means private equity capital investment in companies that are not traded publicly (i.e. are not listed on a stock exchange), they are complex, usually illiquid and long-lasting. Investments in a PE fund generally involve a significant degree of financial and/or business risk. Investments in PEfunds are not principal-protected nor guaranteed. Investors will be required to meet capital calls of investments over an extended period of time. Failure to do so may traditionally result in the forfeiture of a portion or the entirety of the capital account, forego any future income or gains on investments made prior to such default and among other things, lose any rights to participate in future investments or forced to sell their investments at a very low price, much lower than secondary market valuations. Companies or funds may be highly leveraged and therefore may be more sensitive to adverse business and/or financial developments or economic factors. Such investments may face intense competition, changing business or economic conditions or other developments that may adversely affect their performance.

Interest rate and credit risks
The retention of value of a bond is dependent on the creditworthiness of the Issuer and/or Guarantor (as applicable), which may change over the term of the bond. In the event of default by the Issuer and/or Guarantor of the bond, the bond or any income derived from it is not guaranteed and you may get back none of, or less than, what was originally invested.

Investment Strategy Department

Investment Strategists are responsible for multi-asset class strategy formation and subsequent implementation in CS's discretionary and advisory businesses. If shown, Model Portfolios are provided for illustrative purposes only. Your asset allocation, portfolio weightings and performance may look significantly different based on your particular circumstances and risk tolerance. Opinions and views of Investment Strategists may be different from those expressed by other Departments at CS. Investment Strategist views may change at any time without notice and with no obligation to update. CS is under no obligation to ensure that such updates are brought to your attention.

From time to time, Investment Strategists may reference previously published Research articles, including recommendations and rating changes collated in the form of lists. The recommendations contained herein are extracts and/or references to previously published recommendations by Credit Suisse Research. For equities, this relates to the respective Company Note or Company Summary of the issuer. Recommendations for bonds can be found within the respective Research Alert (bonds) publication or Institutional Research Flash/Alert – Credit Update Switzerland. These items are available on request or from https://investment.credit-suisse.com. Disclosures are available from www.credit-suisse.com/disclosure.

Global disclaimer/Important Information

The information provided herein constitutes marketing material; it is not investment research.

This document is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject CS to any registration or licensing requirement within such jurisdiction.

References in this document to CS include Credit Suisse AG, the Swiss bank, its subsidiaries and affiliates. For more information on our structure, please use the following link: http://www.credit-suisse.com

NO DISTRIBUTION, SOLICITATION, OR ADVICE: This document is provided for information and illustrative purposes and is intended for your use only. It is not a solicitation, offer or recommendation to buy or sell any security or other financial instrument. Any information including facts, opinions or quotations, may be condensed or summarized and is expressed as of the date of writing. The information contained in this document has been provided as a general market commentary only and does not constitute any form of regulated investment research financial advice, legal, tax or other regulated service. It does not take into account the financial objectives, situation or needs of any persons, which are necessary considerations before making any investment decision. You should seek the advice of your independent financial advisor prior to taking any investment decisions based on this document or for any necessary explanation of its contents. This document is intended only to provide observations and views of CS at the date of writing, regardless of the date on which you receive or access the information. Observations and views contained in this document may be different from those expressed by other Departments at CS and may change at any time without notice and with no obligation to update. CS is under no obligation to ensure that such updates are brought to your attention. **FORECASTS & ESTIMATES:** Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. To the extent that this document contains statements about future performance, such statements are forward looking and subject to a number of risks and uncertainties. Unless indicated to the contrary, all figures are unaudited. All valuations mentioned herein are subject

