

Aspects

September 2017

Children and Money

How and why do children save?

Time to Take the Initiative

The uncertain future of the pension system

Low Inflation

Chief economist Oliver Adler explains the two percent target



At a Glance



04 — Aspects Focus

Patience helps elementary school pupil Mark with his drawing – and in financial matters.



12 — Expert Discussion

Psychologist Urs Kiener explains why children should learn to manage their money from an early age.



16 — Aspects Survey

In Fribourg: How parents and grandparents are saving for their children and grandchildren.

“When our son came into the world two and a half years ago, I wanted to set up a savings account for him.”

— Paula Moura



18 — Research

There are problems in our pension system. It is time to take retirement provision into your own hands.

04 — YouTuber, Artist, Elementary School Pupil

Mark's dreams and motivation to save.

12 — Learning How to Manage Money

Pocket money? Smartphone? Saving? Interview with psychologist Urs Kiener.

15 — New Viva Kids Offer

“Digipigi” helps with financial literacy.

16 — Survey on Children and Saving

Different approaches to educating kids, one goal: taking responsibility.

18 — Taking the Initiative

Life expectancy is rising and pension systems are starting to unravel. Why it is important to make your own pension provisions.

22 — Two Percent Inflation Target

Oliver Adler, chief economist at Credit Suisse, explains why a slightly positive rate of inflation is a “lubricant” for the economy.

24 — Protecting Wild Bees

Commitment to and importance of the Eriwis natural oasis.

26 — Anatole Taubman and the Zurich Film Festival

Actor Anatole Taubman shares secrets of the film industry with children.

30 — Good to Know

Investment fund savings plan, supertrends, and TWINT.

37 — Bonviva Rewards Shop

Summer wines from Baur au Lac Vins.

Dear reader



We are dedicating this issue to a particularly important topic: children and financial education. We believe that knowing how to manage money responsibly is becoming more and more important in today's society. That's why we are committed to teaching children about financial matters. We have consulted with prestigious partners and experts to develop a product that is tailored to the needs of both parents and children. Viva Kids rounds out our offering for private clients with an innovative solution – our Digipigi digital money box combines the traditional children's piggy bank with the digital world.

Aspects gives you direct access to the expertise we offer in all important financial matters. Our chief economist Oliver Adler answers the most pressing questions about current inflation developments, and we take a closer look at what is happening with the pension reform vote.

We will be happy to provide guidance and resources to address all of your financial questions, and we look forward to continuing as your banking partner.

I hope you enjoy reading this issue.

Yours sincerely

Serge Fehr
Head of Private & Wealth Management Clients



Good Things Come to Those Who Wait

Mark Aslaksen is an elementary school pupil in Aargau with big ideas. He learned from his parents at an early age how to achieve them himself – with saving playing a central role.

— Text: Marc Engelhardt Photos: Philip Frowein

Forehand, backhand, run to the net, back to the base line: On the tennis court, Mark Aslaksen – distinguishing features: a mop of curly hair, a winning smile, complete determination – is getting into the swing of things. He has a lot of perseverance when it comes to his dreams. He is having to hold back on the tennis court at the moment due to an injury, so he is using his energy to train just as hard for a new dream, day in, day out.

"If he's going to do something, he'll do it properly," smiles Erik Aslaksen, Mark's father. Mark was just ten when the doctor recommended he played less tennis due to concerns about his growth. So what did Mark do? He found a new hobby. "I'd already started watching funny YouTube videos like the ones Julian Bam makes. He's a real YouTube star," explains Mark. "So when I started having all this free time, I thought: I could do that. All you need is a little bit of luck. And patience." Mark knows that patience is one of his biggest strengths. Once he had made up his mind to become a YouTuber, he drew up a plan. "I draw using crayons and felt-tip pens, do portraits or draw computer game characters like Yoshi, a dragon-like creature from a Nintendo game. I film the drawing table from a birds-eye view while I'm drawing, and then I edit the video and add music." So far, Mark has uploaded 24 films to his own YouTube channel, "BarkyTube." If you go to his channel, you can see a photo of the arsenal of pens and pencils he needs to create his pictures: "120 Caran d'Ache coloring pencils and 144 Copic felt-tip pens, which are the best you can get." Mark is particularly proud of his collection of Copics, perhaps because of their value: "Copics provide particularly good coverage and are alcohol-based, so you can mix them easily. For example, when I want to paint skin colors, I need to use at



01



02

least five different shades to make it look real. I absolutely had to have them, even though they're really expensive." The 144 pens cost 700 Swiss francs. But it was not Mark's parents who paid for them – he paid for them himself: "I saved up the money I needed for them."

Pocket Money Teaches Budgeting Skills

Mark is the youngest of Michelle and Erik Aslaksen's three sons. The family can see the last foothills of the Jura mountains beyond the Aare valley from the dining room table in their condominium. Erik Aslaksen is a businessman, and Michelle also works part time as a therapist and tennis coach. "For us, managing money has always been about having a general appreciation of things," says Michelle. Her husband nods in agreement. "I think that the children need to know that if you do something well, you will reap the benefits. It's not always to do with money; sometimes it's about praise." The children started to get an idea of the meaning of money before they had even started school, remembers Michelle.

"Over time, we explained to them what a tennis training session or a piano lesson costs – and made sure they knew that it isn't something to be taken for granted." They essentially realized on their own that you need to save in order to get the things you really want. "The children have to be able to wait for something if it's not quite the right time or they can't afford something yet." Erik Aslaksen also believes that it is best to learn by doing: "If you buy sweets all the time then you have no money left for the big things. As parents, we've always tried to be as consistent as possible and try not to give the boys any extra money. This has taught them that once the money is gone, it's gone." Erik and Michelle Aslaksen have never dictated what the children can or cannot buy. It is ultimately the children's decision as to whether they want to spend money on going to the movies regularly or spend 700 francs in one go on high-quality felt-tip pens: "The children's pocket money and the money they are given by their godparents or grandparents belongs to them and they can do what they like with it."

Just like his brothers, Mark has been receiving pocket money since first grade. "That's when I started to think about money and handling it properly." To start with, Mark received one franc a week, and this increased by one franc every time he moved up a grade. Right from the start, Mark already knew what he wanted to do with the money: "I put it in my money box." Proudly, he holds out a colorful box. The only opening: a slot in the top. And there's a padlock on the front. Have his parents hidden the key? Mark laughs. "No, I have the key, but I don't open the box until I've saved enough to buy what it is I've been saving for." Does he have no interest in the consumer world? For now, Mark only goes to the movies with his parents, but what about chewing gum? Candy? Maybe a comic book? "No, I'm happy when I have a lot of money in my money box. I feel better when I'm not spending anything. I'd rather save up for something useful; I'm not bothered about small things like that." It took Mark almost a whole year to save up for the pens, even though he already had a lot in his money box received as past birthday

01 — When Mark talks about his aims, Erik and Michelle Aslaksen pay attention: They have always taken their sons' wishes seriously, even when they were very young.

02 — If something needs to be discussed, the Aslaksens hold a family meeting: "My sons are all good with numbers," says mother Michelle.

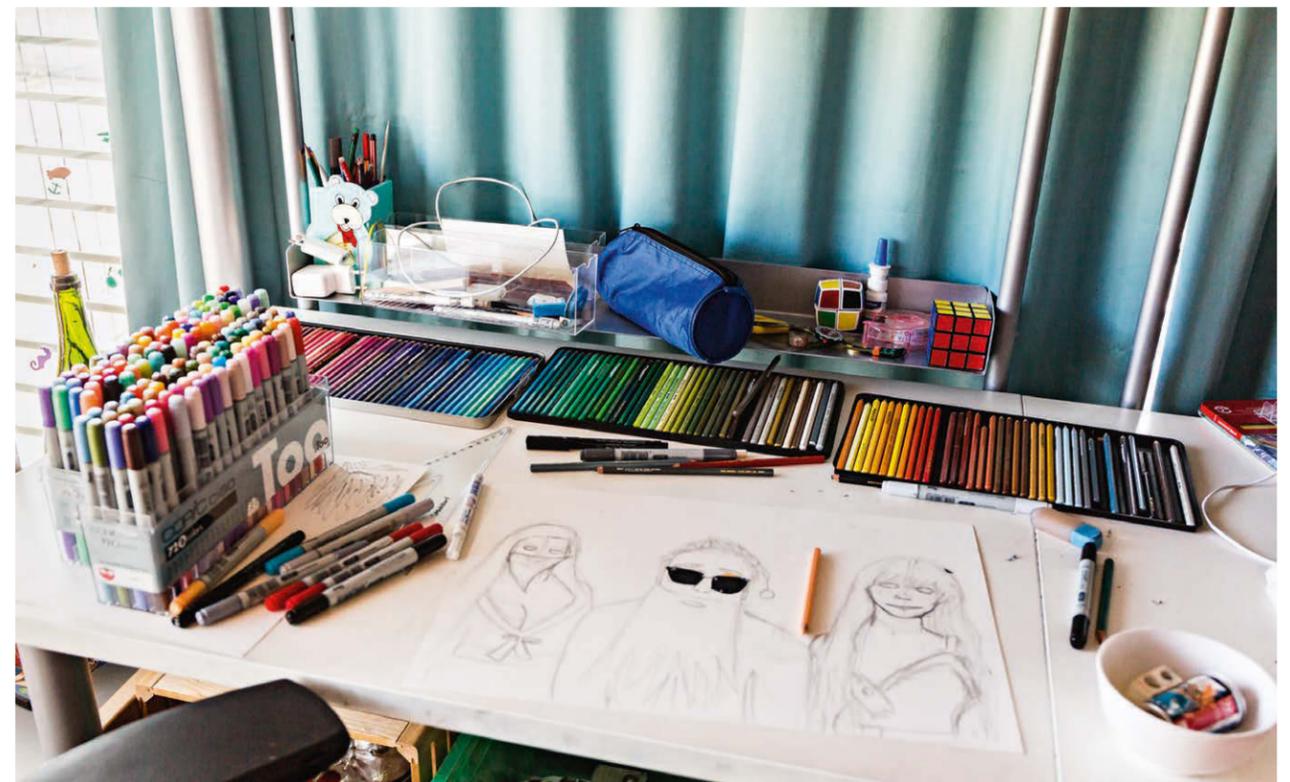


03

03 — Giving it his all: Mark Aslaksen keeps his mother Michelle busy on the tennis court.

