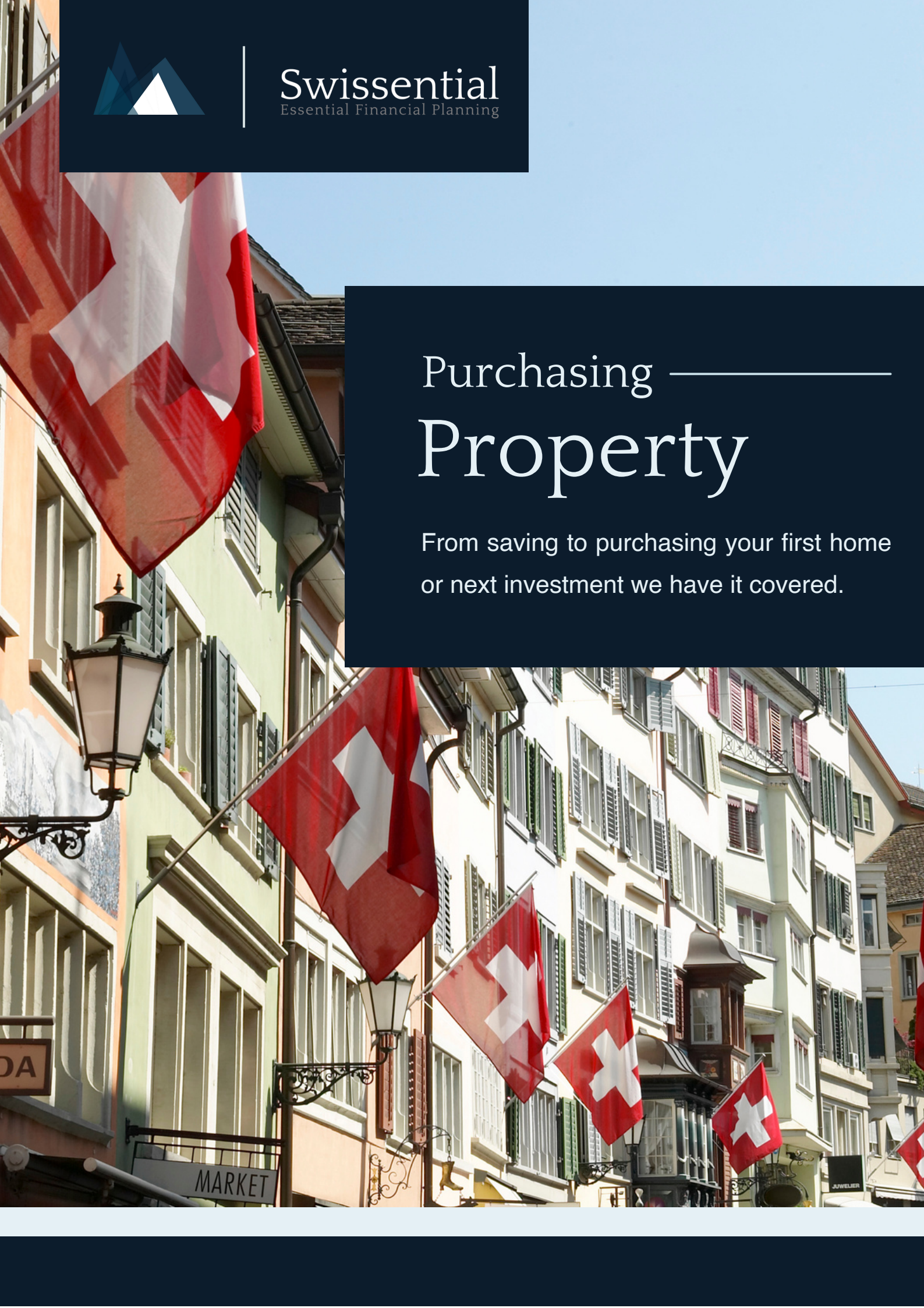




Swissential
Essential Financial Planning

Purchasing Property

From saving to purchasing your first home
or next investment we have it covered.



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About Us

We would like to take this opportunity to introduce ourselves as Swissential, a premier financial services and intermediary company based in Switzerland. We are thrilled to provide you with our comprehensive range of financial solutions and services.

At Swissential, we pride ourselves on offering customized financial solutions that cater to your specific needs and preferences. Whether you are an individual or a business, we are committed to helping you achieve your financial goals by providing expert advice and tailored solutions.

~ Swissential Team



Introduction

From saving to purchasing your first home, or next investment property we have it covered. As Financial Planners for property purchases in or out of Switzerland, our role is to:

- Determine your budget and set a savings goal for your down payment, taking into account the high cost of real estate in Switzerland.
- Research the different financing options available to you, such as mortgage rates and loan terms, and compare them to find the best fit for your financial situation.
- Consider the additional costs associated with purchasing a property in Switzerland, including closing costs, property taxes, and other fees, and factor them into your budget.
- Assess the mortgage repayment methods available including indirect amortization via the third pillar, ensuring you can pay off the mortgage debt efficiently and in line with your time frame expectations.
- Explore the different types of insurance available, such as life insurance or incapacity insurance, and determine the coverage that is best suited to your needs.

Welcome to our guide on purchasing property in Switzerland. This guide aims to provide an overview of important considerations for making a successful property purchase, including determining your budget and savings goal, researching financing options, factoring in additional costs, improving your borrowing affordability, and evaluating property insurance. For those interested in property in another country or already have property elsewhere please get in touch with us to schedule a no-obligation meeting for any questions as each country has its procedures. While we hope this guide is informative, we recommend speaking to a qualified financial planner to receive the most accurate information and tailored advice for your circumstances.