to CS valuation policies and procedures. **CONFLICTS:** CS reserves the right to remedy any errors that may be present in this document. CS, its affiliates and/or their employees may have a position or holding, or other material interest or effect transactions in any securities mentioned or options thereon, or other investments related thereto and from time to time may add to or dispose of such investments. CS may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investments listed in this document or a related investment to any company or issuer mentioned. Some investments referred to in this document will be offered by a single entity or an associate of CS or CS may be the only market maker in such investments. CS is involved in many businesses that relate to companies mentioned in this document. These businesses include specialized trading, risk arbitrage, market making, and other proprietary trading. **TAX:** Nothing in this document constitutes investment, legal, accounting or tax advice. CS does not advise on the tax consequences of investments and you are advised to contact an independent tax advisor. The levels and basis of taxation are dependent on individual circumstances and are subject to change. **SOURCES:** Information and opinions presented in this document have been obtained or derived from sources which in the opinion of CS are reliable, but CS makes no representation as to their accuracy or completeness. CS accepts no liability for a loss arising from the use of this document. **WEBSITES:** This document may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the document refers to website material of CS, CS has not reviewed the linked site and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to CS's own website material) is provided solely for your convenience and information and the content of the linked site does not in any way form part of this document. Accessing such website or following such link through this document or CS's website shall be at your own risk. **DATA PRIVACY:** Your Personal Data will be processed in accordance with the Credit Suisse privacy statement accessible at your domicile through the official Credit Suisse website https://www.credit-suisse.com. In order to provide you with marketing materials concerning our products and services, Credit Suisse Group AG and its subsidiaries may process your basic Personal Data (i.e. contact details such as name, e-mail address) until you notify us that you no longer wish to receive them. You can opt-out from receiving these materials at any time by informing your Relationship Manager.

Distributing entities

Except as otherwise specified herein, this report is distributed by Credit Suisse AG, a Swiss bank, authorized and regulated by the Swiss Financial Market Supervisory Authority.