04 — The young artist's workspace: Mark Aslaksen has more than 250 pens, most of which he saved up for himself, which are always carefully organized around him while he is drawing.

05 — Mark Aslaksen publishes his videos on YouTube using the artist name BarkyTube: More than 1,700 people have already viewed his drawing videos.



04

and Christmas gifts. In the meantime, he used the pens he already had to create his drawings. And waited patiently. Once he had saved up the money he needed, he spent it without hesitation – and, over a year later, he's still beaming as he organizes his pens so that he can find each color without even having to look.

Working Toward a Saving Goal

Maybe saving is also a question of how you go about it. Louis, Mark's elder brother, smiles as the elementary school pupil tells us about his thriftiness. "Sure, I save money every now and again, but I spend it too – sometimes I go for something to eat or drink with my classmates." Louis' walk to school is quite long, and leads him past fast-food restaurants, supermarkets, and tempting window displays. "Sometimes I go with my friends on coach trips to Europa-Park; I pay for that myself, too." Louis works so he can afford his lifestyle: He strings tennis rackets using a machine that the family has upstairs in the house. Louis' work requires a lot of patience; you can see the concentration on his face as he tightens the strings. "When I first started doing this job, it took me two hours to string one racket; now it only takes about half an hour because of all the practice I've had. I get between 10 and 15 francs per racket. I either save the money or spend it." Louis, who has just started attending cantonal school, already has a Viva Banking Package at Credit Suisse. This

package includes both a Savings account and a Private account, meaning he can use his Maestro card to make flexible, cash-less payments. It goes without saying that Louis is a role model for his little brother – Mark is already thinking about how he can earn a bit of money in the not-too-distant future. "If a video on YouTube gets a million clicks, you get 1,000 euros," he says. "But one million clicks is quite a lot." So far, Mark has managed over 1,700 clicks, but this is not enough to attract advertising to his channel. But that does not mean that it won't happen in the future, he says. "There are other ways of earning money on YouTube. That's true in tennis too – you can get a sponsor to put their name on your shirt." Michelle Aslaksen laughs: "My sons are all very good with numbers." The eldest is currently doing an exchange year in the US. "He has a credit card, so we can see what's being debited from the account every day," says Michelle Aslaksen. They talk about his spending in the same open way that they talk about money at home.

Temptations of the Consumer World

One big topic is the mobile phone. "Someone in my class has the latest mobile phone and can use it to go on the internet," says Mark. He talks about money with his friends at elementary school; they compare how much money they get in the playground. "Some of my classmates get everything paid for them by their parents, but to be honest that's not so import-



05

— "I feel better when I'm not spending anything": Mark Aslaksen invests his savings in hobbies like drawing, so his collection of his own pictures grows every day.



ant to me." However, this did not stop Mark wanting a mobile phone, despite the fact that his brothers were only given one once they had moved up to high school. "A child doesn't need a smartphone at that age," his mother ultimately decided. "When they get older, they'll still want a better model. Mark now has a second-hand mobile phone with a prepaid SIM card, and that will do fine." The older children get, the more money they need – and not just for mobile phones. Because of this, many parents start saving while their children are still young. "We haven't put any money aside for if they want to go to college; they can contribute to the cost themselves when they're older – whether they do it by getting a summer job or as a YouTuber, I don't mind," says Erik Aslaksen. "As parents, we'll obviously always help out in an emergency – but the kids should really pay for everything themselves." However, Erik Aslaksen is skeptical about chores. "We are a family, and that means that we all have to pull our weight when it comes to chores," he explains. He will not pay his children to do them.

The fact that one of their children puts all his money into his money box while the other one spends some of his earnings does not concern the parents – what bothers them more is that sometimes the money their children receive as gifts is a little too extravagant while they're still young.

"Their grandparents have set up a Gift savings account for each of the boys, which will be transferred to them once they come of age. This helps to give them a good start in life." It also relieves the burden on the parents. Despite all this, Michelle Aslaksen still worries whether her children are spoiled. "I suppose we all are because we have a good lifestyle." She goes on to say: "But our life is so good because we have done certain things well, and we're trying to show the children that they can build a good life too if they work hard for it." The fact that all three sons learned how to manage money responsibly at a young age will help them to make their own dreams a reality. In any case, Mark Aslaksen already has a new goal in mind: a professional editing program that he can use to make his YouTube videos even better. He has already worked out a detailed savings plan with his father to help him save up the money he needs. "We think what he does is amazing and support his plans," enthuses Erik Aslaksen. "But if he wants the editing program, he has to pay for it himself. There's no getting around that." Mark nods; he cannot imagine it any other way.

Marc Engelhardt reports from Geneva on the United Nations and the Swiss economy.

 Find further information on the subject of financial literacy at credit-suisse.com/vivakidsworld



— Daniel Burkhardt (42) is a client advisor for Credit Suisse in Basel.

Aspects Analysis

How early should families start saving for their children?

They should start saving as soon as it is financially possible. The older children get, the more money they need: For example, if children want to learn to drive or study in another city once they have finished school, that will cost money. The most effective way to save for such expenditures is to put aside small amounts of money regularly over a long period. The Aslaksens have done everything right in this regard: The grandparents have set up Gift savings accounts with a preferential interest rate for each child at an early age and pay a specific amount into them each year. The grandparents can then give the children access to these savings once they come of age.

The Aslaksen children started managing their own money at an early stage in a way that is appropriate for their age. How can parents help their children to do this?

Children should definitely be introduced to the concept of managing money as early as possible. A child can have a savings account at a very early age, which can be used for monetary gifts, for example. The new Viva Kids Banking Package is now available for young children. This includes both a savings account and a private account. Thanks to a digital money box and being able to have their first Maestro card once they turn seven, children can learn how to manage their money from a very young age. And just like the Aslaksen's eldest son, once they

are old enough to qualify, children can then open their own Viva Banking Package, which includes access to online and mobile banking. This enables children to gradually learn how to manage the money in their account. This is important, as children who do not learn these skills may get into debt before they even attain majority. Nowadays, there is a huge amount of pressure to spend – it is so easy to buy things online that many people do not realize how much money they are spending.

At the same time as providing for their children, parents also need to save for old age. What do you recommend?

A private pension as part of the third pillar is very important in this context – particularly for the younger generation. They definitely need to take advantage of this option. The same rule applies here: It is much easier to save up over a longer period of time than if you only start saving ten years before you are due to retire. Investment fund savings plans that you pay into on a monthly basis are also an option. If possible, parents should start doing this while their children are still young. It is also useful to have a savings account for unforeseen expenses – these crop up again and again when you have children.

 Find out more about the new Viva Kids Banking Package at credit-suisse.com/vivakids



— When parents turn to Urs Kiener for advice, it is often about problems with money.

“Trust your child to take responsibility.”

No other topic engages families across as many stages of life as money does, according to child and adolescent psychologist Urs Kiener. He says that this makes it all the more important that children learn how to deal with money and consumer desires from an early age – from kindergarten age where possible.

— Text: Marc Engelhardt Photos: Philip Frowein

Urs Kiener is Switzerland’s most famous child and adolescent psychologist: Not least because the 59-year-old, who has been working for Pro Juventute for ten years, appears both on the radio and on television to answer burning questions from parents and children alike. The issue of money is always at the top of the list of problems facing callers – not just on the radio or television but also those that call the 147 hotline, which Kiener co-founded. Aspects met Kiener at his office in Zurich in order to find out when children can actually start to handle money, what he recommends when it comes to the difficult subject of pocket money, and what parents of kindergarten-age children should keep in mind.

Mr. Kiener, at what age does financial education begin?

Even at a young age, children understand that money is something special – I have not yet come across a child that throws money away carelessly. If a three or four-year-old has a wallet with coins inside, then they will show it to you full of pride or will explain that they have a lot of money. Children of this age can stack money and compare coins for hours on end and for them it has a special, almost magical quality, even though they do not yet know the value of money. This comes later, but not that late – today this can happen as early as kindergarten. By the age of six at the latest, children are already starting to think about the value of money.

Is that earlier than was previously the case?

Absolutely. Children today receive pocket money at a much younger age than in my day. I did not start getting pocket money until I was in high school, but many children today receive pocket money at pre-school age. By the age of six or seven, practically all children receive pocket money. Social change also plays a role in this. Today when I speak to first-graders, they have very precise knowledge of the relationship between work and money. This is also because in most cases nowadays it is not only the father who goes to work, but the mother too. The children then ask their mother why she goes to work and most mothers will then answer that it is to earn money so that they can finance their life. This is how the connection is established. And there is another factor: Even for young children, it is almost impossible to have a social life without money. When children arrange to go to the swimming pool with other children of their age, they will need money for entry and (ideally) for the kiosk as well, otherwise they will be excluded. Money automatically becomes an issue.

So what can parents do to ensure children are well prepared for these early challenges?

Firstly, and this starts when their children are around three years of age, parents have to understand that the world that the child lives in is entirely different to the world that they experienced when they were children. This is true even for very young parents. A few generations ago, this was not the case: My great-grandfather and my grandfather had an almost identical childhood. This is no longer the case nowadays, not least

because of how much the cash flow has changed. Today, when a three-year-old goes to the shopping mall with you, they are amazed that you can put everything you want in a shopping cart. At the checkout, you give the cashier a piece of plastic and then everything belongs to you. What is going on? Or you go to a hole in the wall, type something in, and then hundred-franc notes come out. We have to explain to children that behind all of this there is an account and that most people have to work hard for this money. This is challenging and requires the thing of which we have least: time. And it takes even more time because nowadays the cash flow is mostly invisible.

What does financial education involve?

Financial education has little to do with money and much more to do with trust. Parents, whether they like it or not, are the biggest role models for their children. Particularly during the crucial pre-school period, around two-thirds of values are transferred from parents to their children. If I want children to find their way in the world of money and to not become unprotected victims of advertising that is aimed entirely at children, for example, then I have to take my child seriously. A good example is the smartphone “for just one franc,” as the advertisement says. For children in elementary school, this seems irresistible – finally, parents no longer have a reason not to buy them a smartphone. Parents should take this as an opportunity to look at the offer and the small print – usually an expensive contract – and to ask: Is it worth it? These offers usually work out more expensive than buying a smartphone from the manufacturer.

