# SAFEGUARD YOUR FUTURE WITH US

Guardians of your financial security

# Working with a Financial Adviser through your Life Stages

FINANCIAL CONSULTANTS

Seeking professional financial advice and guidance throughout the different stages of your life is a personal choice, and can often add value and provide you with valuable insights into the long-term outcomes of decisions made today. Often financial planning is associated with retirement planning, however there is value in managing your finances at every age.

As we grow older, we naturally go through physical, emotional and financial changes often leading to different needs and goals. Here we take you through a journey of what financial considerations you may want to consider at the different stages of your life.

# In your 20s:

As students or young adults, having a reliable source of income can be difficult with some of us living from paycheck to paycheck, or some of us may even be fortunate enough to still be receiving small amounts of allowance from our parents. Here are our top tips to consider when it comes to your personal finances in your 20's.

#### 1. Get Insured

In our 20s, it is generally advised to start saving now and get covered by personal insurances. Insurance coverage can just cover basic medical insurance and critical illnesses or disabilities to offset the hefty healthcare costs in the event of hospitalisation. Furthermore, getting insurance whilst you're young and don't have any health issues can be a lot cheaper than waiting until you're older, potentially with pre-existing health conditions.

#### 2. Create a Budget Plan

Creating a budget and sticking to it is an important skillset for you to learn how to manage your finances more effectively. Regularly check-in on your budget so that you can ensure you're on track with your savings goals, and you can also easily identify ways to create some extra savings.

#### 3. Start an Emergency Fund

One of the important steps you can take in your 20s is setting up an emergency fund. You can start your emergency fund to cover 3-6 months of your living expenses as a general guide. Saving \$20 a week (at roughly \$3 a day) adds up to about \$1,000 in a year, which is a good cushion to get you started.

Global Financial Consultants Pte Ltd has been licensed and regulated by the Monetary Authority of Singapore (MAS) since 2007. The Monetary Authority of Singapore is Singapore's central bank and financial regulatory authority. | Registered in Singapore No: 200305462G | MAS License No: FA100035-3

General Advice Only: The information contained herein is of a general nature only and does not constitute personal advice. You should not act on any recommendation without considering your personal needs, circumstances and objectives. We recommend you obtain professional financial advice specific to your circumstances.



# 4. Start Saving for Retirement

It's never too soon to start saving for your retirement, and the earlier you start saving for your future, the more it can grow. You should not have to wait until you have a full-time job before saving for retirement. Small savings over the long term can have significant compounding effects on your retirement savings. Start forming a habit of putting away 10-20% of your money away each month as a minimum in an account that you cannot easily access and spend.

# In your 30s:

# 1. Start Investing! (If you haven't already)

This might be a time for most of you to start taking your finances seriously. During this time, it is a good idea to consider setting up a saving and investments vehicle to put away a portion of your income to be invested in a manner that suits your risk profile and personal circumstances. For example, you can put some of your investments towards long-term investment vehicles such as properties and shares, and you may want to keep shorter-term investments in more defensive asset classes such as bonds and fixed income assets.

# 2. Review Your Employment Benefits

Secondly, you should review the employment benefits provided by your employers. Some companies offer their staff the option to participate in share purchase plans or other matching retirement schemes. This can be a good way for you to diversify your investment portfolio and accelerate your wealth accumulation.

#### 3. Get Insured

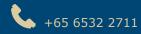
As for those who are starting to "settle down" with their partners, it is a good idea to protect your loved ones through insurance and disability covers. However, even if you are not in a committed relationship, you should not ignore insurance. Being able to protect your health is just as, if not more, important as being able to protect and grow your wealth.

# 4. Draft a Will

Your 30s, if not earlier, is a good time to update and draft up a Will and ensure that you have the right estate planning documentation in place. This will often include Power of Guardianship and Power of Attorney documents, in addition to your Will. Engage with a lawyer to help you with this to make sure your wishes are carried when required.

# 5. Retirement Goals

If you haven't already done so, start planning for your retirement now. Calculate the amount you would like to have saved for you to comfortably retire. Bearing in mind that mandatory contributions, such as CPF or superannuation, will most likely be insufficient to achieve the financial independence you hoped for by the time you retire. Hence, it is important to consider your financial situation and plan accordingly.







# 6. Raising the Emergency Fund Balance

Again, if you have not done this in your 20s, it is time to start putting in money for emergencies. Typically, it is best to have 3-6 months' worth of money for emergencies. This emergency fund is advised not to be used for any investments, just for when emergency strikes, such as bills during a period of unemployment, an unexpected health event or family emergency.

# 7. Be Vigilant

During the Covid-19 pandemic, there has been an increase in self-proclaimed wealth gurus and financial experts. It is up to you to identify those that are accredited and those that are less reputable. Make sure to do enough research before engaging with such services.

When engaging in a finance professional, you should look out for their:

- Education and Qualifications
- Alignment of Interest
- Stage of life

Be realistic when listening to their promises and claims, stay away from claims that sound too good to be true. Make sure that you are working with trusted, regulated professionals that will work with you to reach your financial goals.

# In your 40s:

#### 1. Check for Employee Benefits:

Like in your 30s, check out your employee benefits, such as discounted shared purchase plans for staff, health insurance coverage or even matching contributions for your retirement/superannuation scheme. Keep track of your financial goals and review it every so often.

#### 2. Automate Your Bill Payments

This improves your quality of life just ever so slightly, freeing up time that you would use making a bank transfer for you to work towards your financial goals or anything else that you want to do. Do remember to check your statements from time to time to make sure you're not being charged for something that you're not supposed to.

# 3. Kid's Education Funds

Kid's education and university fees are expensive; thus, it is important that you have the correct investments in place if you wish to support your children's education financially. Make sure that you have a plan in place to save up for college tuition fees. Do consult your financial adviser if to ensure that you are on the right track.