Austria: This report is either distributed by CREDIT SUISSE (LUXEMBOURG) S.A. Zweigniederlassung Österreich (the "Austria branch") or by Credit Suisse (Deutschland) AG. The Austria branch is a branch of CREDIT SUISSE (LUXEMBOURG) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. The Austria branch is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), 283, route d'Arlon, L-1150 Luxembourg, Grand Duchy of Luxembourg, as well as of the Austrian supervisory authority, the Financial Market Authority (FMA), Otto-Wagner Platz 5, A-1090 Vienna, Austria. Credit Suisse (Deutschland) Aktiengesellschaft is supervised by the German supervisory authority Bundesanstalt für Finanzdienstleistungsaufsicht („BaFin") in collaboration with the Austrian supervisory authority, the Financial Market Authority (FMA), Otto-Wagner Platz 5, A-1090 Vienna, Austria. **Bahrain**: This report is distributed by Credit Suisse AG, Bahrain Branch, a branch of Credit Suisse AG, Zurich/Switzerland, duly authorized and regulated by the Central Bank of Bahrain (CBB) as an Investment Business Firm Category 2. Related financial services or products are only made available to Accredited Investors, as defined by the CBB, and are not intended for any other persons. The Central Bank of Bahrain has not reviewed, nor has it approved, this document or the marketing of any investment vehicle referred to herein in the Kingdom of Bahrain and is not responsible for the performance of any such investment vehicle. Credit Suisse AG, Bahrain Branch is located at Level 21-22, East Tower, Bahrain World Trade Centre, Manama, Kingdom of Bahrain. **Chile:** This report is distributed by Credit Suisse Agencia de Valores (Chile) Limitada, a branch of Credit Suisse AG (incorporated in the Canton of Zurich), regulated by the Chilean Financial Market Commission. Neither the issuer nor the securities have been registered with the Financial Market Commission of Chile (Comisión para el Mercado Financiero) pursuant to Law no. 18.045, the Ley de Mercado de Valores, and regulations thereunder, so they may not be offered or sold publicly in Chile. This document does not constitute an offer of, or an invitation to subscribe for or purchase, the securities in the Republic of Chile, other than to individually identified investors pursuant to a private offering within the meaning of article 4 of the Ley de Mercado de Valores (an offer that is not "addressed to the public in general or to a certain sector or specific group of the public"). **DIFC**: This information is being distributed by Credit Suisse AG (DIFC Branch). Credit Suisse AG (DIFC Branch) is licensed and regulated by the Dubai Financial Services Authority ("DFSA"). Related financial services or products are only made available to Professional Clients or Market Counterparties, as defined by the DFSA, and are not intended for any other persons. Credit Suisse AG (DIFC Branch) is located on Level 9 East, The Gate Building, DIFC, Dubai, United Arab Emirates. **France:** This report is distributed by Credit Suisse (Luxembourg) S.A. Succursale en France (the "France branch") which is a branch of Credit Suisse (Luxembourg) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. The France branch is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), and of the French supervisory authorities, the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and the Autorité des Marchés Financiers (AMF). **Germany:** This report is distributed by Credit Suisse (Deutschland) Aktiengesellschaft regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht („BaFin"). **Guernsey:** This report is distributed by Credit Suisse AG Guernsey Branch, a branch of Credit Suisse AG (incorporated in the Canton of Zurich), with its place of business at Helvetia Court, Les Echelons, South Esplanade, St Peter Port, Guernsey. Credit Suisse AG Guernsey Branch is wholly owned by Credit Suisse AG and is regulated by the Guernsey Financial Services Commission. Copies of the latest audited accounts of Credit Suisse AG are available on request. **India:** This report is distributed by Credit Suisse Securities (India) Private Limited (CIN no. U67120MH1996PTC104392) regulated by the Securities and Exchange Board of India as Research Analyst (registration no. INH 000001030), as Portfolio Manager (registration no. INP000002478) and as Stock Broker (registration no. INZ000248233), having registered address at 9th Floor, Ceejay House, Dr. Annie Besant Road, Worli, Mumbai – 400 018, India, T- +91-22 6777 3777. **Israel:** If distributed by Credit Suisse Financial Services (Israel) Ltd. in Israel: This document is distributed by Credit Suisse Financial Services (Israel) Ltd. Credit Suisse AG, including the services offered in Israel, is not supervised by the Supervisor of Banks at the Bank of Israel, but by the competent banking supervision authority in Switzerland. Credit Suisse Financial Services (Israel) Ltd. is a licensed investment marketer in Israel and thus, its investment marketing activities are supervised by the Israel Securities Authority. **Italy:** This report is distributed in Italy by Credit Suisse (Italy) S.p.A., a bank incorporated and registered under Italian law subject to the supervision and control of Banca d'Italia and CONSOB. **Lebanon:** This report is distributed by Credit Suisse (Lebanon) Finance SAL ("CSLF"), a financial institution incorporated in Lebanon and regulated by the Central Bank of Lebanon ("CBL") and having a financial institution license number 42. Credit Suisse (Lebanon) Finance SAL is subject to the CBL's laws and circulars as well as the laws and regulations of the Capital Markets Authority of Lebanon ("CMA"). CSLF is a subsidiary of Credit Suisse AG and part of the Credit Suisse Group (CS). The CMA does not accept any responsibility for the content of the information included in this report, including the accuracy or completeness of such information. The liability for the content of this report lies with the issuer, its directors and other persons, such as experts, whose opinions are included in the report with their consent. The CMA has also not assessed the suitability of the investment for any particular investor or type of investor. It is hereby expressly understood and acknowledged that investments in financial markets may involve a high degree of complexity and risk of loss in value and may not be suitable to all investors. The suitability assessment performed by CSLF with respect to this investment will be undertaken based on information that the investor would have provided to CSLF as at the date of such assessment and in accordance with Credit Suisse internal policies and processes. It is understood that the English language will be used in all communication and documentation provided by CS and/or CSLF. By accepting to invest in the product, the investor expressly and irrevocably confirms that he fully understands, and has no objection to the use of the English language. **Luxembourg:** This report is distributed by Credit Suisse (Luxembourg) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. Credit Suisse (Luxembourg) S.A. is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF). **Mexico:** This document represents the vision of the person who provides his/her services to C. Suisse Asesoría México, S.A. de C.V. ("C. Suisse Asesoría") and/or Banco Credit Suisse (México), S.A., Institución de Banca Múltiple, Grupo Financiero Credit Suisse (México) ("Banco CS") so that both C. Suisse Asesoría and Banco CS reserve the right to change their mind at any time not assuming any liability in this regard. This document is distributed for informational purposes only, and does not imply a personal recommendation or suggestion, nor the invitation to celebrate any operation and does not replace the communication you have with your executive in relation to C. Suisse Asesoría and/or Banco CS prior to taking any investment decision. C. Suisse Asesoría and/or Banco CS does not assume any responsibility for investment decisions based on information contained in the document sent, as the same may not take into account the context of the investment strategy and objectives of particular clients. Prospectus, brochures, investment regimes of investment funds, annual reports or periodic financial information contain all additional useful information for investors. These documents can be obtained free of charge directly from issuers, operators of investment funds, in the Internet page of the stock exchange in which they are listed or through its executive in C. Suisse Asesoría and/or Banco CS. Past performance and the various scenarios of existing markets do not guarantee present or future yields. In the event that the information contained in this document is incomplete, incorrect or unclear, please contact your Executive of C. Suisse Asesoría and/or Banco CS as soon as possible. It is possible that this document may suffer modifications without any responsibility for C. Suisse Asesoría and/or Banco CS. This document is distributed for informational purposes only and is not a substitute for the Operations Reports and/or Account Statements you receive from C. Suisse Asesoría and/or Banco CS in terms of the General Provisions Applicable to Financial Institutions and other Legal Entities that Provide Investment Services