So when is a child ready to start saving money?

The mindset at pre-school age still differs enormously from child to child: Some children will spend every penny immediately, while others will not spend anything at all. Then, at school age, your daughter comes home and says: My classmate has that, I want the same one too so that I am not socially excluded. And at that stage it is good to explain what you need money for. I am often astonished at how little children and adolescents today know about the costs of living. They know what the new iPhone costs but not what you pay for a loaf of bread. Many do not know what rent, taxes, and health insurance are. When children are in their first few years at school, you could take them with you to pay bills one day. Even at this age, children are able to take this in and can learn that you spend some money immediately and keep some back.

What about gifts of money? Should they be saved?

Many parents ask me this question and I often say: You must also be allowed to enjoy it. I would also be happy if I won 100 francs in the lottery tomorrow. But even then, it is still important to manage money properly. If a child receives two francs as pocket money and then receives 50 francs from their godfather, then this is a huge amount. And if these two francs are always spent on candy, then the child might not have any idea what else they could spend the money on. This is the perfect opportunity to speak to the child about longer-term desires and saving.

And what do I do if I simply cannot fulfill a child's wish because I do not have the money?

Then I would be completely honest with my child and explain that I also have wishes that I can only afford to fulfill by saving up for them over a longer period of time. This, in turn, leads on to the topic of saving.

Let's talk about pocket money. Many parents are not sure whether they are giving their children too little pocket money, or perhaps too much.

In my experience, the amount is irrelevant. What is important is having a clear agreement about what the pocket money is for: If your child receives one franc per week, then this is presumably money that they can spend on treating themselves. But this has to be made clear. If children know that mum or dad will not intervene when they spend their money, then this is a valuable agreement – but one that they have to keep to. Reliability is also a vital aspect. Your child expects the same of you as you do of your employer – that their pocket money will be given to them on time and reliably, and not just when you happen to think about it or when you are in a good mood. Similarly, parents should never give their child additional money once the pocket money has been spent, otherwise the child will get the impression that money is always available.

What is your opinion on chores?

A housewife and mother once said to me: If I got as much money as my son does for his chores, then I would be financially much better off. Perhaps this highlights the problem. If we assume that the family is something special, a social structure with its own values, then I would recommend explaining this system to the child in these terms: Everyone contributes in our family – that is part of it. However, if anyone does give their children money for chores, then I would not advise them completely against this. For example, in areas of the household where I would hire someone to do a job, such as for cleaning the windows, washing the car, or mowing the lawn, I would also make my child an offer.

What do I do as my child gets older?

As children get older, they may have a larger budget. When they are 11 years old, for instance, they could be given money for clothes. In this case, a new agreement would be made, such as: We are giving you more money now but in return you have to start buying your own clothes. This step is actually the most difficult for parents because their child suddenly becomes responsible for a whole area of their own life and the parents then only have an advisory role. You should therefore really consider which areas you are willing to let go of and make your child responsible for. You must also prepare and know how much your child realistically needs to buy their own clothes. I recommend that a child has their own bank account by this time at the latest. The aim is that, by the end of puberty, independent young adults will not squander their first apprenticeship pay check or their student budget, but will instead know how to budget their money.

What is the most important piece of advice that you give to parents along the way?

Do not take responsibility for your child in any area where they are capable of being responsible themselves. Trust that your child will always be willing to take responsibility that is appropriate for their stage of development. If you do not allow children to take on this responsibility, then this will firstly impair the development of the self-awareness that they need and will secondly take the opportunity to experience success away from your child. The knowledge that they can succeed of their own accord is a crucial experience for children when it comes to being able to successfully overcome life's challenges. Overbearing parents who always handle everything for their children and want to protect them from failure do not do their kids any favors. Children will then get used to their parents always jumping in, both in money matters and other issues.

Partnership with Pro Juventute

What is the best way for children and young people to manage their money? Pro Juventute and Credit Suisse have both been looking into this issue and have therefore been working together for a long time as part of the umbrella association "Check Your Chance," which aims to facilitate the integration of young people into the labor market. Until the end of 2016, they also conducted a joint pilot project to help school pupils to write job applications with the best possible chance of success. In 2017, Pro Juventute and Credit Suisse took their collaboration one step further and launched a strategic partnership to share knowledge about how to support children and young people and to jointly launch new projects in this area. The most recent of these is the Swiss Pocket Money Study.

 [More on the study: credit-suisse.com/pocketmoneystudy](https://credit-suisse.com/pocketmoneystudy)

Innovative Banking for Children: Viva Kids

Florence Schnydrig Moser is Head Products & Investment Services and, together with her unit, is responsible for Viva Kids.



— A Maestro card from the age of seven? Florence Schnydrig Moser of Credit Suisse explains why it could be a good idea.

Ms. Schnydrig, why is it important that children encounter financial topics from an early age?

Due to the enormous level of choice available today, children soon start to think that they need to have everything, without developing any understanding of what it takes to be able to afford these things. My own children are just six and eight years old, but they should already be starting to gain an awareness of the value of money and what saving is. Debt among young people is an important topic, as the Credit Suisse Youth Barometer also shows, so financial education provided at an early age can act as a preventive measure. With Viva Kids, we are offering parents a simple solution to this problem.

How did you come up with the idea of launching an offer for children under the age of 12?

Our old plastic money box was not very exciting for children. We have many parents working in our unit, and they wanted a more up-to-date product. It soon became clear that what we wanted to do was bring the old-fashioned money box into the digital age – learning to use digital tools is also now an important life skill that children should be introduced to at an early age. With Viva Kids, we wanted to provide parents with a way to help their children from the very beginning and throughout their lives, with their financial needs in years to come.

What innovations does the Viva Kids Banking Package include?

One new feature is that the child is the account holder – the child should manage the money in their own account. For example, a Maestro card is issued to children from the age of seven, if their parents provide their consent. However, the greatest innovation is that we are linking the traditional piggy bank with the digital world. The display on the Digi-pigi digital money box immediately shows when money is inserted or if money is paid into the account. The accompanying kids' app and separate parents' app give the child and the parents control over all balance transactions. This ensures that the child is always guided by the parents.

A Maestro card at seven years of age?

We are the first bank to offer a debit card for children, so it was important to us to continuously seek input from experts and educators on the entire offer. At the age of seven, children have already started to gain an understanding of numbers and time. I see this in my own sons – between the ages of six and eight they make another huge step forward. And of course they would both think having their own card was very cool. But as I said, parents always retain control and decide when their children are ready to use the card.

The Viva Kids World online platform is also new. What is behind it?

The Viva Kids World website is intended as a point of reference to help families manage money. The subject of money is becoming more and more abstract. It is no longer just a physical concept. Cards also mean money, and even smartphones can be used as a means of payment. It is not easy to explain all of that to a child, and that is why we created this website with age-appropriate explanations and tips, such as those from Pro Juventute. Children will also find adventures and games to help them learn about topics from the world of finance.

How much pocket money do your children get?

I must admit that so far we have not been very consistent with pocket money or with sharing out chores. So I'm looking forward to using this app – it will make it easy to explain situations with the help of concrete examples. For example, you can upload images to the app – I can upload a photo of the bike that my son wants. He can see how much it costs and how much he has already saved. I think this will make it so much easier to explain the process of saving to a child – a new approach to financial literacy for children!

 [Find further information on the subject of financial literacy at credit-suisse.com/vivakidsworld](https://credit-suisse.com/vivakidsworld)

“Children must learn to wait.”

For many parents, putting something aside for their children to give them a good start in their adult life is a subject that is very close to their heart. Grandparents are also happy to contribute to a child’s piggy bank. However, families are also keen to teach their children how to manage money responsibly, as our Aspects reporters discovered in Fribourg.

— Text: Virginia Nolan Photos: Evan Ruetsch



Alma Di Bari and Oronzo Crastolla

“We manage a tourism company in Southern Italy. We hope that one day our ten-year-old twin daughters will be able to study abroad, so we have set up a savings account that we pay into regularly to help achieve this goal. Our daughters know that we work hard for this money – and for our lifestyle in general. This is why we also want to teach them how to budget. When we go shopping, the children are allowed to keep any change we get – that’s what they get as pocket money. They then put this in their piggy bank and use it when they want to buy something for themselves.”

Paola Stanić

“My daughters are six and nine years old; the eldest is given two francs per week, and the younger one receives one franc. Their pocket money has an educational purpose: My children need to learn how to budget their money. If they use all their pocket money on the first day they get it, they won’t have anything left for the rest of the week. Sometimes, my eldest daughter saves up to buy her favorite magazine. I work for the debt counseling service so every day I see what happens when people haven’t learned how to manage their money. Because of this, it’s an important issue in our household. I always take my daughters with me when I go shopping so that they can get a feel for how much things cost. We use a shopping list and never deviate from it. Children must learn to wait – it’s the most important lesson when it comes to money.”



Bráulio Porto and Renata Bitar

“We come from Brazil and have lived in Switzerland since 2013. Saving is really important to us. Because the state pension is very modest in Brazil, we set up an account for a private pension years ago. We pay into it diligently. When we are gone, this money will automatically go to our children. We give our six-year-old daughter a little bit of pocket money from time to time, but not on a regular basis. She often wants to use it to buy something from the supermarket – but she usually doesn’t have enough. This makes her a bit frustrated, but it teaches her the important lesson that everything has a price. She still doesn’t understand the concept of saving, but we’re definitely going to address the issue.”

Fabrice Daguet

“We very rarely talk to our children about saving. Instead, we teach them about non-material values, like the fact that our family is a community to which we all have to contribute. This means that our children, who are 10 and 13, help out around the home without expecting money in return. We don’t give them any pocket money either; if they need something, they can tell us. We try to teach them how to be sensible with money: You don’t need everything that you want. If the children receive money for their birthday, we encourage them not to just spend it straight away, but to really think about what would make them happy in the long run. My father has set up a savings account for his grandchildren. We don’t yet know what the money will be used for when the time comes; we’ll have to see when they’re both adults.”



