

# SAFEGUARD YOUR FUTURE AND REDUCE YOUR TAXES



**BGL  
BNP PARIBAS**

The bank  
for a changing  
world



# CONTENTS

<b>PROTECT YOUR LOVED ONES BY MAKING THE MOST OF TAX ALLOWANCES</b>	<b>4</b>
Check out our product range	
Who is eligible for tax allowances?	
<b>OPTIPENSION+. A COMPREHENSIVE, FLEXIBLE PENSION SOLUTION</b>	<b>6</b>
Regular savings	
A comprehensive, flexible solution	
Additional benefits	
A tailor-made policy	
A substantial tax benefit	
<b>OPTISAVE. PROTECT YOUR AND YOUR LOVED ONES' FUTURES</b>	<b>8</b>
Regular saving	
OptiSave Fix	
OptiSave Flex	
Tax benefits	
Protect your and your loved ones' futures	
<b>OPTIKIDS. PROTECT YOUR CHILD'S FUTURE</b>	<b>10</b>
More protection	
Better returns	
More flexibility	
Better cover	
More tax benefits	
<b>HOME SAVINGS. FINANCE YOUR HOME</b>	<b>12</b>
The term of the policy	
Tax-deductible amounts	
Possible refund of tax benefits	
<b>OTHER ALLOWANCE POSSIBILITIES</b>	<b>14</b>
Single premium credit protection insurance	
Debit interest	
<b>INSTANT OVERVIEW OF YOUR TAX ALLOWANCES</b>	<b>15</b>
Deductible amounts for pension insurance (OptiPension+)	
Deductible amounts for life insurance and home savings	
Deductible amounts for single premium credit protection insurance	
Deductible amounts for consumer debit interest	



## **PROTECT YOUR LOVED ONES while making the most of tax allowances!**

All resident and non-resident Luxembourg taxpayers are affected by tax, and income tax in particular. But the complexity of the subject can be off-putting.

Nevertheless, many people are sufficiently interested to ask a legitimate question: How can I pay less tax? The Luxembourg tax system offers you numerous options for reducing your tax burden.

With clear and useful information, BGL BNP Paribas offers a wide range of tax-deductible products that correspond to your individual situation. These products, which combine growth and protection, enable you to save on a regular basis and at the same time protect your and your loved ones' futures while deducting the premiums and/or contributions from your taxable income.

## Check out our product range

- **OptiPension+**: to make the most of your retirement.
- **OptiSave**: to protect your and your loved ones' futures while building up savings without taking on a substantial financial burden.
- **OptiKids**: to protect your children's future whatever Home savings the circumstances.
- **Home savings Schwäbisch-Hall**: risk-free investment while saving up for your home.

## Who is eligible for tax allowances?

Tax allowances are granted to **Luxembourg residents** and to **"equivalent" non-residents**.

A cross-border worker earning most of their income in the Grand Duchy of Luxembourg can ask to be treated as a resident for tax purposes, to be subject to the same tax regime and to be eligible for any allowances.

To do so, a **French or German non-resident** must earn at least 90% of their income in Luxembourg. This threshold can be calculated on the basis of each spouse's or partner's individual situation or on the basis of the overall situation of the household.

**Non-resident Belgians** can opt for resident equivalence provided that more than 50% of the household's professional income is taxable in Luxembourg.

To identify the products that best meet your needs while benefiting from tax reduction, we suggest that you speak with one of our in-branch advisors. They will explain the products described in this brochure to you in greater detail.





## OPTIPENSION +

# A comprehensive, flexible pension insurance solution

Taking retirement means embarking on an exciting new phase in your life. However, it is essential to be prepared and organised for this phase, since the **statutory pension** may no longer be sufficient to maintain your current standard of living. Don't put it off any longer – secure your pension now by taking out an **OptiPension+** pension insurance plan.

OptiPension+ is a comprehensive, flexible savings scheme that is eligible for **tax benefits** (article 111a of the income tax law (LIR)) through which you can build up **a valuable nest egg with which to live out your retirement in comfort.**

<sup>1)</sup> This is subject to certain conditions being met; see bgl.lu  
Your advisor is on hand to give you detailed information on the features and pricing of these products.

