

Step 2: How much money can I put aside?

A personal cash flow statement will help to calculate annual income and expenditures. If income is greater than expenditures, positive savings can be added to assets. In the opposite case a deficit must be covered from assets or other sources.

My income

Only those incomes should be taken into account that occur regularly and with a high probability. For variable income items such as bonuses, it is advisable to use average values from the past three years. Income should be listed after deduction of the mandatory social security contributions (e. g. AHV, IV, EO, ALV, pension fund contributions). A good source of information is the tax declaration.

Interest, coupon payments, dividends and rental income should not be treated as income. These cash flows are treated as investment returns which are subject to considerable fluctuations depending on the development of financial markets.

Annual net-income (fixed)

Type of income	Components	Amount p.a.
Annual net-income (fixed)	Fixed salary, 13th monthly salary	
Allowances	Family allowances, child allowances, expenses	
Pensions	AHV-pensions, pension fund pensions, insurance pensions	
Social benefits	Daily allowances, supplementary benefits, etc.	
Others	alimony and other contractually guaranteed monetary benefits	
Total		

Annual net-income (variable)

Type of income	Component	Amount p.a.
Variable net-income	Bonuses	
Total		

My household expenditures

All expenses incurred during the course of the year should be recorded. The expenses have to be adjusted for extraordinary items such as one-off purchases or tax savings (e.g. due to a one-off voluntary contribution to the pension fund). If the investor has a good overview of his household expenditures, he can also make an overall estimate. However, such an estimate is usually too low and provides a too positive picture of the financial situation. It is worth checking household expenditures on a regular basis using the following grid.

Type of expenditure	Components	Amount p.a.
Health insurance and health expenditures	Mandatory health insurance premiums, premiums for supplementary insurances, invoices and medications not covered by health insurance (e. g. doctor, optician, dentist)	
Food and household	Eating, drinking, consumables, pets etc.	
Housing and energy	Rent, mortgage interest, water, electricity, heating, maintenance, provisions for extraordinary maintenance and fees	
Transport	Tickets for public transport, motor vehicle costs (petrol, service, repairs, leasing, parking, vignette, registration etc.)	
Insurances	Premiums for household-, liability-, motor vehicle-, home-, travel, pure life insurances	
Media and communication	Telephone, internet, mobile phone, television, fees (e. g. Billag), newspaper, magazines etc.	
Clothing	Clothing, shoes, sports equipment	
Holidays and leisure	Holidays (transport, hotel, catering), cinema, concerts, restaurant	
Other	School, education and training, childcare, home help, alimony, memberships, gifts, pocket money, donations, etc.	
Taxes (based on tax return from previous year)	Direct federal tax; state, local and church taxes and other taxes (e. g. military duty reimbursement) less withholding tax refunded.	
Total household expenditures		

My savings

«My Private Banker» distinguishes between liquid and illiquid savings.

Liquid savings result from the difference between income and expenditures. A conservative definition of savings has to be applied. Income from property, rentals, gifts, sales or other sources should not be included in the calculation of savings because they are uncertain, fluctuating and difficult to predict. Positive savings can be added to the assets, negative savings, also known as a deficit, have to be covered from liquid assets.

Illiquid savings consist of employee and employer contributions to the pension fund as required by the law. The exact amounts can be found in the pension fund statement.

In addition to illiquid savings required by law, voluntary illiquid savings can be made each year. These include regular voluntary contributions to the pension fund in order to close funding gaps, regular voluntary contributions to pillar 3a, regular voluntary contributions to capital-forming insurances and direct amortisations of the mortgage on the home. These payments increase illiquid savings to the debit of liquid savings.

In the case of voluntary contributions to the pension fund and pillar 3a, it should be noted that liquid savings will increase due to tax savings. These savings correspond to the product of the marginal tax rate and the amount paid in.