Denise and Jacques Leibzig

“We’ve been talking about saving recently with our nine-year-old granddaughter: She’s saving her pocket money to buy a pony – the ultimate dream for a little girl. Other than that, she and her seven-year-old brother are actually quite modest with their money. They live in the countryside with their parents. Even when we take them shopping, they very rarely ask for anything materialistic, which is quite unusual for children of a generation that seems to have forgotten how to save. Many children and young people view money as an entitlement that they can demand without having to do anything for it.”

The Initial Findings of the Aspects Survey

Saving for their loved ones is important to parents and grandparents. When it comes to providing children with a good start to their adult lives, the first choice for many parents and grandparents is a savings account. Some children also already put aside some of their pocket money, as our survey shows.

Handling finances responsibly is an important lesson to teach children while they are growing up. This is also confirmed by a study that Credit Suisse conducted this year in collaboration with Pro Juventute. More than 14,000 adults across Switzerland were surveyed during the study, which focused on financial education in general and the specific role of money in bringing up children.

 [Find out more about the Swiss Pocket Money Study at credit-suisse.com/pocketmoneystudy](https://credit-suisse.com/pocketmoneystudy)

Taking Retirement Provision into Your Own Hands

A stable Swiss pension system for at least ten years. That is the aim of the 2020 Pension Reform. But even if this big gamble pays off, the problems will not just disappear. The motto has to be to make as much provision for your retirement as you possibly can yourself.

— Text: Fredy Gilgen Illustration: Paula Troxler

“What’s the point, we won’t get anything.” According to various surveys, three-quarters of young Swiss people do not think that they will be able to live off their pension when the time comes. Nothing from the AHV (the state pension system, known as Old Age and Survivors’ Insurance), nothing from the pension fund. It surely won’t come to that. But several economists and conservative politicians also have their concerns. “Our three-pillar pension system has long been considered a paradigm for the rest of the world. But Switzerland has lost ground. It is slow to respond to the challenges of demographic aging,” says Sarah Carnazzi Weber, economist at Credit Suisse. Indeed, Swiss social security is facing a whole host of difficulties:

- Demographics are a pressing issue for the first pillar, the AHV: fewer and fewer young people have to fund more and more elderly people. In 2035, for example, there will only be two employees to one pensioner. Today, this ratio is still at 3.7 to 1.
- Longevity is particularly problematic for the second pillar. In the space of 30 years, the average life expectancy at the age of 65 has increased by 5 years for men and by 3.2 years for women. Because of this constant increase in life expectancy, the conversion rate needed to be decreased far more rapidly than is the case today. Hesitance over making adjustments leads to a huge redistribution between the generations as shown by the latest pension

fund survey carried out by Credit Suisse. Therefore in 2015, 5.3 billion Swiss francs were redistributed from occupational pension fund members to pensioners. “As long as returns on investment remain under pressure, redistribution can only be eliminated by reducing benefits or increasing the retirement age,” explains Credit Suisse economist Emilie Gachet.

- All three pillars are struggling with a returns issue: The extremely low level of interest rates makes it increasingly difficult for pension funds to achieve the returns needed to fund benefits, without having to take higher investment risks into account.

2020 Pension Reform

The current 2020 Pension Reform, on which the people will vote on September 24, addresses some of the problems. But pension funds do not want to have to continue waiting patiently: A further reduction in the conversion rate for the extra-mandatory portion has been decided upon or is being discussed for over 80 percent of pension funds. Even if the 2020 Pension Reform is a success, there will still be a need for further measures to be taken. For Emilie Gachet, the guidelines are clear: “A fundamental disparity occurs in pension schemes if people work for the same amount of time but more time is spent in retirement due to increasing life expectancy. Either we pay more, receive less pension, or work for longer.”



But regardless of the outcome of efforts to reform the pension system, to a certain extent pension fund members are able to take action themselves to improve their pension. Regardless of what is decided at a policy level. The evidence is clear: For most Swiss people, pension funds are by far their largest source of assets. What happens to this money seems for the most part beyond their control; it is placed in collectively managed pots such as the AHV or their occupational pension fund. When we take a closer look, however, the potential opportunity to influence these funds is much greater than the majority of pension fund members think. This relates primarily to the extra-mandatory portion of the second and the third pillar, and means that something can be done, right here, right now.

Purchasing Benefits in the Pension Fund Pays Off

Making additional payments into a pension fund is the simplest way to enhance pension benefits. "At times when interest rates are particularly low, and equity and real estate valuations are high, voluntarily purchasing benefits in a pension fund is a very attractive prospect," explains Daniel Brechbühl, Financial Planning Team Leader at Credit Suisse. He uses a mathematical example to show how attractive this prospect is (see "Purchasing Benefits versus Securities Investments" box). His conclusions: Anyone choosing not to purchase benefits would have to achieve a return on investment of around 10 percent in order to have the same capital after ten years as with an additional payment into the pension fund. And such performance would be something of a fiction. It is not least thanks to tax regulations that pensioners are able to boost their pensions so favorably:

- Firstly, these additional payments can be deducted one-to-one from taxable income.
- Secondly, no income tax is levied on interest and dividends earned on pension fund investments.
- Thirdly, anyone having their (additional) pension fund capital paid out on retirement will be taxed at a favorable pension rate.

Additional payments are particularly attractive if they are made three to ten years before retirement. If they are paid in sooner than that, the tax-saving effect will be more diluted. It is also important to note that lump-sum withdrawals are not permitted in the three years after benefits are purchased (restriction in accordance with tax law). "Without a doubt, paying into the pension fund or accumulating Pillar 3a savings represent fiscally attractive options for bridging a pension gap," confirms Sara Carnazzi Weber.

Funding Shortfall as a Prerequisite

Well let's get on with it then, some pension fund members will say. Ultimately, voluntary pension fund payments are very simple to make. Just as simple as paying into Pillar 3a. But there are some obstacles too:

- People can only pay in if their pension fund has a pension gap or funding shortfall. This can occur as a result of a job change or time spent abroad, for example. The pension fund statement usually shows how large any pension gap is. If details about the pension gap are missing, contact the pension fund manager to ask them to provide this information.
- The law governing occupational pension schemes (BVG) places further restrictions on the process. For example, anyone withdrawing a portion of their pension fund capital for residential property has to first pay back this advance withdrawal before they are able to make voluntary payments again. Legal restrictions also apply when immigrating from abroad or after a divorce.
- Naturally, it only makes sense to make additional payments to pension funds that are on a healthy footing. Specifically, this means that they should be funded at 100 percent or more. We are entering into dangerous territory if funding is below 90 percent. This means there is a shortfall and the fund must be restructured.

Fredy Gilgen is an economic journalist and owner of the Bern media company, FG. The publications in which his works appear include the "Handelszeitung," the "Berner Zeitung," the "Unternehmerzeitung" and the "NZZ am Sonntag." He worked for the economic journal "CASH" from 1989 to 2007.

More information in the Credit Suisse Study "Swiss Pension Funds 2017 – Low Interest Rates and Demography as the Main Challenges" (May 2017)

 [credit-suisse.com/publications](https://www.credit-suisse.com/publications)

Hundreds of Thousands of People Could Still Purchase Pension Benefits

There is currently a good 800 billion Swiss francs in second pillar pension funds. It could be much more if pension fund members were to voluntarily purchase additional benefits in their pension fund. At Publica, the largest pension fund in Switzerland with approximately 63,500 pension fund members and 43,000 pensioners, there is potential for example for additional payments of 6.4 billion Swiss francs, roughly 100,000 francs per pension fund member. But at the last count, just 77 million francs has been voluntarily paid into the federal pension fund.

Limited household budgets may be the reason behind this reluctance. According to the pension fund study carried out by Credit Suisse, the 20 percent of pension fund members with the highest income are the only people able to pay a good amount into all three pillars. But it makes sense for all pension fund members to make voluntary contributions to their pension provision, especially by purchasing benefits in the pension fund.

3a Sometimes Better than the 2nd Pillar

The criterion of risk diversification favors investing pension assets not only in the second pillar, but in the third pillar where possible too. This means that as a whole, more funds can be put aside for retirement while taking advantage of tax relief. Because interest on 3a pension funds is on average only around 0.3 percent, 3a securities funds with high proportions of equities appear more attractive. The best pension funds achieved returns of over 30 percent over the last five years.

Purchasing Benefits versus Securities Investments

The Differences in Figures

Purchases	Total purchases in the pension fund	CHF	400,000		
	Value of purchase amounts by retirement			CHF	431,105
	Tax savings on pension fund purchases	CHF	146,560		
	Value of tax savings by retirement (investment in securities)			+ CHF	175,064
	Tax charge upon withdrawal			- CHF	56,387
	Subtotal			CHF	549,782
Securities investments	Total investment in securities	CHF	400,000		
	Value of securities by retirement			- CHF	477,618
Conclusion	Benefit of purchases in the pension fund			CHF	72,164
	Corresponds to a return of				18.04%

Based on the assumptions: Swiss married couple, 50 years old, Protestant, residing in Thalwil (ZH)
 Income: CHF 350,000 (= taxable income), savings rate, CHF 50,000
 Disposable assets: Securities portfolio: CHF 1,000,000, balanced investment strategy
 Pension fund: Retirement assets of CHF 800,000, purchasing gap: CHF 400,000, desired retirement age of 62

Inflation – Good or Bad?

Since the global financial crisis, inflation has been particularly low. But what is inflation and what drives it? Credit Suisse chief economist Oliver Adler answers these and other questions.

— Text: Oliver Adler Photo: Thomas Buchwalder

— **Oliver Adler** Born: January 3, 1955, in Zurich. Education: Master in International Relations, Columbia University (New York, 1982); PhD in Economics, Columbia University (New York, 1989). Career: Country Economist, Swiss Bank Corporation (1978–1980); Consultant, The World Bank, Washington, D.C. (1985–1986); Economist, Head of Investment Information and Head of Asset Allocation, UBS AG (New York and Zurich, 1989–2009); Head of Economic Research, Credit Suisse Wealth Management (Zurich, since 2009).