issued by the Mexican Banking and Securities Commission ("CNBV"). Given the nature of this document, C. Suisse Asesoría and/or Banco CS does not assume any responsibility derived from the information contained therein. Without prejudice to the fact that the information was obtained from or based on sources believed to be reliable by C. Suisse Asesoría and/or Banco CS, there is no guarantee that the information is either accurate or complete. Banco CS and/or C. Suisse Asesoría does not accept any liability arising from any loss arising from the use of the information contained in the document sent to you. It is recommended that investor make sure that the information provided is in accordance to his/her personal circumstances and investment profile, in relation to any particular legal, regulatory or fiscal situation, or to obtain independent professional advice. C. Suisse Asesoría México, S.A. de C.V. is an investment adviser created in accordance with the Mexican Securities Market Law ("LMV"), registered with the CNBV under the folio number 30070. C. Suisse Asesoría México, S.A. de C.V. is not part of Grupo Financiero Credit Suisse (México), S.A. de C.V., or any other financial group in Mexico. C. Suisse Asesoría México, S.A. de C.V. is not an independent investment adviser as provided by LMV and other applicable regulations due to its direct relationship with Credit Suisse AG, a foreign financial institution, and its indirect relationship with the entities that make up Grupo Financiero Credit Suisse (México), S.A. de C.V. **Netherlands:** This report is distributed by Credit Suisse (Luxembourg) S.A., Netherlands Branch (the "Netherlands branch") which is a branch of Credit Suisse (Luxembourg) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. The Netherlands branch is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), and of the Dutch supervisory authority, De Nederlansche Bank (DNB), and of the Dutch market supervisor, the Autoriteit Financiële Markten (AFM). **Portugal:** This report is distributed by Credit Suisse (Luxembourg) S.A., Sucursal em Portugal (the "Portugal branch") which is a branch of Credit Suisse (Luxembourg) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. The Portugal branch is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), and of the Portuguese supervisory authorities, the Banco de Portugal (BdP) and the Comissão do Mercado dos Valores Mobiliários (CMVM). **Qatar**: This information has been distributed by Credit Suisse (Qatar) L.L.C., which is duly authorized and regulated by the Qatar Financial Centre Regulatory Authority (QFCRA) under QFC License No. 00005. All related financial products or services will only be available to Eligible Counterparties (as defined by the QFCRA) or Business Custormers (as defined by the QFCRA), including individuals, who have opted to be classified as a Business Customer, with net assets in excess of QR 4 million, and who have sufficient financial knowledge, experience and understanding to participate in such products and/or services. Therefore this information must not be delivered to, or relied on by, any other type of individual. **Saudi Arabia**: This document is being distributed by Credit Suisse Saudi Arabia (CR Number 1010228645), duly licensed and regulated by the Saudi Arabian Capital Market Authority pursuant to License Number 08104-37 dated 23/03/1429H corresponding to 21/03/2008AD. Credit Suisse Saudi Arabia's principal place of business is at King Fahad Road, Hay Al Mhamadiya, 12361-6858 Riyadh, Saudi Arabia. Website: https://www.credit-suisse.com/sa. Under the Rules on the Offer of Securities and Continuing Obligations this document may not be distributed in the Kingdom except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorised financial advisor. Under the Investment Fund Regulations this document may not be distributed in the Kingdom except to such persons as are permitted under the Investment Fund Regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective subscribers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document you should consult an authorised financial adviser. **South Africa**: This information is being distributed by Credit Suisse AG which is registered as a financial services provider with the Financial Sector Conduct Authority in South Africa with FSP number 9788 and / or by Credit Suisse (UK) Limited which is registered as a financial services provider with the Financial Sector Conduct Authority in South Africa with FSP number 48779. **Spain:** This document is a marketing material and is provided by Credit Suisse AG, Sucursal en España, legal entity registered at the Comisión Nacional del Mercado de Valores for information purposes. It is exclusively addressed to the recipient for personal use only and, according to current regulations in force, by no means can it be considered as a security offer, personal investment advice or any general or specific recommendation of products or investment strategies with the aim that you perform any operation. The client shall be deemed responsible, in all cases, for taking whatever decisions on investments or disinvestments, and therefore the client takes all responsibility for the benefits or losses resulting from the operations that the client decides to perform based on the information and opinions included in this document. This document is not the result of a financial analysis or research and therefore, neither it is subject to the current regulations that apply to the production and distribution of financial research, nor its content complies with the legal requirements of independence of financial research. **Turkey:** The investment information, comments and recommendations contained herein are not within the scope of investment advisory activity. The investment advisory services are provided by the authorized institutions to the persons in a customized manner taking into account the risk and return preferences of the persons. Whereas, the comments and advices included herein are of general nature. Therefore recommendations may not be suitable for your financial status or risk and yield preferences. For this reason, making an investment decision only by relying on the information given herein may not give rise to results that fit your expectations. This report is distributed by Credit Suisse Istanbul Menkul Degerler Anonim Sirketi, regulated by the Capital Markets Board of Turkey, with its registered address at Levazim Mahallesi, Koru Sokak No. 2 Zorlu Center Terasevler No. 61 34340 Besiktas/ Istanbul-Turkey. **United Kingdom**: This material is distributed by Credit Suisse (UK) Limited. Credit Suisse (UK) Limited, is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Where this material is distributed into the United Kingdom by an offshore entity not exempted under the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 the following will apply: To the extent communicated in the United Kingdom ("UK") or capable of having an effect in the UK, this document constitutes a financial promotion which has been approved by Credit Suisse (UK) Limited which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority for the conduct of investment business in the UK. The registered address of Credit Suisse (UK) Limited is Five Cabot Square, London, E14 4QR. Please note that the rules under the UK's Financial Services and Markets Act 2000 relating to the protection of retail clients will not be applicable to you and that any potential compensation made available to "eligible claimants" under the UK's Financial Services Compensation Scheme will also not be available to you. Tax treatment depends on the individual circumstances of each client and may be subject to changes in future.

