

3 easy ways to save money in the UAE

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You can forge a congenial relationship between your income and outgoes by keeping an account of spending and sticking to a budget.

(Getty)

You don't have to be a Scrooge to maintain decent savings. You can earn, save, spend, and win extra bucks with little planning and some discipline.

Meet Mr A. He has been in the UAE for more than a decade and works in the aviation industry. In all these years, he has jumped ranks in his job and, of course, earned a number of bonuses and appraisals. As of now, he owns two apartments in Dubai Marina and lives with his wife, a freelancer in the tourism sector, and school-going child.

As we discussed flamboyant lifestyles in Dubai, it was hard not to wonder how he managed to build personal wealth in just 10 years, and that too from one fixed stream of income. The answer lay in strict financial discipline. "I have planned for almost every major expense in my life. All these years in Dubai, I haven't spent any of my appraisal money or bonuses on impulsive expenditures. I travel on holidays, shop (but not much), do brunches like many, and stay happy. But I still live on the first salary amount I received in this company, and save and invest everything I have accrued over the years. My financial planner helps me invest prudently," he says.

Mr A is among the handfuls who maintain financial astuteness, despite living in a consumerist environment. But there are some ready lessons to be learned and imbibed:

Budgeting

Budgeting brings clarity, and clarity helps put plans to action. Get a pen and paper to document, not just your present recurring expenses, but also the ones you anticipate in the future such as buying a car, or funding the rent, school fees, holidays, making a down payment for home, et al. If pen and paper seem too archaic, grab your smartphone and download a personal finance application. The idea is to account for every dime that makes its way in and out of the wallet, and forge a

congenial relationship between income and outgoes.

Planning

Banks and financial institutions in the UAE, and in most other parts of the world, suggest a debt-to-burden (DBR) ratio of 50 per cent. However, personal finance planners do not recommend taking on too many liabilities. "Ideally, your monthly commitments in terms of debt should not exceed more than one-third of the salary. Because credit is cheaply and readily available here, people do get lured and take on extra credit to fund their expenses," says Vishal Dhawan, a Mumbai-based financial planner, who manages investments for his clients in the UAE.

Investments are not savings

One of the basic features that differentiate savings from investments is the ready availability of cash. Investments should be goal-based and not interfered with to fulfil impulsive needs. National Bonds offers multiple schemes that allow you to align your spending goals with saving patterns and save efficiently for the future.

Savings, on the other hand, should be readily available. Basic bank accounts are good to reserve some cash as savings, and if you wish to make the most of your savings too, then look at the Union National Bank's Al Awwal Savings Certificates to get the benefits of savings and raffle draws.

Whatever medium you choose, always remember that maintaining a happy relationship with money is simple. Planning and budgeting is the key.