



The grass in Switzerland may be greener but it needs constant watering

Switzerland is a great place to live and do business in, and has a wealth of obvious attractions for people who decide to move there in order to further their careers or simply experience living in a different country. Many people go to live there and eventually decide to make it their permanent home, whereas some people may use it as a transitory experience en route to other locations. One thing is indisputable, it is a haven for many tens of thousands of high level international professionals who have opportunities galore due to the number of large companies, corporations and organisations who site their headquarters there.

Recent research conducted by the Expat Survey (a unique and detailed survey into all aspects of expat life www.theexpatsurvey.com) and also HSBC's published survey into expat living reveals that Switzerland is the number one location to choose when it comes to working away from your country of origin.

No surprise there as there are obvious plus points – quality of life, a wide spectrum of career opportunities, a cosmopolitan environment and being situated right in the heart of Europe to name but a few.

However as a result of all this activity and popularity as a destination, this relatively small country is certainly not a cheap place to live and set up home. Although the average expat salary is higher than in many other global locations, prudent planning is needed in order to meet the high living costs, in particular housing and activities such as eating and drinking in restaurants. And if aiming to retire there it is very necessary to think ahead in order to address the financial needs that inevitably will have to be met so that a comfortable lifestyle can be enjoyed when work comes to an end.

Over the course of the last century, Switzerland's population structure has undergone an enduring transformation due to a decline in birth and mortality rates as well as major immigration waves during the second half of the 20th century. This is due to the fact that the country has attracted a wealth of large blue chip companies, NGOs and other organisations which have chosen to site their international bases there, and they all need large workforces which cannot be supplied solely via the Swiss population.

The figures available from the Swiss Federal Statistics Office and other sources tell their own story. There is a wealth of data available relating to demographic and economic trends, regarding Swiss and non-Swiss nationals, and some of the key points are included within this article.

Population by nationality

In terms of nationality, there are workers from all corners of the world residing in Switzerland, however Europeans top the list for obvious reasons. 85% of Switzerland's foreign permanent resident population are of European origin, although the proportion of non-European nationals has doubled since 1980 to reach 15% today.

There are now 43,000 UK nationals living in the country, and other nationalities with larger volumes include Italy with 300,000, Germany with 292,000, Portugal with 253,000, and France with 110,000. These three are the groups showing the highest population increases in Switzerland over a 30 year period; those arriving from Africa, the USA, Asia and Australasia have also multiplied although from a much smaller base. In total over this time, the permanent foreign resident population in 1980 was 913,500, and it more than doubled to 1.94 million by the end of 2013.

With the total foreign resident population heading towards 2 million, out of a total universe of nearly 8.2 million people, Switzerland is a country where expat living has become very much the norm.

Employment levels

Another interesting statistic is the amount of people who are employed in Switzerland – 4.9 million as at the end of 2013, which is an increase of 1.8% on the previous year. This is set against the employed population in the European Union and the eurozone which decreased year-on-year by -0.1% and -0.5% respectively.

In terms of workers' nationality, the number of foreign workers over the same period grew more significantly than the number of Swiss born workers (+3.7% to 1.44 million compared with +1.1% to 3.46 million). This again shows that there is a very vibrant business and enterprise community, with companies attracting skilled professionals from all corners of the globe in order to maintain competitiveness and draw from the widest talent pool available. Indeed, all of the large multi-national companies employ swathes of HR experts whose role it is to hunt for and retain the best people the world over, and they are paid suitably well for doing the job.

Living conditions

Living conditions in Switzerland are still amongst the best in the world, according to official statistics. Disposable annual income here is the 3rd highest in Europe at 23K euros, behind Luxembourg (26.7K euros) and Norway (24.2K euros)*. This is 4 times higher than that of countries such as Romania and Bulgaria and twice as much as Greece.

Salaries are also higher for non Swiss professionals when averaged across total survey numbers, up to the point of the lowest managerial level where they become slightly lower. Figures for the end of 2012 suggest an average monthly salary of CHF 11,250 for the top, upper and middle level of management for foreigners, as opposed to CHF 9,683 for Swiss people; for lower management the figures are CHF 8,314 for foreigners and CHF 7,884 for the Swiss. **

Published results from the Survey on Income and Living Conditions (SILC) also highlight the great differences that exist between European

countries. In the new member countries of the European Union, such as Bulgaria, Hungary and Romania, more than one in five people cannot afford to eat a proper meal at least every other day. This is also the case for 8% of the Euro zone population as a whole compared with less than 2% in Switzerland, the lowest of any European country.