1 What is inflation?

Economists define inflation as the process by which the prices of an extensive “basket” of goods and services increase over an extended period of time, i.e. over several years. The best-known measure of inflation is the rate of change in the consumer price index. The rate of change of prices can also be negative, of course. If prices fall continuously over an extended period of time, this is known as deflation.

2 What are the most important driving forces of inflation?

Prices only increase continuously when the demand for goods and services grows faster than the supply over a sustained period of time. For this to happen, consumers or companies must be provided with steadily increasing “fuel” for their purchases. In principle, the only institution that can provide this fuel – namely money – without any limitation is the central bank. For this reason, Milton Friedman, recipient of the Nobel Memorial Prize in Economic Sciences, said that the only driving force of inflation is a continuing growth of the money supply. Very high rates of inflation (hyperinflation) – like those that countries such as Venezuela are currently experiencing – can occur if the central bank loses its independence and is forced to constantly increase the money supply made directly available to the government in order to finance spending. This is what Friedman called “helicopter money.”

3 Why do most central banks not target complete price stability?

A high level of inflation is not beneficial to consumers or businesses: Consumers lose purchasing power as wages may not be adjusted to fully compensate for the rate of inflation. Businesses also encounter problems when

it comes to company management due to uncertainty regarding the evolution of the general price level. So why do central banks still try to achieve a positive rate of inflation – even if it is only slightly positive (most aim for a rate of inflation of approximately 2 percent per year)? Firstly, this reduces the risk of a period of deflation that would harm the economy: If the price level falls continuously, consumers and businesses delay making purchases, as they expect prices to continue to fall. This causes the economy to weaken. As it is difficult to reduce salaries in line with inflation, labor costs increase in comparison to (rapidly falling) prices, leading to an increase in unemployment. A positive rate of inflation for salaries and prices reduces this risk. Secondly, technological advances are reducing the price of many goods, which would lead to a decline in the general price level. Having a slightly positive target for the average rate of inflation prevents this from happening. Thirdly, a positive rate of inflation reduces the actual value and thus the burden of financial liabilities, thereby reducing the risk of a financial crisis. In short: Having a slightly positive rate of inflation is a “lubricant” for the economy.

4 Why is the rate of inflation so low in most developed countries?

The fact that inflation has been particularly low since the financial crisis is primarily due to cyclical factors. High levels of unemployment and debt, as well as general concerns about the future (for example fears about financing pensions), have led to increased saving in the private sphere and caused businesses to be more cautious when it comes to investments. As a result, the general demand for goods and services is relatively weak in comparison to production capacity, leading to a down-

ward pressure on prices. At the same time, efforts by central banks to stimulate the economy through various measures, e.g. so-called quantitative easing, have been slow to counter these deflationary trends. However, if the world economy recovers in a sustainable manner, this should lead to a gradual rise in inflation. In view of structural factors such as independent central banks, cautious consumers, and intense price competition in almost all markets, though, a high rate of inflation seems unlikely.

5 Is there a connection between asset price inflation and consumer price inflation?

The low interest rate policy of central banks has caused the yields of assets such as equities (i.e. dividends) or real estate (i.e. rent) to become comparatively more attractive. This has stimulated the demand for these assets and caused their prices to increase. In principle, this asset price inflation increases the purchasing power of the owners of said assets, allowing them to spend more. Consumer price inflation, on the other hand, reduces the purchasing power of households. However, consumer price inflation is linked to asset price inflation to a certain degree: If households increase their spending due to asset price inflation (and if businesses increase their investments in response to higher stock prices), overall demand should increase and the general price level should also eventually begin to rise.



— Protecting our valuable wild bee population is a painstaking task. Specialists and Credit Suisse employees are getting involved in Eriwis.

Welcome to Wild Bee Paradise

Naturwerkstatt Eriwis, a nature workshop association located in Schinznach-Dorf in the Swiss canton of Aargau, has transformed a former quarry into a natural oasis for rare animals and plants. Only a few places in Switzerland are home to so many endangered species of wild bee, which are vital for the fruit trees. We went to find out more. — Text: Irena Ristic

Naturwerkstatt Eriwis is well hidden in its location in the former quarry of the Schinznach-Dorf municipality in the canton of Aargau. Here, at the entrance to the Schenkenberg valley, construction work on the new Bözberg tunnel is currently under way. Not far from the site, a forest path leads to a small hill up to Eriwis. With each step deeper into the forest, the noise from the construction machinery becomes fainter – until only the rustling of the leaves on the trees can be heard. “Welcome to wild bee paradise,” says Victor Condrau, project manager at Naturwerkstatt Eriwis, greeting his visitors. Of the 600 species of wild bee found in Switzerland, 100 live in this area alone. “This is one of the highest numbers in Switzerland,” says Condrau. It was in this former quarry that the “*Nomada kohli*” species, previously believed to be extinct, was rediscovered.

From Quarry to Habitat for Rare Plants and Animals

Until 1998, Eriwis was used as a quarry for opalinus clay, which is used to manufacture bricks and roof tiles. It has been almost ten years since Naturwerkstatt Eriwis began looking after the 14-hectare site. It created a unique mosaic of diverse habitats for plants and animals: from areas rich in pioneer species, woodland and forests, and ponds and small streams – given away by the squelch of wellington boots as you walk round – to meadows, wild fruit hedges, and orchards with a vast variety of species. These areas also provide ideal habitats for endangered species of amphibians, such as the yellow-bellied toad and palmate newt. The rough pastures are also home to rare native orchid species, such as the bee orchid and the pyramidal orchid.

Wild Bees Are Tougher and More Active than Honey Bees

Areas with a wide range of habitats, like those found in Eriwis, are ideal nesting sites for wild bees, as they specialize in certain flowers. Today, this is more important than ever: The urban sprawl and intensive farming mean that the wild bees' habitats are disappearing – which is just one of the reasons why around half of all species of wild bee in Switzerland are in danger of extinction. But these wild relatives of honey bees are an important cornerstone of a functioning ecosystem. They consume large quantities of pollen in order to feed their young, meaning they visit flowers frequently. “In contrast to the honey bee, the tougher wild bees fly out much earlier in the day and aren't put off by bad weather,” says Victor Condrau. Wild bees also score well in comparison with other flower-visiting insects: In addition to wild herbs, they also pollinate fruit trees, berry bushes, and field crops. Wild bees also appear to be immune against Varroa mites – a parasite that is one of the main causes for the global decline in honey bees, along with environmental influences and the use of pesticides.

Help from Volunteers and Individuals Completing Civilian Service

In addition to four individuals completing civilian service assignments, volunteers also help to maintain the site. These volunteers regularly include Credit Suisse employees, who use their

volunteering days to plant hedges or rid virgin soil of neophytes (invasive plants such as goldenrod). The regular cultivation of this ground-level soil is essential to the survival of the wild bees, who live in the top soil, in particular: They dig holes in floury or sandy ground where they then lay and nurture their brood.

Along with voluntary work, the Naturwerkstatt can be supported by sponsoring different types of wild bee. The association also regularly conducts courses and excursions to help schools, companies, and private groups learn about the environment, protecting species, and natural medicine. The Naturwerkstatt celebrated a particular highlight last year. Together with the BirdLife Aargau nature protection organization, the association was able to buy the Eriwis site, allowing them to ensure the long-term protection of the area. “It was worth all the hard work,” says a delighted Condrau. “We have created a real natural paradise.”

naturwerkstatt.org

Irena Ristic writes for Swiss print and online publications. The more she found out about bees and their wild relatives, the more she realized how fascinating these little creatures are – without which our ecosystem could not function.

Credit Suisse Corporate Volunteering

Credit Suisse enables employees in Switzerland to take at least one business day per year to devote to individual volunteer work in the community. The bank works with a variety of charitable organizations in all parts of the country and covering many different topics.



— Learning the secrets of reviewing films from famous actor Anatole Taubman: An exciting experience for the young members of the ZFF film jury.

Zurich Film Festival — an Event for Kids Too

At the Zurich Film Festival (ZFF), Anatole Taubman comes across as anything but the villain, the role we are used to seeing him play, as he divulges the secrets of reviewing films to 40 students.

As "Spokesperson for Vulnerable Children" for UNICEF Switzerland, Anatole Taubman is preparing teenagers for their role on the children's jury at the ZFF. From the "ZFF for Kids" program, the children's jury will then select the winning movie from a number of outstanding children's and family films from around the world. Here, the actor sees himself as a promoter of young talent.

Mr. Taubman, you are an internationally successful actor with much experience of festivals. What do you think makes the Zurich Film Festival special?

The ZFF has established itself impressively well. Although it is still quite new, it is appreciated on an international level by both the industry and the press. Audience numbers are also increasing year on year. And the location of the festival's center is of course outstanding – directly on the lake, just beautiful.

What distinguishes the ZFF from other prominent festivals? What do you consider to be its special qualities?

The ZFF integrates the national industry and deals with national young talent in film. With the Zurich Summit, the ZFF has created a platform that was the first of its kind in Europe. The categories "New World View" and "Window to the World" also allow the ZFF to showcase world cinema. I don't think I'm going out on a limb by saying that you can no longer imagine the international map of film festivals without the ZFF being on there and that it has its own personality.

As a film star, you certainly don't have much free time. Nevertheless, you dedicate some of this time to the ZFF children's jury. What motivates you to do this?

I have been a passionate "Spokesperson for Vulnerable Children" for UNICEF Switzerland for seven years now. For the last two years, UNICEF Switzerland has been a ZFF Cooperation Partner as well as a co-initiator and organizer of the children's jury. That is why this movement is also close to my heart. This kind of involvement is also motivational because of the global political events that happen every day, with stories of millions of children around the world who have to endure terrible suffering. So, it is really good to do something for children that they can also have fun doing.

Do you see your work as promoting young talent too? And is this actually an issue within the film industry?

Promoting young talent certainly forms an integral part of my involvement – the promotion of young talent is urgently needed in every industry! After all, today's children are tomorrow's filmmakers.

Why is it important that film festivals, such as the ZFF, also have a children's program?

It is extremely important. An international film festival of a certain size also has to offer something for the younger audience. And in any case, a festival such as the ZFF, which also wants to be a public festival, needs to do this as well.

