

Obstacles thwart City high-fliers seeking Swiss sanctuary

[Print](#)

By Haig Simonian in Zurich and Richard Milne in Geneva
Published: July 2 2010 03:00 | Last updated: July 2 2010 03:00

European Union plans for tough rules on bankers' bonuses could enhance Switzerland's appeal as a haven from high taxes and spiralling regulation in financial services.

The EU legislation follows this week's news that Alan Howard, one of the most successful hedge fund managers and a Conservative party donor, is moving to Geneva. The founder of Brevan Howard Asset Management, Europe's largest hedge fund, moved to its newly opened Geneva office in June. Earlier this year, BlueCrest Capital, a \$19bn (£13bn) fund manager founded by former JPMorgan traders Michael Platt and William Reeves, also opened in the Swiss city.

There are no figures on departures from the UK. But there are undeniable signs that more UK residents - largely, but not exclusively from the City - are reacting to tax and regulatory changes by moving, with Switzerland a prime destination. Others might follow after last week's Budget, which included a bank levy and changes to capital gains tax.

"We are receiving daily inquiries from companies and individuals thinking of relocating to the Geneva area", says Larry Levene, founder of Alpine Homes, a Switzerland-based property group. Accelerating activity has prompted Mr Levene to diversify from ski chalets to permanent moves. After opening a Geneva office, he has expanded to Zurich.

Foreign inquiries are not limited to London. "We also see rising interest from people in Paris thanks to the recent planned tax changes in France", says Charles Spierer, head of CGi Immobilier, a Geneva agent.

In the ultra-low-tax canton of Zug, also favoured by Britons, property agents report rising interest, with inquiries coming from rich individuals and companies planning executive moves. "I had a British couple, both in their mid 30s, with a young daughter and nanny, previously living in central London", says Peter Auf der Maur, a Zug based relocation agent. "Both were in private equity and said they were moving for tax reasons and quality of life."

Switzerland's appeal lies in its stability and quality of life, along with tax deals offered by cantons to rich foreigners, whereby newcomers negotiate a lump sum annual payment, provided they do not work in Switzerland. But the idea of the small alpine country offering an easy refuge for tax exiles is tempered by reality. To anyone predicting a mass influx of private equity and hedge fund types, local bankers and expatriates have two warnings: houses and schools.

"The real downside is that anyone relocating from abroad will think: 'we will find a house and school quickly'. Well, think again," says Robert Harris, a financial adviser to expatriates at Forth Capital in Geneva. "[Available] property is almost non-existent and waiting lists for international schools are as long as your arm."

Mr Spierer says: "On the rental market, there are 22 people for every apartment. Things are a little better for purchase but remain difficult." The shortage of property in Geneva, Zug and Zurich, is why agents caution against claims that UK finance professionals are flocking to Switzerland.

"You might see the odd person coming over and hedge funds setting up offices. But whole units or lots of people - I don't think so," says the head of a Geneva private bank.

Schools are a big drawback. Before the financial crisis, demand had put places in international schools at a premium. Most had waiting lists, with priority often given to multinationals that supplied the bulk of pupils and sponsorship. The situation has eased as companies have pared benefits, while supply has improved. But demand for international schools remains high, especially given the vagaries of the Swiss public sector system, which suffers from changing schedules and long lunchbreaks that make it near impossible for child carers to work.

Mr Harris says it all adds up to a conflict for anyone thinking of moving to Switzerland. "Once you're here and looking at Mont Blanc you think: 'Why would anyone want to live in the UK?' But if Switzerland really wants to attract people it needs to do something about the bottlenecks."

Market insight, Page 32 Videos, graphic and reports, www.ft.com/bankbonuses

Copyright The Financial Times Limited 2010. Print a single copy of this article for personal use. [Contact us](#) if you wish to print more to distribute to others.