Residency status

The annual number of new Swiss citizens grew in the 1990s but since 2007 continuously decreases. In 1990, 8658 foreign citizens were naturalized, in 2006 their number reached 46,711 but in 2013 only 34,061 people acquired a Swiss passport. Nearly half of them (44.5%) were under 30. 2 out of 100 foreigners living in Switzerland were granted Swiss citizenship in 2013. This is a relatively small percentage compared to other countries.

The ageing population and retirement

The ageing of the population continues from year to year. In 2013, the proportion of people 65 or older of the total population grew to 17.6%. There are even 1495 people who are 100 years or older.

There are also now more economically active people over the age of 65 than 10 years ago – in 2003 there were 28.4 out of every 100 employed people, by the end of 2013 this figure had increased to 31.3 out of every 100.

As is the case in many countries, life expectancy at birth in Switzerland rose significantly during the 20th century and is currently one of the highest in the world. It has almost doubled since 1900: from 46.2 to 80.5 years for men and from 48.8 to 84.8 years for women. Nevertheless a gradual slowing-down of this trend can be observed. The difference between the two sexes has been decreasing for years and in 2013 was 4.3 years.

In terms of numbers of people retiring in Switzerland, there is a large gap between the numbers of Swiss and non Swiss retirees in the population. In 2013 the number of non Swiss retirees was just over 151,000 people, equating to 7.8% of the total non Swiss population, whereas the figure for Swiss retirees was nearly 1.3 million, equivalent to 20.7% of the total Swiss population. There is a stark contrast also between the numbers of working age nationals and non nationals which highlights the differences further. In 2013 the working age population of non Swiss people (aged 20 – 64) was 71.7% of the total non Swiss population, whereas the same age group amongst Swiss people was only 59%.

This clearly demonstrates that whilst there are large numbers of people moving to Switzerland in order to work and carve out a career, it is not the same story when it comes to retiring there.

This is also supported by the findings of the Expat Survey, which showed that out of the 32.1% interviewed in the 2013 survey that say they are considering leaving Switzerland or know they will have to leave, 66.7% say categorically that they can't afford to stay there.

Now affordability may not always be the reason for wanting to leave at aged 65, however from the same survey the amount of positive reasons cited for wanting to move to Switzerland and the quality of life being enjoyed there, it would seem to suggest that finances have a lot to do with the decision making, and were it not for the fact that a large retirement income is needed in order to stay there many people would not have moved or be planning to move away.

Is this an avoidable problem? We think so

A large amount of our clients have already retired or are planning to retire and stay in Switzerland, and have benefited from the financial advice they have been given which allows them to successfully plan a fulfilling and prosperous retirement well ahead of time.

By enabling our clients to understand how to make their money work as hard as possible, and utilise structures which are only available to expats, we can help them to navigate their way through the complex world of international financial planning. Many people do not know how to utilise these vehicles to best advantage, and many do not know these options exist at all before they talk to us, as specialist skills are needed to successfully benefit from what is a complex area of financial involvement.

Most people have an understanding of pensions and many will have provision either via their work or through a private pension, however there are additional vehicles which can be utilised in order to maximise retirement income which are also tax-efficient and produce excellent returns over the medium to long term.

Unfortunately a lot of people tend to keep their excess cash mounting up in bank accounts earning very little interest when it could be put to work in a variety of ways, to produce a superior return, and pay for life's extra expenses such as holidays, school fees, a bit more luxury in retirement or whatever it may be.

Anyone with a UK pension who is not returning to the UK can also utilise a QROPS (Qualified Recognised Overseas Pension Scheme), which put simply is a way of transferring a UK pension into an offshore jurisdiction in order to obtain better returns, pay less tax, have more control, and allow heirs to inherit. Again this is a complex area, however any financial advisor specialising in international clients (such as Churchill & Partners) will be able to advise you.

So for anyone who is either contemplating moving to Switzerland to work, or is already living and working there, getting the right financial advice is imperative when it comes to planning ahead – even for people in their early careers in their 20s and 30s. One of the many advantages of the types of investment options mentioned above is that they are fully portable, so that wherever in the world a person chooses to work, it does not mean re-inventing the wheel each time when it comes to personal finances.

It is worth giving this serious thought when considering moving abroad, so talking to your financial advisor at the earliest opportunity is one of the most important things to factor into your plans.

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Notes for Editors:

Churchill & Partners is an independent, well-established international financial consultancy providing powerful, relevant and enduring financial advice for expatriates working globally. We specialise in offshore investment solutions for expat clients looking to maximise returns and plan their retirement in the most effective way possible. We have a particular focus on expats of all nationalities residing in Switzerland, and provide impartial, holistic advice in a confidential environment.

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**Source: EU-SILC2011, Eurostat (version 15.04.2013)*

***Source: Swiss Federal Statistical Office, Swiss Earnings Structure Survey*

Also The Expat Survey 2013 www.theexpatsurvey.com