

How to get FREE money for ang baos you'll have to give out during CNY

Description

Aside from the food, blackjack and family reunions, my favourite part of Chinese New Year includes receiving my annual ang baos (red packets filled with money – a Chinese New Year tradition in Singapore). After all, who doesn't like free money?!

With the wedding just around the corner, this year's CNY visitations were particularly significant as it marked the last time I can get my ang baos. After we're married, we'll need to start giving out ang baos instead – so that means every CNY henceforth will be an immediate deficit in our wallets.

Seeing all the children get so much in ang bao money made me wonder – what if they had savvy parents who knew how to invest their money for them, so that they never had to fork out a single cent for future ang baos after they get married in the future?



Photo credit: [The Singapore Women's Weekly](#)

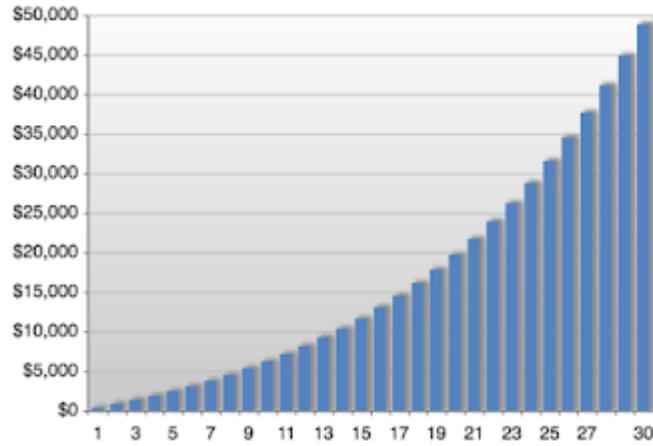
Let's imagine this scenario plays out:

1. You get \$400 in ang baos every year from your family, relatives and parents' friends.
2. Your financially-savvy parents do more than just force you to put the money in the bank – they take your money to invest instead.
3. If you gets married at age 30, that would be \$12,000 in ang bao money received over your lifetime (of singlehood). Using an estimated 8% annual rate of return, **your initial ang bao sum would have grow to be almost \$49,000 by the time you get married!**

Your savings could be worth \$48,938.36 after 30 years.

If you save \$400.00 per year your savings may grow to \$48,938.36 after 30 years. This includes a starting balance of \$0.00 and a 8% annual rate of return.

Balance by Year



From age 30 onwards, you'll have to give out more ang baos than you receive. Let's assume this costs you \$1000 every CNY. **Even if you withdraw the entire sum and stop the investments at this point, you'll have enough money to pay for all the ang baos you'll have to give out until you turn 79!**

How did \$12k grow to \$49k? Here's the magic:

Savings Balance

Year	Additions	Interest	Balance
Start	\$0.00		\$0.00
1	\$400.00	\$32.00	\$432.00
2	\$400.00	\$66.56	\$898.56
3	\$400.00	\$103.88	\$1,402.44
4	\$400.00	\$144.20	\$1,946.64
5	\$400.00	\$187.73	\$2,534.37
6	\$400.00	\$234.75	\$3,169.12
7	\$400.00	\$285.53	\$3,854.65
8	\$400.00	\$340.37	\$4,595.02
9	\$400.00	\$399.60	\$5,394.62
10	\$400.00	\$463.57	\$6,258.19
11	\$400.00	\$532.66	\$7,190.85
12	\$400.00	\$607.27	\$8,198.12
13	\$400.00	\$687.85	\$9,285.97
14	\$400.00	\$774.88	\$10,460.85
15	\$400.00	\$868.87	\$11,729.72
16	\$400.00	\$970.38	\$13,100.10
17	\$400.00	\$1,080.01	\$14,580.11
18	\$400.00	\$1,198.41	\$16,178.52
19	\$400.00	\$1,326.28	\$17,904.80
20	\$400.00	\$1,464.38	\$19,769.18
21	\$400.00	\$1,613.53	\$21,782.71
22	\$400.00	\$1,774.62	\$23,957.33
23	\$400.00	\$1,948.59	\$26,305.92
24	\$400.00	\$2,136.47	\$28,842.39
25	\$400.00	\$2,339.39	\$31,581.78
26	\$400.00	\$2,558.54	\$34,540.32
27	\$400.00	\$2,795.23	\$37,735.55
28	\$400.00	\$3,050.84	\$41,186.39
29	\$400.00	\$3,326.91	\$44,913.30
30	\$400.00	\$3,625.06	\$48,938.36

[Credits: BankRate](#)

Some say 8% for 30 years is too difficult. Let's look at 5% then, which is the risk-free rate given by CPF right now. Doing such a move can still yield you 26.5 years worth of future ang baos to give out. If you top that up with your own cash, that sum can grow even further.

(Of course, most kids spend their ang bao money – although I put mine straight in the bank when I was a child, I was guilty of spending on music CDs, stickers and Enid Blyton storybooks when I was younger too.)

Dang, if only my parents had done this for me.

Parents, would you consider doing this for your children?



P.S. Another way to get “free” money for your ang baos is to utilise your credit cards for maximum cashback and rebates. ([I use this site to compare my credit cards before applying for any.](#)) Store the money in a separate account and use it to partially offset your ang bao expenses every year from then on!

With love,
Budget Babe

Category

1. Family