## Regular savings

Developed by Cardif Lux Vie<sup>1)</sup>, the OptiPension+ plan helps you to build up **supplementary pension savings tailored to your current and future needs**. The earlier you start, the larger your pension will be.

## A comprehensive, flexible solution

Do you want the freedom to choose your investment strategy and benefit from the advantages of an optimised selection of investment funds?

OptiPension+ is both a **personalised savings package** and a **pension plan** that allows you to combine security and returns in a single policy via:

- an investment vehicle with a capital guarantee and a guaranteed minimum return. The premiums paid under the policy are capitalised at a guaranteed rate; there is also a with-profits element linked to the performance of our insurance partner, Cardif Lux Vie;
- a range of investment funds that, depending on market developments, offer a potentially higher return than the package with a capital guarantee, to be chosen according to your investment profile.

## With OptiPension+ you benefit from:

- a high probability of capital growth<sup>2)</sup>,
- access to a carefully selected range of investment funds,
- optimised investment management tailored to your risk profile,
- access to the personalised advice, expertise and investment policy of BGL BNP Paribas, as well as financial information that is clear, comprehensive and up to date.

Our advisors are, of course, on hand to help you make your selection.

## A tailor-made policy

When the policy matures, you can decide to use the savings accumulated:

- as a lump sum taking out 100% of the savings accumulated (Luxembourg residents will be taxed on this at half the overall rate)
- as a lump sum corresponding to part of your savings, with the rest paid as a monthly annuity (Luxembourg residents will be taxed on the lump sum at half the overall rate, while 50% of the annuity will be tax-exempt)
- as a monthly annuity (half of which is tax-exempt).

You can access your savings after your 60th birthday. You can also leave your savings invested for longer, until you turn 75.

OptiPension+ offers you a solution that is suited to your specific requirements while complying with the investment limits imposed by the legislation, which change as the policyholder gets older.

## A substantial tax benefit

By taking out an OptiPension+ policy, you will benefit from substantial tax allowances.

Within the upper limit<sup>3) 4)</sup> of EUR 3,200 per annum regardless of age, you can choose the amount that you wish to deduct.

<sup>1)</sup> Cardif Lux Vie is a Luxembourg insurance company.

<sup>2)</sup> Due to fluctuations on financial markets, we are unable to calculate returns in advance.

<sup>3)</sup> To be tax deductible, the policy must be for at least 10 years and must not mature before you reach the age of 60. Only for Luxembourg residents and "equivalent" non-residents (article 111a of the LIR). See table 1 on page 14. The terms and conditions can be obtained from your local branch.

<sup>4)</sup> Spouses and partners living together who file their taxes jointly can combine these benefits by each taking out a separate policy.



# OPTISAVE

## Protect your and your loved ones' futures

To help you to build up capital without taking on a substantial financial burden, BGL BNP Paribas proposes a life insurance policy, developed by Cardif Lux Vie, which is effective, tax deductible and tailored to your savings requirements, and desire to protect your loved ones: OptiSave<sup>1)</sup>.

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<sup>1)</sup>Your advisor is on hand to give you detailed information on the features and pricing of these products.



## Regular saving

OptiSave is a **life insurance policy that helps you to save on a regular basis while enjoying tax benefits.**

You set the amount of your premium for the life insurance policy yourself, and can invest according to your risk profile.

Make the most of your savings by taking your profile into account. **Two distinct versions** of OptiSave are available, both of which offer a suitable solution for your requirements:

## OptiSave Fix

This solution offers you **returns and capital guarantees.** The premiums paid under the policy are capitalised at a guaranteed rate; there is also a with-profits element linked to the performance of Cardif Lux Vie.

You can also set the amount of capital that you would like to receive when the policy matures. The premiums will be calculated on the basis of this predetermined amount.

## OptiSave Flex<sup>1)</sup>

This package is linked to **a selection of various types of investment funds** (100% bonds, 100% equities, balanced, money market). The savings accumulated when the policy matures will therefore depend on the performance of the underlying funds.

In addition, you can change the allocation of the underlying funds as your risk profile changes (one switch per year free of charge).