What kind of relationship did you have with film when you were a child? And how did you discover the film industry for yourself?

As a child I did not have much of a relationship with film, but as a teenager I did. Between the age of 13 and 17 I went to the movies at least two to three times a week. Cinema was of essential importance in my adolescence – it was a kind of escape from reality into a fantasy world.

Photos for Zurich Film Festival: Andreas Rentz/Getty Images, Davide Caenaro

In your opinion, what makes a good children's film?

A good children's film offers varied and exciting entertainment while simultaneously communicating valuable content. It also avoids any glorification of violence and other portrayals that might frighten young viewers. There should be no more than three main characters, and flashbacks or moving across different periods of time should be avoided. This is too confusing for children. A good children's film repeats core content in a discreet way and ideally portrays stories from the world that kids live in.

High levels of excitement are vital for a good teenage film. This is what makes a great film and the fact that teenagers can identify with the main characters, who may have negative as well as positive characteristics.

Does the film industry do enough to produce valuable children's films?

Yes, the industry does a lot. I think this is true both nationally and internationally.

How do you find an audience of children in comparison to an audience that is usually made up of adults?

I find children to be enthusiastic, inquisitive, pure, innocent, and unspoiled. They have little or no tendency to think in a stereotypical way.

You often play the role of the villain. Adults find this evil side attractive – does the same apply for children?

No, on the contrary. Evil has a repellant effect and scares children. In 2016 I actually only played roles in comedies. I even played the main role in a classic romantic comedy!



Actor and UNICEF Spokesperson

Anatole Taubman has been one of the most internationally successful Swiss actors for many years and in addition to other roles he is known for playing the Bond villain Elvis in "Quantum of Solace." Immediately after completing the matriculation examination at the Einsiedeln Abbey school, he went to the United States. In New York, he studied at the renowned acting school Circle in the Square from 1992 to 1994.

Since then, Anatole Taubman has played roles in close to 100 national and international cinema and TV productions. In 2008 he won the Prix Walo for Best Actor. He also campaigns as "Spokesperson for Vulnerable Children" for UNICEF Switzerland, helping children who are disadvantaged and in need of protection.



Photos: Jürgen Frank, for Zurich Film Festival; Andreas Rentz/Getty Images

**Zurich Film Festival
September 28 – October 8, 2017**

**Credit Suisse and the Zurich Film Festival:
12 Years of Successful Partnership**

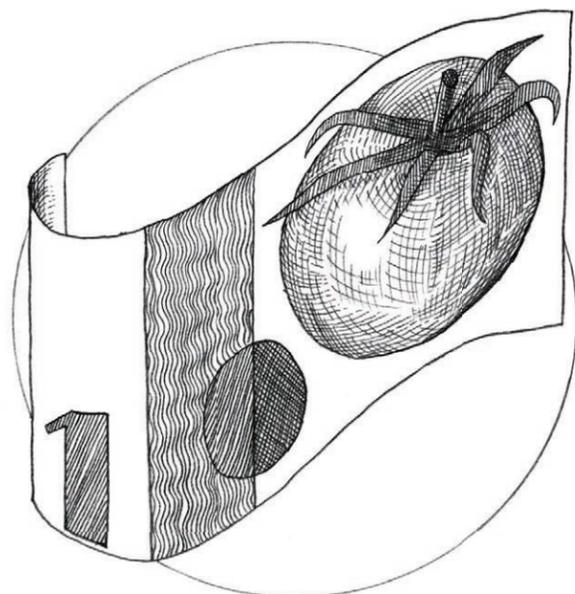
Credit Suisse has supported the Zurich Film Festival (ZFF) since it was first held in 2005. Since then, the ZFF has established itself in the film industry as a platform for young directors. Every fall over 90,000 movie buffs are attracted to Zurich's festival cinemas. With its varied program and over 160 films, the ZFF offers cinematic entertainment for all ages.

Credit Suisse is one of the ZFF's main partners, and is also partner of the "Award Night" and the "Golden Icon Award." It also supports the "International Feature Film," "International Film Music," and "ZFF 72" competitions. The bank has been involved in sponsorship for over 40 years and places special focus on the promotion of young talent in the partnerships that it engages in.

In the "ZFF for Kids" program, the ZFF shows selected children's and teenage films from all over the world. The films are shown in their original languages and dubbed into German, live in the movie theater. The filmmakers are often at the screenings and interact with the young audience in a question and answer session after the film.

Tickets are on sale from Monday, September 18, 2017 at zff.com and starticket.ch and at other ticket outlets.

 **For more information and the program, please go to zff.com**



Save and Benefit with a Plan

Regularly setting aside money and systematically investing in an investment fund savings plan ensures financial goals are achieved more quickly and easily.

Benefits of Securities Saving

Systematic and regular saving forms the foundation for building up financial assets. The investment fund savings plan allows the client to specify an amount to be paid into investment funds on a regular basis. The client decides how often to put money aside and the investment funds in which to invest this money. The minimum amount is 100 Swiss francs (in foreign currencies: 125 euros/US dollars).

Good Potential Returns, Low Risk

In an environment with fluctuating market prices, clients can benefit from the average cost effect of an investment fund savings plan: Because the deposits into the fund always stay the same, the investor automatically buys fewer fund units if prices increase. In a weak market environment, investors benefit from the fact that they can buy more fund units at lower prices. Continuous payments at fixed intervals thus result in an average purchase price that levels out in the long term.

The Tomato Principle

This principle can be illustrated using the example of tomatoes at the weekly market, with a price that varies depending on the time of year and the success of the harvest.

Three Variants Are Available:

- The Fixed investment fund savings plan is a consistent solution. Clients invest a regular fixed savings amount from their private account into the investment fund savings plan. They determine the investment frequency.
- The Flexible investment fund savings plan is a customized solution. The client is always free to decide when and how much to pay in.
- The Balance investment fund savings plan is a variable solution. The savings amount invested depends on the balance of the savings account on the payment day and on a basic amount set by the client, which is always left untouched in the account. Only funds in excess of this amount are invested in the investment fund savings plan.

Give a Piece of the Future Today

The investment fund savings plan is also available as a gift investment fund savings plan in the Fixed and Balance variants. The gift investment fund savings plan is perfect for parents, godparents, and grandparents who wish to start investing in securities early on behalf of a child. When the recipient reaches the age of majority, the client receives a document to give to the young adult.

Tomato price	Variant 1: same quantity	Variant 2: same value (investment fund savings plan)
CHF 1 in spring	1 kg = CHF 1	1 kg = CHF 1
CHF 0.50 in summer	1 kg = CHF 0.50	2 kg = CHF 1
CHF 1 in fall	1 kg = CHF 1	1 kg = CHF 1
CHF 2 in winter	1 kg = CHF 2	0.5 kg = CHF 1
Total	4 kg = CHF 4.50	4.5 kg = CHF 4
Average price/kg	CHF 1.13	CHF 0.89

Supertrends – Now and in the Future

The Credit Suisse research team, led by Dr. Nannette Hechler-Fayd'herbe, has identified five long-term investment themes – known as supertrends. These themes can inspire concrete investment ideas, as well as provide sources of return and income for every portfolio.

Angry Societies – Multipolar World

Although globalization has reduced disparities between countries, it has also led to rising inequality within many countries. This is creating disillusionment across various societies. The focus is on domestic consumption and fast-growing sectors with high levels of domestic employment. Companies and brands with national significance are also gaining attention, as well as topics such as security.

Infrastructure – Closing the Gap

New infrastructure programs, which governments are using as a means to stimulate domestic economic growth, are capturing the attention of investors. These infrastructure programs offer opportunities for investors, and cause our focus to shift to topics such as water, energy, and affordable housing.

Technology at the Service of Humans

Technological progress is increasingly being regarded as a threat, as it eliminates jobs. Technology at the service of humans remains a positive topic. Internet platform companies and suppliers of virtual reality technologies are benefiting from this, as are manufacturers of semiconductors and robots. Opportunities can also be found in cybersecurity and data management, as well as in the healthcare sector.

Silver Economy – Investing for Population Aging

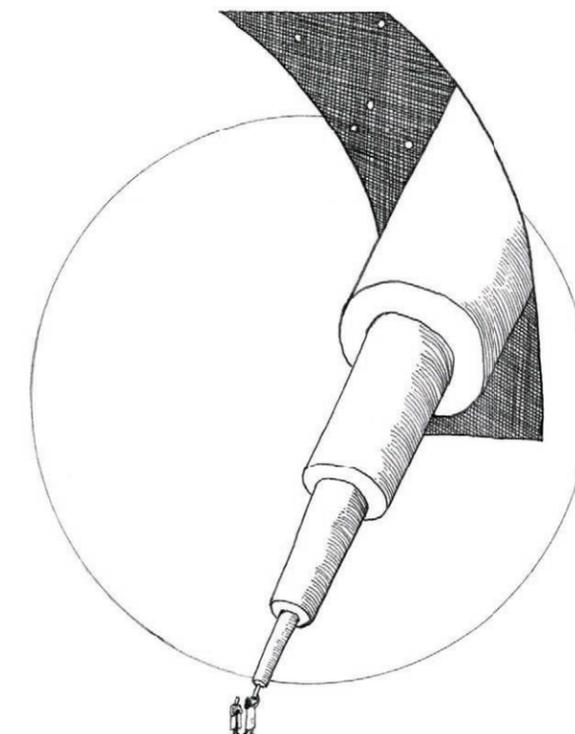
Our society is getting older. This demographic megatrend affects areas such as consumer goods, healthcare, real estate, and finance. As well as the challenges, there will also be great opportunities for service-oriented companies catering to an aging population.