UNITED STATES: NEITHER THIS REPORT NOR ANY COPY THEREOF MAY BE SENT, TAKEN INTO OR DISTRIBUTED IN THE UNITED STATES OR TO ANY US PERSON (within the meaning of Regulation S under the US Securities Act of 1933, as amended).

21C014A_IS

Other publications from Credit Suisse

Retirement provision
Early retirement: The path is becoming more difficult

The study examines the retirement behavior of the Swiss population. Early retirement is widespread, but it leads to significant losses in pension income. In view of declining pension fund benefits, the path to early retirement is likely to become even more difficult in the future.

September 22, 2020

Swiss Real Estate Market 2021

Published annually, this real estate study analyzes the impact of economic conditions, the current challenges and the structural changes in Switzerland's key real estate segments.

March 2, 2021

Monitor Switzerland
Q1 2021

The Monitor Switzerland contains analysis and forecasts for the Swiss economy.

March 16, 2021

The price of a daycare place in Switzerland
Childcare costs in regional comparison

The study examines how much families in 194 Swiss municipalities pay for a place for toddlers in a daycare center. The costs to be borne by the parents after the deduction of subsidies vary considerably depending on the place of residence and the financial circumstances of the family.

May 11, 2021

CREDIT SUISSE
Investment Solutions & Products
Postfach 300
CH-8070 Zurich
credit-suisse.com