What is the minimum deposit required to purchase property in Switzerland, and how can I save up for it?

In Switzerland, the minimum down payment required to purchase property is generally around 20% of the purchase price, although this can vary depending on the lender and the location of the property.



To save up for a deposit, there are several steps you can take:

1. Determine how much you need to save: Calculate 20% of the purchase price of the property you want to buy. This will give you the minimum deposit required.
2. Create a budget: Analyze your income and expenses to determine how much money you can save each month. Look for areas where you can cut back on expenses to increase your savings.
3. Open a dedicated savings account: Open a separate savings account specifically for your deposit savings. This will help you keep track of your progress and avoid using the money for other expenses.
4. Automate your savings: Set up automatic transfers from your current account to your savings account each month. This will ensure that you are consistently saving money towards your goal.
5. Consider additional sources of income: Look for ways to increase your income, such as taking on a part-time job or freelancing.
6. Be patient and consistent: Saving for a deposit can take time, so it's important to stay committed to your goal and stick to your budget.
7. Consult with a financial planner: A financial planner can help you create a personalized plan for saving for a deposit and provide guidance on investment options that can help you reach your goal faster.

Remember, the minimum deposit is just one of the costs associated with buying a property in Switzerland. You will also need to budget for other expenses such as closing costs, property taxes, and ongoing maintenance costs. Consulting with one of our qualified financial planners could help determine more accurate costs applicable to you based on your personal circumstances.

What additional or hidden costs should I expect when purchasing property in Switzerland, and how can I ensure that I am financially prepared for them?

When purchasing property in Switzerland, in addition to the deposit, there are several other costs that you should be aware of. These costs can include:

1. **Closing Costs:** These are costs associated with the transfer of ownership of the property and can include fees for notary services, land registry fees, property transfer taxes, and real estate agent commissions. Closing costs in Switzerland can range from 2% to 5% of the purchase price.
2. **Property Purchase Taxes:** Property taxes in Switzerland can vary by canton and municipality, but they are generally based on the property's market value. It's important to research the property tax rates in the area where you are considering buying a property to ensure that you are financially prepared for this ongoing expense.
3. **Maintenance and Repair Costs:** As a property owner, you are responsible for ongoing maintenance and repairs. It's important to budget for these expenses, which can include things like routine maintenance, repairs, and replacements of appliances, and other components of the property.
4. **Property Tax Declaration:** When owning a property in Switzerland, the fiscal value of the property is declared as part of your Wealth, this is typically valued at 70-80% of the property purchase price depending on the canton of your residence. In addition, any property that you own has a fictitious rental value and this value is added to your income and taxed at your marginal rate of tax. However, you can offset any interest paid on mortgage debt against your income tax liability and you can also reduce your income tax liability by deducting maintenance costs. Understanding the income tax you pay and how a property purchase will impact this is essential planning.

To ensure that you are financially prepared for these additional costs, it's important to do your research and create a comprehensive budget that includes all of the expenses associated with purchasing and owning a property in Switzerland. This will help you avoid any unexpected financial surprises and ensure that you are able to comfortably afford your new home. Working with a financial planner or real estate agent who has experience working in the Swiss market can also be helpful in understanding the additional costs associated with purchasing a property in Switzerland and ensuring that you are financially prepared for them.

What financing options are available to me, and how can I determine which option is best for my financial affairs and lifestyle?

There are several financing options available to you when purchasing property in Switzerland. Here are some of the most common options:

1. **Mortgage Loans:** A mortgage loan is a loan that is secured by the property you are purchasing. In Switzerland, most mortgages are taken out with a fixed interest rate, which means that your monthly mortgage payments will remain the same over the life of the loan. There are also adjustable-rate mortgages available, which have a variable interest rate that can change over time.
2. **Home Equity Loans:** A home equity loan is a type of loan that allows you to borrow against the equity in your property. This can be a good option if you need to make renovations or repairs to your property.
3. **Personal Loans:** Personal loans are unsecured loans that can be used for any purpose, including purchasing property. However, personal loans typically have higher interest rates than mortgage loans and may not be the best option for financing a property purchase.
4. **Savings or Cash:** If you have enough savings or cash on hand, you can use this money to purchase a property outright without taking out a loan.



What financing options are available to me, and how can I determine which option is best for my financial affairs and lifestyle?

When determining which financing option is best for your financial affairs and lifestyle, it's important to consider several factors, including:

1. **Your Credit Score and Financial History:** Lenders will consider your credit score and financial history when determining whether to approve you for a loan and what interest rate to offer you.
2. **Your Income and Debt-to-Income Ratio:** Lenders will also consider your income and debt-to-income ratio when determining how much you can afford to borrow.
3. **The Interest Rate and Loan Term:** The interest rate and loan term will impact your monthly mortgage payments and the overall cost of the loan.
4. **Your Short-term and Long-term Financial Goals:** It's important to consider your short-term and long-term financial goals when determining which financing option is best for you. For example, if you want to pay off your mortgage quickly and save on interest, a shorter loan term with a higher monthly payment may be the best option for you.

It's also a good idea to speak with a financial advisor or mortgage broker to get a better understanding of your options and what financing option is best suited for your needs and financial situation. They can provide you with valuable information and guidance to help you make an informed decision about financing your property purchase.





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THANK YOU

for downloading our guide. We'd love to hear your feedback and see how we could further assist with any of your questions & circumstances.



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