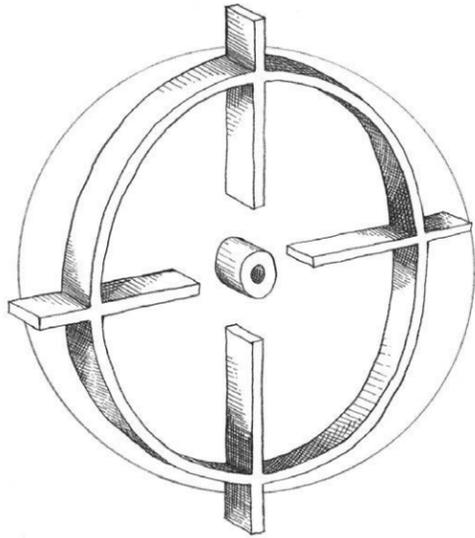
Millennials' Values

Millennials, the generation born between 1980 and 2000, will soon become a key investor group. A change in consumer

behavior can be seen, with a focus on sustainability, clean energy, and influence when investing. These topics are therefore likely to become more important.

 [More on supertrends and investing at credit-suisse.com/thematicinvestment](https://credit-suisse.com/thematicinvestment)

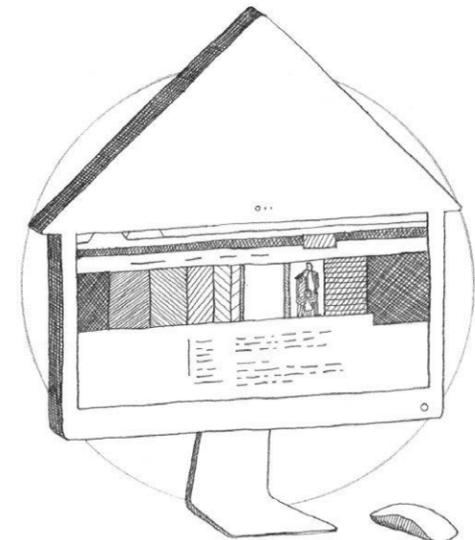




Optimize Your Own Portfolio

The Risk Return Ranking provides a transparent means of optimizing the performance of your personal portfolio. In the investment report, your own investment strategy can be compared with that of Credit Suisse – the “strategic asset allocation” (SAA). A comparison such as this is made based on the same risk appetite and the same reference currency. It shows how closely your own investment strategy corresponds to the relevant SAA. The comparison enables individual actions required for potential investment optimization to be identified.

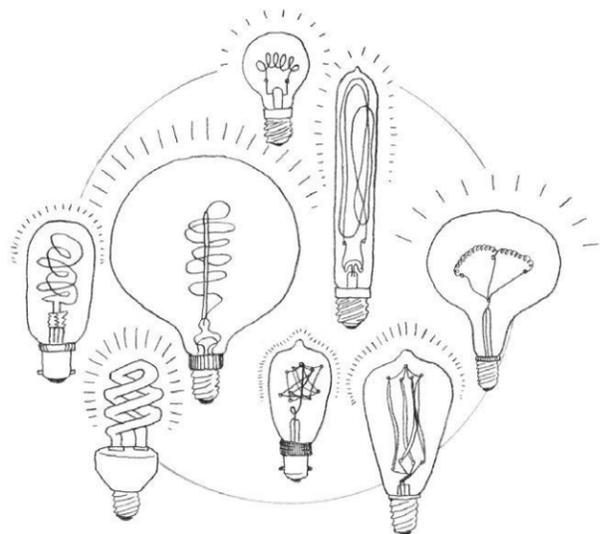
Credit Suisse client advisors will be happy to help if you require any further information.



Manage Mortgages Online

The Credit Suisse online banking service also provides a list of all mortgages – including contractual details such as the current interest rate, the term, and the agreed credit volume. You can contact Credit Suisse advisors directly from the online banking portal to receive assistance with mortgage-related queries. Mortgages can also be extended quickly and easily, with just a few clicks.

 [Find out more at credit-suisse.com/mortgages](https://credit-suisse.com/mortgages)



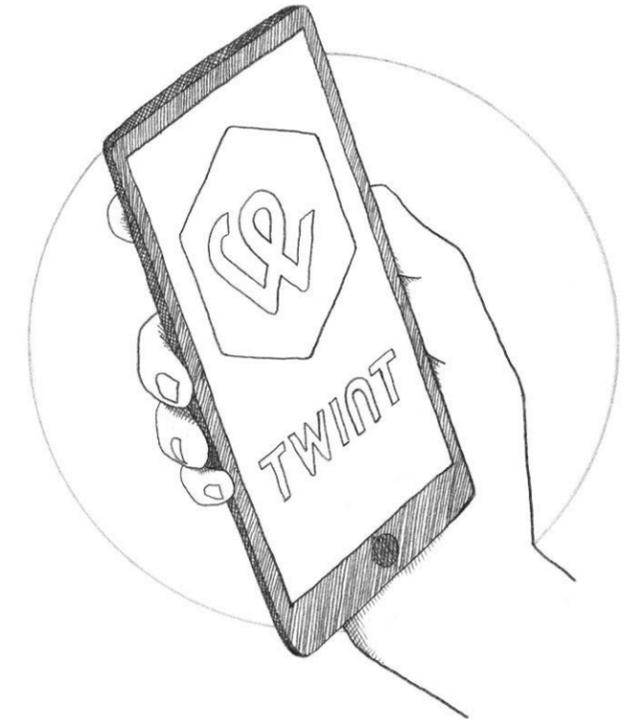
Diversity at Board of Director Level

For the last ten years, GetDiversity has been working to increase diversity on Swiss boards of directors. The initiative's network is made up of highly experienced women in management positions. Diversity helps companies to better address issues and handle topics for the next generation. Credit Suisse supports this initiative and is the main sponsor of the annual GetDiversity event once again this year. The motto for the anniversary event is “The next generation – broadening perspectives.” It presents young people and new concepts that will gain in importance in the future.

 [Find out more about GetDiversity at getdiversity.ch](https://getdiversity.ch)

Paying with TWINT

TWINT is Switzerland's new digital payment solution. The app allows you to make payments quickly and easily using your smartphone. Security was the number one priority when developing the app.



Make convenient payments using a smartphone – at the checkout, in online stores, or when transferring money to friends. With Credit Suisse TWINT, Credit Suisse clients now have the option of making payments via smartphone. Credit Suisse TWINT runs on all common Android and iOS smartphones and is available from the respective app stores. This new payment method is not only convenient, it is also secure. Simon Uhde, TWINT's Chief Technology Officer, has the answers when it comes to security.

If I lose my phone will I also lose my money?

Simon Uhde: No, absolutely not. TWINT is just as secure as online banking. Money is not stored directly on your smartphone and the app is also protected by a PIN.

How do I keep track of my transactions?

All payments and transfers can be tracked in real time. The direct connection to your Credit Suisse account ensures that you always have an overview and control of all transactions. Your account balance is therefore always up to date.

How well is my personal data protected?

Unlike other mobile payment providers from abroad, TWINT stores all data in a secure location in Switzerland. Your data enjoys the same level of protection as a bank server. These measures are also reviewed on a regular basis by external, independent experts.

Who has access to my data?

Only you and your bank. TWINT never shares your personal information with third parties. We only use your usage data and profile information to provide you with offers tailored to your interests, and even then only if you give your express consent via an additional function. You can deactivate this function again at any time.

Why does TWINT need access to my contacts and the camera?

TWINT needs access to the smartphone camera in order to attach photos when transferring money and to scan QR codes for fast payments. Access to your stored contacts is required so that the recipient's name can easily be selected when making a transfer.

 [Learn more and download now! Click here to go to Credit Suisse TWINT: twint.ch/credit-suisse](https://twint.ch/credit-suisse)

Score Points with Bonviva

The Bonviva Banking Packages offer the right solutions for all your banking needs when it comes to paying and saving. Every time they make a payment using their credit card, Bonviva clients collect valuable points which they can redeem to obtain attractive items from the Bonviva Rewards Shop. The rewards available include a wide selection of goods and vouchers. Bonviva points can also be used to make a donation to a good cause or they can be exchanged for air miles from SWISS Miles & More for your next trip. We offer rewards to suit everyone.

Not a Bonviva Client Yet?

Our advisors will be happy to help during office hours at: 0844 000 880. Further information on Bonviva Banking Packages can be found at: credit-suisse.com/mybonviva

Pleasingly Elegant Designs

Fall is just around the corner, bringing time for quiet enjoyment. Perfect for Bonviva rewards: High-quality wood production provides a special touch.



HOUSE OF MARLEY record-player
Made from sustainable materials, with a retro look
43,810 points R/007076



PLANTWEAR watch "Sierra Maple"
Made from maple
18,920 points R/007078



VICTORINOX pocket knife
Evolution Wood, with 13 tools
8,790 points R/007080



TROBLA wooden amplifier
Hand-crafted acoustics, no electronics
14,650 points R/007082



LEGNOART special cheese-knife set
Knives for hard, semi-hard and soft cheese
20,210 points R/007084



LEGNOART wall rack for wine bottles
Holds 10 bottles
12,450 points R/007086



RITUALS ladies' fragrance
"Fleurs de l'Himalaya"
7,960 points R/007088



RITUALS gentlemen's fragrance
"Roi d'Orient"
7,960 points R/007090



WOODCESSORIES wooden case for iPad Air
Elegant protection made from wood and metal
14,650 points R/007092



CARAN D'ACHE wooden pencil case with four pencils
Each with a palladium-coated brass trinket
32,920 points R/007072



WOODEN AMSTERDAM world map
Made from sustainably produced maple
14,520 points R/007074