## Transparent pricing

OptiSave offers you **transparent pricing:** the entry and exit charges are clearly stated when you sign your policy.

## Tax benefits

In addition, by taking out an OptiSave policy, you will benefit from **substantial tax allowances.** The premiums that you pay under the policy can be included in the deductions on your tax return accepted pursuant to article 111 of the Luxembourg income tax law (LIR)<sup>2) 3).</sup>

## Protect your and your loved ones' futures

Planning ahead means thinking about the people close to you. The OptiSave insurance policy **includes a basic guarantee in the event of the death of** the insured party, and also a comprehensive range of **optional supplementary guarantees.** You and your loved ones can also be covered against **incapacity**, for example. These supplementary guarantees mean that you can devise an insurance policy that genuinely corresponds to your specific situation.

## Exceptional flexibility

If you choose OptiSave, your savings are available from the first day of the policy onwards. If necessary, you can surrender the policy at its current value (premiums and capitalisation)<sup>4).</sup> With OptiSave you can change your payment schedule. As needs and resources change over time, you can rest assured that you are always **saving according to your current financial capacity.**

<sup>1)</sup> There is no capital guarantee or guaranteed return with this type of investment. Investments in investment funds are subject to market fluctuations and to the risks inherent in securities investments. The fund fact sheets are available in your local branch.

<sup>2)</sup> This is subject to certain conditions being met.

<sup>3)</sup> To be tax deductible, policies that include guaranteed benefits if you survive must, in particular, be taken out for at least 10 years (article 111 LIR).

<sup>4)</sup> Subject to the sliding scale of surrender charges that applies to the first five years of the policy and the requirement to take out the policy for at least 10 years to be eligible for the tax benefits.



## OPTIKIDS

# Protect your child's future

You have to **start preparing for a child's future long before** they take their first steps into working life, which is why Cardif Lux Vie has developed **an outstanding insurance policy**. The policy is tax deductible<sup>1)</sup> and aims to **give the child financial support** when they need it most: financing their studies, starting working life, setting up home, first car, etc.

<sup>1)</sup> Subject to certain conditions being met; see bgl.lu.  
Your advisor is on hand to give you detailed information on the features and pricing of these products.

## More protection

Available to parents as well as close relatives, OptiKids enables you to:

- save regularly
- watch your savings grow significantly,
- know at the start of the policy what the minimum amount of the capital will be on maturity,
- have cover that guarantees the capital on maturity.

## Better returns

The premiums paid under the policy are **capitalised at a guaranteed rate; there is also a with-profits element linked to the performance** of Cardif Lux Vie. In addition, with the OptiKids policy, your **savings grow from day one**.

## More flexibility

You can design your policy in two different ways from the outset, by fixing:

- the **capital on maturity**. In this case, the premiums will be calculated on the basis of their frequency, the term of the policy and the cover selected,
- a **premium amount** (minimum EUR 50) **and its frequency** (monthly, quarterly, half-yearly or annual).

The policy then guarantees you a certain capital on maturity, depending on the term of the policy and the cover selected. **You are also free to set the policy term** (at least 10 years to be eligible for tax benefits). This can be adjusted at any time according to your wishes or if the child's situation changes.

**If the policy designed to be in place until the child turns 18 but he or she does not need the capital until he or she is 25 or 30, the policy can be extended or adapted before maturity.**

## Better cover

The OptiKids policy was specifically devised to protect children's futures. That is why the policy always features a **guarantee of continuity until maturity**. This means that if the insured party (the policyholder or another defined person) dies, the outstanding premiums for the OptiKids policy are paid by Cardif Lux Vie. In addition to this guarantee, you can add two supplementary forms of cover to ensure that:

- the premiums are paid if the insured party becomes incapacitated as a result of sickness or an accident, during the period of incapacity and in proportion to its severity,
- a predefined lump sum is paid out if the minor beneficiary of the policy is rendered fully and permanently incapacitated.

## More tax benefits

You can deduct up to EUR 672 of the premiums you pay into your policy for each member of the household<sup>1) 2) 3)</sup>.

<sup>1)</sup> The jointly taxable spouse or partner, and the dependent children.

