

**#HowToManageMyMoney?**

All of the tips and advice you need to easily manage your budget and optimise your savings!

58%

of Luxembourg residents  
like to plan and prepare for the future<sup>1</sup>

Find all annotations at the end of the document.

## Why should you manage your money from day to day?



To be financially  
**independent**



To be able to handle **emergency**  
or **unexpected expenses**

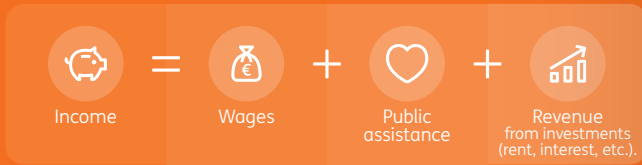


To carry out short- or long-term **plans**:  
paying for a **kitchen** renovation, paying for  
a nice **trip**, or preparing for **property goal**



Where should you start?

## Calculate your income



Be careful when your income is irregular...  
Don't be too optimistic when calculating your income.

## Calculate your expenses



So, you want to add up all of your regular expenses.

### Tip?

To avoid spending the money you need for your recurring expenses, set up permanent money transfers or automatic withdrawals for when your pay hits your account.

## Your turn!

Visit your banking app to see your monthly income and expenses so that you can calculate your current budget:



Income	Monthly total	Expenses	Monthly total
Wages	€ .....	Mortgage payment	€ .....
Rental income	€ .....	TV/phone/internet	€ .....
Family allowance	€ .....	Gas/electric	€ .....
.....	€ .....	Groceries	€ .....
.....	€ .....	Petrol...	€ .....
<b>TOTAL income</b>	<b>€ .....</b>	<b>TOTAL expenses</b>	<b>€ .....</b>

Don't forget to add in your non-monthly expenses: insurance, car expenses, taxes, gifts, holidays, etc.

**The difference between your income and your expenses is the amount you can save.**

## A little rule of thumb

To help you make your budget, keep in mind this simple breakdown:



- 40%** for fixed expenses (housing, transport, taxes, insurance)
  - 30%** for variable expenses (food, healthcare, clothing)
  - 10%** for annual expenses (birthdays, Christmas)
  - 10%** for savings
- and don't forget, **10%** for fun!

# What should you do when your **expenses** are greater than your **income**?

It's time to find new sources of income or reduce your expenses.



Check your **subscriptions**: magazines, newspapers, music or video streaming services, etc. Are you really using them?



Contact your phone/TV/internet **provider**: does your plan fit your actual needs? Do you need so much data? So many TV channels?



Be careful with your **energy expenses**: avoid unnecessary heating, turn off lights and shut off taps as much as possible.



Consider **carpooling**, **public transport** (free in Luxembourg), or **cycling** to get to work and save on your petrol and parking expenses.

## A little experiment to try

Keep all of your **receipts** in an envelope and at the end of the month, review all of your expenses, rating each one according to how much it matters to you. Perhaps you can eliminate certain expenses and/or reduce the amounts of others. The goal is not to deprive yourself, but rather to build a solid, consistent budget and to evaluate as accurately as possible your ability to save by taking into account your discretionary spending.

## Tip?

A tip for avoiding temptations: plan your expenses in advance and create a daily or weekly budget.



→ Take a look at the article “Be your own choice architect: see your savings grow” from My Money

**46%** of Luxembourg residents say that they have no problem resisting the urge to spend<sup>2</sup>

Is your income greater than your expenses?  
**Bravo** you have money to save.





Now what?

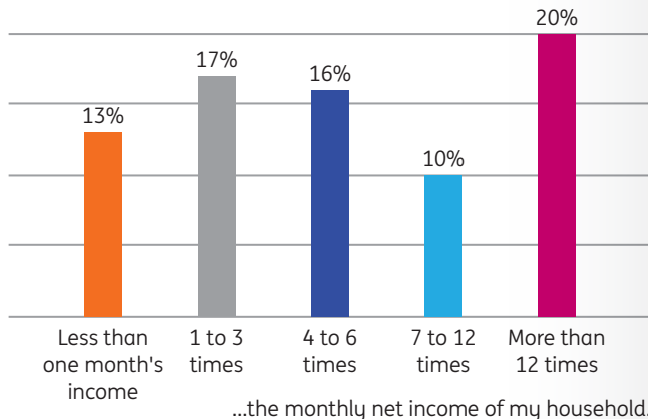
# Gradually build up your “rainy day” fund

In general, it should represent about **three to six months of wages**. Set this money aside in a risk-free savings account to be immediately available in case of need. Most importantly, only use it in a time of hardship.

## Examples of unexpected expenses:

- Your refrigerator breaks down, your roof springs a leak,
- Your water heater has to be replaced earlier than expected,
- Loss of income, etc.

## What savings do Luxembourg households have available?<sup>3</sup>



Remaining percentage to 100 - "I don't know"

# Set your saving goals

## Why do you want to save?

- To pay for a kitchen renovation
- To go on a trip
- To prepare for a property goal
- To prepare for retirement
- To plan for my children's future
- Etc.

## What amount do you need?

Estimate how much you will need to set aside to achieve your goal.



Make sure to take into account the rise in prices over time. If you're saving €15,000 for a kitchen renovation, don't forget that in five years it may cost €15,500 or €16,000.

