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A close-up photograph of a pink piggy bank being held by two hands. The piggy bank is the central focus, with its snout and eyes clearly visible. The hands holding it are positioned on either side, with fingers gently gripping the body. Below the piggy bank, several coins are scattered on a checkered surface, suggesting a theme of saving or financial planning. The background is softly blurred, showing more of the hands and the surface.

BOOSTING YOUR SAVINGS THROUGH FINANCIAL PLANNING

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BY JASMINE EE

If you are blessed with inheriting wealth, it's important that you learn to manage it prudently. That way you can not only maximize your wealth but you also ensure that that it grows and don't erode over time.

It's therefore a question of having a structured approach in achieving this, rather than haphazardly tightening your belt by scrimping and saving, this is what financial planning is all about.

Financial Planning is a proper, well-thought-out approach to managing your wealth so that you can achieve your medium to long-term financial goals or objectives.

A PENNY SAVED IS A PENNY EARNED
- BENJAMIN FRANKLIN





That also means identifying your financial needs on a medium to long-term basis. By better focusing on your needs and objectives, you can gauge the financial commitments that will be involved in achieving those needs and objectives. In doing so, you are able to avoid any financial crisis which may affect your personal wealth.

One of the key elements of the financial planning process is to define what your goals are, identifying the short & long-term ones. You can decide whether it's for your children's education, your retirement planning or setting the money aside for your future home or need. By working out such a plan, you can ultimately discover what your real needs are. Once that is determined, you can then focus on a specific time frame to achieve your goals.

However, you must also remember that financial planning is not a one-off process, and that's because your financial planning needs and goals evolve over time. What you might find important today may be trivial 10 years down the road.

And when forecasting your financial needs and objectives, you have to ensure that they are realistic, specific (in dollar terms) & achievable.

How much do you spend monthly & how much of your disposable income can you save every month - 10%, 20% or 30%?

Once you are able to identify that, you should prioritize your goals in terms of how important they are to you. It may also be worthwhile to set target dates for achieving them. In that way, you can differentiate your short & long term goals.

So how do you get started? In order to do proper financial planning, it's important to get expert advice from a licensed financial practitioner. These are people who are trained to plan your financial needs, by taking into account the risks you that you face and give you an optimal solution tailored to your financial situation.

REFERENCE:

Article loosely extracted from Loganathan, R. (*Boost Your Savings without Any Belt-Tightening, Smart Money*).



About the Author

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