<sup>2)</sup> To be tax deductible, the policy must be taken out for at least 10 years (article 111 LIR).

<sup>3)</sup> As the tax deductibility of interest on consumer loans is covered by the same article as life insurance, the deductible amount is up to EUR 672 (article 109 LIR).



## HOME SAVINGS

### Finance your home

Whether you are building, buying or renovating a home, financing it requires long-term planning.

BGL BNP Paribas offers a home savings policy, developed by Schwäbisch Hall, that offers you tax benefits and valuable savings at a fixed rate, sheltered from any financial market fluctuations.



## The term of the policy

Other than in the event of death or incapacity, to be eligible for tax allowances the home savings policy must be kept for at least 10 years. During this period, home savings must be used to carry out real estate projects.<sup>1)</sup>

The savings must be allocated to a real estate investment on the national territory or abroad.

**Important:** The apartment or house must be inhabited by the saver and must be his usual place of residence or his principal residence. Holiday homes or second homes are not allowed in this context.

## Tax-deductible amounts

Payments as part of a home savings scheme can be deducted from your taxes, with the amount depending on your age at the beginning of the tax year<sup>2) 3)</sup>:

AGE	WITHOUT SPOUSE	WITH SPOUSE <sup>4)</sup>	PER CHILD
From 18 to 40 inclusive	EUR 1,344	EUR 2,688	+1,344
41 and over	EUR 672	EUR 1,344	+672

If you are married or in a civil partnership, the higher ceiling of EUR 1,344 is granted depending on the age of the youngest spouse or partner. In this way, if one spouse or partner is under 41, both spouses or partners will be granted the higher ceiling.<sup>4)</sup>

## Possible refund of tax benefits

The tax benefit must be repaid if, before the end of the 10-year period:

- the accumulated capital released after attribution is not invested directly in a property as defined above,
- the policy is terminated and the accumulated capital is returned.

<sup>1)</sup> Other than in specific cases, the tax benefit must be repaid if the 10-year minimum holding period is not reached or if the capital released before this period is not invested in a property.

<sup>2)</sup> The jointly taxable spouse or partner, and the dependent children.

<sup>3)</sup> See table 2 on page 15.

<sup>4)</sup> The higher ceiling for married couples and civil partnerships is only granted if the couple declares their taxes jointly.

# OTHER ALLOWANCE POSSIBILITIES

## Single premium credit protection insurance

The premium paid in connection with credit protection insurance may be tax deductible, subject to certain conditions, in the amount of EUR 672 per person in the household. In addition, the single premium credit protection insurance that guarantees a loan may give rise to additional tax allowances, called the “supplement” and the “additional supplement”<sup>2)</sup>:

- until the age of 30, a supplement of EUR 6,000 is granted, especially in the case of an acquisition, construction, or certain extension, transformation or renovation work on a property<sup>3)</sup> for private residential use, plus EUR 1,200 for each dependent child;
- after the age of 30, solely in the case of the acquisition or construction of a property<sup>3)</sup> for private residential use, an additional supplement is added for each year in age (i.e. a maximum allowance of EUR 15,600 after the age of 50 for a childless taxpayer<sup>4)</sup>).

## Debit interest

### CONSUMER DEBIT INTEREST

Debit interest on current accounts and personal loans may be tax deductible, subject to certain conditions, in the amount of EUR 672<sup>7)</sup> for each member of the household<sup>1) 5)</sup>. With BGL BNP Paribas you can therefore deduct:

- interest on current accounts,
- credit card interest,
- Réserve Privilège: a permanent credit line with monthly repayments,
- interest on personal loans.

### MORTGAGE INTEREST

Interest on mortgages financing a primary residence is deductible in an amount varying between EUR 1,000 and EUR 2,000 per year for each person in the household<sup>7)</sup>, depending on the date on which the home was occupied.

<sup>1)</sup> The jointly taxable spouse or partner, and the dependent children. See tables 3 and 4 on page 15.

<sup>2)</sup> If both spouses/partners are to be insured, either under a single policy or under two separate policies, the amounts indicated must be doubled (the additional amount per child benefits only one of the parents, however).