#### 4. Review Your Insurance

It is important for you to review the levels of cover, not just for yourself but for the rest of your family as well to ensure it covers your current needs and circumstances. If there are covers that you feel is no longer needed, you can get rid of them in order to save you some money. Be sure to review your options with your Adviser before simply cancelling insurance policies.

# 5. Consider Getting Rid of Any Outstanding Debt

There will be some large non-tax-deductible loans such as mortgages that you might retire with, but make sure you do have a plan to pay it off like accessing your CPF or superannuation. If you have debt incurring high interest rates such as credit cards, car loans or personal loans, it's a good time to create a plan and start to pay them off as quickly as possible.

# In your 50s+:

# 1. Decide on Your Retirement Style:

In your 50s, it is time to decide, if you haven't already done so, on your style of retirement. Do you want to retire in your home country or somewhere else? What do you envisage spending time on in your retirement? From there, check your financial plan to see if you are on track to living your dream lifestyle. Whether you are on track or not, review your current position with trusted professionals, and if there is any shortfall, work with them to develop a plan to either get there or adjust the goalposts. A financial adviser is not someone who only facilitates clients' investments, their job includes helping you with every detail of your financial life: from savings, to debt management; while keeping you on track towards your goals.

# 2. Topping Up Your Emergency Funds

Remember your emergency funds? During your 50s, it is still a good idea to top it up every so often. One of the ways to help ensure your ideal retirement life is to add more to your superannuation regularly as well, you can do this before or after-tax income. Bearing in mind that if you make a personal contribution, you might be eligible to claim a taxdeduction.

# 3. Manage Your Debt

Like in your 40s, consider getting rid of as much debt as possible. Lower expenses during retirement means that your savings will last longer. But, if you still have a significant amount of debt, work with a financial adviser to determine the best way to clear and reduce your debt as you transition towards retirement. Proactively clearing this debt could help strengthen your financial position when you retire.









#### 4. Review Your Financial Plan

While you're reviewing your financial plan, discuss with your adviser the tax implications of your current plan. This can be due to tax laws being updated from time to time, and if tax rates increase it might have an impact on your retirement. Furthermore, a well- built financial plan can provide you with a roadmap to retirement, but it is important to adapt and modify the plan as you reach retirement should there be any changes to your plans.

Discuss this with your financial adviser and go over your plan, reviewing your portfolio making necessary adjustments so you can retire with your finances out of sight and out of mind.

#### 5. Diversify Your Investment Portfolio

Diversifying your investment portfolio and spreading out your investments can potentially lower the investment risks. Diversification can work because the different investment types might perform well at different times, hence, when one area of your portfolio drops, others may be rising.

#### 6. Finalise Your Will/Estate Plan

Lastly, set up an estate plan or your Will if you have not already (if you have done it in your 30s, much has changed, so you should still update it). An estate plan is a collection of legal documents that outlines how you want your assets distributed when you pass away. The key details of your Will would note how and who will handle financial decisions when you are critically ill. Most estate plans have a Will which would name an executor who will manage the distribution of your assets as you wished. Hence, having a Will in place can help you be at ease about the unknown future. Having the peace of mind that your loved ones will be taken care of financially – speak with a financial adviser and a lawyer to aid you in this process of leaving behind your legacy.

#### Expats:

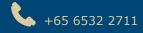
For our expatriate readers, consider the above tips but with a few additional pointers below

#### **Continuous Planning:**

Planning and constantly reviewing that plan is key to your road to retirement. Being stuck in a position and stubborn to re-evaluation can potentially lead to your downfall. Planning and reviewing your financial goals, can offer you the best chance to enjoy your retirement comfortably.

#### Independent Professional Advice is Good Advice:

Scouring for professional advice in your host country who can offer advice and options will be highly advantageous to your path to wealth. The financial landscape is extremely dynamic and constantly changing. Hence, finding a financial adviser in your host country who has expertise in local and expatriate finances would be most beneficial over the long term.









#### Be Wary of Tax Regulations

Taxes can be complicated since they can be constantly changing and these changes can directly affect your payroll. We advise that this should be a large part of your planning as some taxes are assessed at different times, thus a good plan can ideally minimise the impact on your payroll.

#### Hold Some Cash

Sometimes having some cash aside can help you go a long way into capitalising on new opportunities. Because the market shifts and unpredictable global upheavals can lead to creating some high potential investing opportunities, however some of these situations require you to have some cash on hand to capitalise on.

It is never too early to start planning for your retirement. Having insurance and an emergency fund from your twenties will definitely go a long way, but it is also not too late to take responsibility and control of your finances later on in life. Having bad debt will affect you throughout all stages of life, from having lower credit scores to potentially ruining your retirement plans; it is important to eliminate or manage them efficiently. Start planning your finances and reviewing your plan, check in with your financial advisor to discuss any needs for changes.

Click <u>here</u> to book an obligation-free consultation with one of our experienced and dedicated financial advisers to help you identify your financial goals, and explain the process to achieve it with a simple and comprehensible approach.

Disclaimer:

General Information Only: The information on this site is of a general nature only. It does not take into account your individual financial situation, objectives or needs. You should consider your own financial position and requirements before making a decision.

# About Global Financial Consultants

Global Financial Consultants' mission remains as true today as it was from the start; to be the guardians of your financial security and to safeguard your future. Providing unbiased advice, personal in-depth analysis of client's financial circumstance, situations and goals. This incorporated with our expertise and experience, provides us with a broad understanding of our clients' requirements to help build their financial security.

Offering a list of services including; tax effect effective strategies advice, savings and investment advice, retirement planning, insurance and protection planning, along with many other services.