## When will you need these savings?

A good question to ask: will I have enough to pay for my children's studies in 10 years with the amount that I add to my savings account each month and the current savings interest rate?

Did you know that **42%** of Luxembourg residents say that they won't have enough savings to make that money last for the rest of their lives?<sup>4</sup>

## A few tips for saving effectively:



Instead of deciding how much to save at the end of each month, **set up a permanent order** for transfers from your current account to your savings account as soon as your pay arrives. That way, you will have better visibility of the money you really have available.

You may not realise it, but those savings will add up fast!



In your banking app, **name your different accounts according to your goals.** At the end of the month, if money remains in your current account, transfer it to some of your goal accounts or to your emergency savings account.

You can also increase your savings or your investment automatically.



**What if there's nothing left?** Or if you end the month in the red, even after optimising your expenses?

Perhaps your automatic savings amount is a bit too high.

## What are the **best saving tools** to help you achieve your goals?

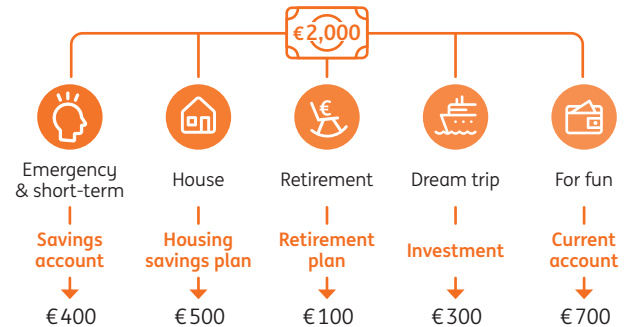
### Let's get specific!

Tom is 25 years old and has just married Anna. They would like to buy a house in 10 years and want to save up for a down payment of €60,000. In the next few years, they'd like to go on a world tour, but the duration of their trip and the number of countries they can visit will depend on their available budget.

<b>Monthly household income</b> (wages)	€7,000
<b>Monthly household expenses</b> (rent, TV, phone, car insurance, groceries, taxes, etc.)	€5,000
<b>Monthly saving capacity</b>	€2,000

### What should they do with those €2,000?

Why not split it across their different goals:





### Emergencies & short-term goals

**Available immediately in case of an emergency** (car needs to be replaced) or for short-term expenses (birthdays, holidays, etc.). To be comfortable, they should save the equivalent of about three months of pay, which for Tom and Anna would be €21,000.



**€400** /month  
to their standard  
savings account.

### House

A **long-term property goal** (e.g. buy, renovate):

- No temptation to use that money set aside for 10 years.
- A portion can even reduce their taxable income!



**€500** /month  
to a housing  
savings plan.

### Retirement

It's hard to think about **retirement** so far in advance...

- Don't worry, depending on the type of retirement plan they choose, they could get a payout of €42,000 when they turn 60!
- No temptation to use that money set aside until age 60.
- A portion can even reduce their taxable income!



**€100** /month  
to a retirement plan.



### Dream trip

Why not take a small portion of their savings and try to make their **dream trip** a reality!

- Funds quickly available.
- Nice potential return in 5 to 10 years.



**€300** /month  
to an investment  
product.

### For fun

Tom and Anna shouldn't forget to keep money in reserve for **outings** with friends or for date nights.



**€700** /month  
to a current  
account.

## Congratulations!

You've just started building your savings.  
Good wealth planning means striking a balance:  
have savings readily available in case of need,  
but also plan for your future needs and  
get the most out of your savings.

**Want to know more?  
Contact us to discuss it.**

Talk to you soon!



# Don't wait to start building up your savings.



+352 44 99 1



26, Place de la Gare  
L-2965 Luxembourg

ING Luxembourg S.A.

R.C.S. Luxembourg B.6041

TVA: LU11082217

BIC: CELLLULL



contactcenter@ing.lu



www.ing.lu



do your thing



<sup>1</sup> Source: ING International Survey 2020

<sup>2</sup> Source: ING International Survey 2020

<sup>3</sup> Source: Study conducted for ING Luxembourg by TNS ILRES, from 27.04.2020 to 04.05.2020

<sup>4</sup> Source: ING International Survey 2020

#### Legal disclaimer

1. The contents of this document have been prepared solely for information purposes and do not constitute an offer, in particular a prospectus or any invitation to treat or to take out any credit mentioned herein or to participate in any commercial strategy. The present information may be subject to change without notice.
2. While particular attention has been paid to the contents of this document, no guarantee, warranty or representation, express or implied, can be given to the accuracy or exhaustiveness thereof. Any information given in this document may be subject to change or update without notice. Neither ING Luxembourg SA nor any other company or entity belonging to the ING Group, nor any of its officers, directors or employees may be held directly or indirectly liable or responsible with respect to the information and/or recommendations of any kind expressed herein.
4. All rights are reserved. This information contained herein may not be copied, reproduced, distributed or passed to any person at any time without the prior written consent of ING Luxembourg SA. Subject to supervision by the Commission de Surveillance du Secteur Financier (CSSF), 283, route d'Arlon, L-2991 Luxembourg, direction@cssf.lu, tel. + 352 26 25 11.



Interested in **financial investing**,  
but you're not sure where to start?



Ask us for our guide  
**#HowToEarnMore**



do your thing