<sup>3)</sup> Applies to a house or an apartment in a co-owned house subdivided into apartments.

<sup>4)</sup> See table 3 on page 14.

<sup>5)</sup> See table 4 on page 14.

<sup>6)</sup> As the tax deductibility of interest on consumer loans is covered by the same article as life insurance, the deductible amount cannot exceed EUR 672 (article 109 LIR).

<sup>7)</sup> See table 5 on page 15

# INSTANT OVERVIEW OF YOUR TAX ALLOWANCES

## Maximum deductible amounts for pension insurance (OptiPension+)

DEDUCTIBLE AMOUNT
EUR 3,200/person <sup>1)</sup> /year

## Maximum deductible amounts for home savings

AGE	SINGLE	MARRIED OR IN A CIVIL PARTNERSHIP <sup>2)</sup>	PER CHILD
From 18 to 40 inclusive	EUR 1,344	EUR 2,688	+ EUR 1344
41 and over	EUR 672	EUR 1,344	+ EUR 672

## Maximum deductible premiums amounts for single premium credit protection insurance<sup>3)</sup>

FAMILY SITUATION	UP TO 30 YEARS OF AGE	FROM 31 TO 49 YEARS OF AGE <sup>4)</sup>	50 YEARS OF AGE AND OVER <sup>4)</sup>
Taxpayer	EUR 6,000	EUR 480 per year	EUR 15,600
Taxpayer + 1 child	EUR 7,200	EUR 576 per year	EUR 18,720
Taxpayer + 2 children	EUR 8,400	EUR 672 per year	EUR 21,840
Taxpayer + 3 children	EUR 9,600	EUR 768 per year	EUR 24,960

## Maximum deductible amounts for interest and life insurance<sup>5)</sup>

FAMILY SITUATION	SINGLE	MARRIED OR IN A CIVIL PARTNERSHIP <sup>2)</sup>
Taxpayer	EUR 672	EUR 1,344
Taxpayer + 1 child	EUR 1,344	EUR 2,016
Taxpayer + 2 children	EUR 2,016	EUR 2,688
Taxpayer + 3 children	EUR 2,688	EUR 3,360
Per child	+ EUR 672	+ EUR 672

## Maximum deductible amounts for mortgage interest for a principal residence

OCCUPANCY PERIOD	DEDUCTIBLE AMOUNT/PERSON <sup>1)</sup> /YEAR
Between 1 and 5 years	EUR 2,000
Between 6 and 10 years	EUR 1,500
More than 10 years	EUR 1,000

<sup>1)</sup> Per person who has taken out a policy.

<sup>2)</sup> The higher ceiling for married couples and civil partnerships is only granted if the couple declares their taxes jointly.

<sup>3)</sup> In addition to the deductible cap on insurance policies of EUR 672 per member of the household.

<sup>4)</sup> Granted solely when buying or building a home, a house or an apartment in a co-owned house subdivided into apartments for private use. If both spouses/partners are to be insured, either under a single policy or under two separate policies, the amounts indicated must be doubled (the additional amount per child benefits only one parent, however).

<sup>5)</sup> As the tax deductibility of interest on consumer loans is covered by the same article as life insurance, the deductible amount cannot exceed EUR 672 (article 109 LIR).

## OUR BRANCHES IN LUXEMBOURG CITY

Bonnevoie  
Cloche d'Or  
Gare  
Grand-Rue  
Kirchberg Europe

Kirchberg Headquarters  
Limpertsberg  
Merl-Belair  
Merl-Jardins de Luxembourg  
Royal Monterey

## OUR BRANCHES IN LUXEMBOURG

Bascharage Kordall  
Bereldange  
Bettembourg  
Clervaux  
Diekirch  
Differdange  
Dudelange  
Echternach  
Esch Belval  
Esch Benelux  
Esch Centre  
Ettelbruck  
Grevenmacher  
Howald  
Junglinster  
Larochette

Mamer  
Mersch  
Mondorf-les-Bains  
Niederanven  
Pétange  
Redange-sur-Attert  
Remich  
Schifflange  
Steinfort  
Strassen  
Tétange Käldall  
Vianden  
Wasserbillig  
Weiswampach  
Wiltz

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