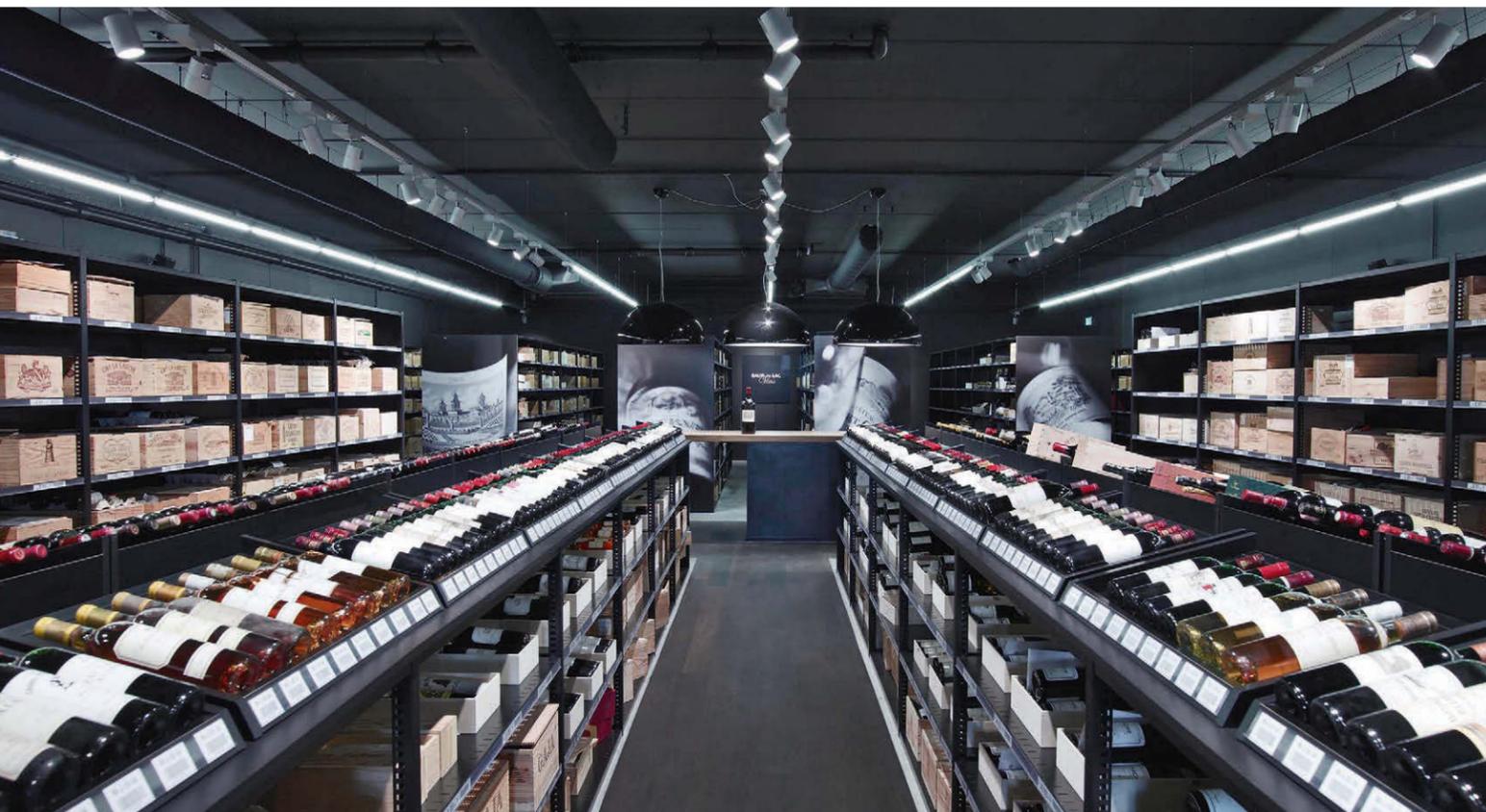
WOODCESSORIES docking station
Made from recycled ship timber
13,180 points R/007094



WOODCESSORIES wooden case
Hand-crafted protection for iPhone 7
8,790 points R/007096



WOODCESSORIES wooden stand for MacBook
Ergonomics for the perfect working height
20,510 points R/007098



Premium Wines for Every Budget

Like the hotel of the same name, Baur au Lac Vins is synonymous with luxury. But quality does not have to be expensive. The wine trader relies on a good price-performance ratio and a production process using methods that are as natural as possible.

The Baur au Lac is one of Switzerland's most famous hotels. What is less well known is that the building on the shores of Lake Zurich has been involved in the wine trade right from its construction in 1844. The company was a pioneer in the sale of Burgundy and Bordeaux in Switzerland. In those days, the fine wines were stored in barrels in the hotel cellar and decanted into bottles. Baur au Lac Vins remains part of the family business and sells over 3,000 wines and premium spirits in its wine shops, from around 400 mainly European wine growers and producers.

Careful Product Selection

The range has grown steadily over the past 173 years. The demand for excellent wines and exclusive wine experiences remains as high as ever, and this is the basis for the company's business concept. Baur au Lac Vins is a premium wine trader – but that is not to say that its wines are always expensive. "Even a Rioja that costs 17 Swiss francs can be a premium wine if the quality meets our requirements," says Director Stephan Radloff. He explains that the claim of "true value" does not refer to the price, but rather to a good price-performance ratio.

The level of performance that is required is shown by the acceptance rate during tastings, which is 1 to 2 percent. In other words, out of every hundred new wines tested by the purchasing team, only one or two make it into the Baur au Lac Vins product range. A handful of new vineyards are added each year – more than in the past. "This increased impetus is in line with changes in consumer behavior," says Radloff. "Wine lovers these days are more adventurous." And more demanding: While the consumption of wine has been falling for years, customers are more willing to purchase high-quality products. "The Swiss prefer to drink less, but to enjoy a better wine."

For example, sparkling wine from West Sussex in England – not exactly what comes to mind when you think of a landscape of vines. "England will be interesting in the long term," predicts Radloff, "as climate change is improving growing conditions." What's more, the chalk soil found there is just as good as in Champagne. English wines are now being bought not only by expats, but also by innovative bar owners.

Swissness at the Vineyard of the Year

And what is being grown locally? In the superior quality segment, local wines have seen "extremely positive development," enthuses Radloff. However, due to high land prices and the work involved in managing the many slopes, Switzerland is not competitive when it comes to everyday wines. The limited land available for cultivation in this country also means that the best wines are only available in small quantities. However, "Swissness" can also be found in foreign wines. For example, in those from Villa Caviciana in the Italian region of Lazio, where a Swiss operator is responsible for the vines and wine. Baur au Lac Vins has chosen the organic-certified business on Lake Bolsena as its vineyard of the year for 2017/18. "We use this award to highlight exceptional vineyards and share their success story," explains Radloff. Villa Caviciana has been particularly focused on its organic direction, planting vines on previously uncultivated land, including native varieties, which are picked by hand and carefully vinified.

Organic Stands for Quality

Baur au Lac Vins generally prefers wines that are grown and produced organically or biodynamically. "Thanks to a natural and resource-sustaining approach, these wonderful locations should also be available for generations to come," says Radloff, explaining his sustainability concept. The presence of an organic label is not that important because at Baur au Lac Vins, organic is chosen not for promotional reasons, but for quality assurance.

For Baur au Lac Vins, most of its sales come from hotels and the food service industry. It goes without saying that the wine menus in the restaurants of the Hotel Baur au Lac are, with a few exceptions, made up of a selection of wines from Baur au Lac Vins. Many diners in the restaurant also pay a visit to the wine shops. The hotel and wine shops hold joint events such as the Fresh Caviar Night or the Rive Gauche Summer Party, so Baur au Lac Vins benefits from its famous parent company – and vice versa.



Vineyard of the year, organic wine from a Swiss operator
Villa Caviciana, Lazio, Italy, 75 cl
 1 bottle of Letizia IGT (Cabernet Franc, Cabernet Sauvignon, Merlot)
 1 bottle of Faustina IGT (Sangiovese, Tannat)
15,060 points R/007100



For Swiss wine lovers
 2 bottles of Merlot Due Amici, Guido Brivio, Ticino, 75 cl
12,060 points R/007102



García Figuro, Ribera del Duero, Spain, 75 cl
 1 bottle of Figuro Roble 4 (Tempranillo)
 1 bottle of Figuro Crianza 12 (Tempranillo)
9,880 points R/007104

A Colorful Office



CARAN D'ACHE electric pencil-sharpener
For pencils up to 12 mm in diameter
14,520 points R/007106



CARAN D'ACHE ballpoint pen
The classically elegant writing instrument
55,660 points (with payment option) R/007108

How to Collect Bonviva Points:

- Make day-to-day payments using your Bonviva credit card – even for tiny amounts!
- The more exclusive your Bonviva package, the more points you will accrue. You can collect the most points with the Bonviva American Express® Card: up to two points per Swiss franc spent.
- When you register for our Newsletter, you receive a one-off credit of 1,000 extra points.

How to Redeem Bonviva Points:

Just order the rewards you want online at:
credit-suisse.com/mybonviva.
Log in using your Online Banking password.

Don't have access to Online Banking yet? Order it here:
credit-suisse.com/onlinebanking.



LEITMOTIV Hobby desk lamp
In vibrant jungle green
5,860 points R/007110



BRABANTIA 20-liter waste bin
An eye-catching feature for waste disposal
16,040 points R/007112



LEXON desk set
Keeps the desk tidy
7,320 points R/007114



LEXON Tykho speaker
Surface made of colorful elastomer rubber
11,590 points R/007116

Not a Bonviva Client Yet?

Our advisors will be happy to help during office hours at: 0844 000 880.



printed in
switzerland



Publishing Details

Published by: Credit Suisse (Switzerland) Ltd., SVMS 11, P.O. Box 2, 8070 Zurich **Project management:** Bettina Dubs (lead), Martina Leberz, Christa Schwarz, Daniel Studer **Design/editing:** Primafila AG, Zurich **Translations:** Credit Suisse Language & Translation Services **Pre-press:** n c ag, Urdorf **Printing:** Stämpfli AG, Bern

The disclaimer applies to all pages of the magazine. "The information provided herein (the 'Information') was produced by Credit Suisse Group AG and/or its affiliates (hereafter 'CS') with the greatest of care and to the best of its knowledge and belief. The Information is not investment advice or otherwise based on a consideration of the personal circumstances of the addressee. The Information is not legally binding and does not constitute an offer or invitation to enter into a financial transaction. CS does not accept any liability for the use of the Information (i.e. for losses resulting from misunderstanding or from other circumstances). Neither the Information nor copies of it may be sent to, taken into, or distributed in the United States or to any US person (within the meaning of Regulation S of the US Securities Act of 1933, as amended). The Information may not be reproduced, either in part or in full, without the written permission of CS. Investments in foreign currencies may involve the additional risk that the foreign currency may lose value against the investor's reference currency. Equities may be subject to market forces, and hence fluctuations in value that are not entirely predictable. Copyright © 2017 Credit Suisse Group AG and/or its affiliates. All rights reserved."