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**SPEECH BY MR RAYMOND LIM, MINISTER, PRIME
MINISTER'S OFFICE AND SECOND MINISTER FOR
FINANCE AND FOREIGN AFFAIRS, AT THE THIRD
FINANCIAL PLANNING CONFERENCE, "*MONEY & YOU*", ON
24 JULY 2005 AT 9.30A.M. AT THE RAFFLES CITY
CONVENTION CENTRE**

Mohd Guntor Sadali, Editor, Berita Harian

Distinguished Guests

Ladies and Gentlemen,

Good Morning,

It is my pleasure to join you this morning at the Third Financial Planning Conference organized by Berita Harian. I find it most heartening to see so many of you sacrificing your Sunday

morning to be here at Raffles City. The topic of this year's conference is "Money and You". Berita Harian tells me that one of the key issues to address is retirement planning. They are concerned that most people dismiss retirement planning as being too early to think about, when in fact it is something that must be started when we are young and healthy. Berita Harian holds a very enlightened view. I totally agree with them.

2 Let me share a simple story with you. Some of you must have come across this story in your school days, but I thought it is worth telling again. In a field one summer day, a grasshopper was hopping about and singing to his heart's content. An ant hurried by carrying some corn. The grasshopper said, "The day looks so fine! Why don't you come and play with me?" The ant replied, "I'm storing up food for the winter. You should be doing the same thing too." "Why bother?," said the grasshopper. "There's still so much food around! I can do it when winter

comes. There's still plenty of time!" With that, the grasshopper continued with his merry-making. When winter came, the grasshopper could not find any food. He was cold and hungry; and he was on the verge of death. Luckily for him, the kind ant spotted him and quickly shared some of his food with him. The grasshopper was very grateful to the ant. He had learnt his lesson and resolved to be better prepared for the next winter.

3 Are we like the grasshopper? Or are we like the ant? Do we wait for winter to come before we start to think of our next meal? Or do we start planning for winter while it is summer? The answer is very clear. Consider the wisdom of the ant.

4 It disturbed me to read in the newspapers a few days ago about a joint survey conducted by OCBC and SMU. They gathered data on what Singaporeans do about their financial planning habits. The findings revealed that those aged 55 tend to

have only about \$40,000 in liquid assets and \$20,000 in investment assets to help fund their retirement. Coupled with about \$60,000 in their CPF balances, this provides a total of around \$120,000 for their golden years. That translates to \$500 a month to spend for the next 20 years. Is this enough? Or should people start to plan for their retirement years when they are much younger?

5. The findings in the Berita Harian survey mentioned by Mr Guntor earlier also revealed that many are ill-prepared for retirement if they wish to maintain their current standard of living during retirement. I once came across a saying, "Retirement is a scary proposition if we do not have a plan". I think this is very true, for various reasons.

6. First, an ageing population coupled with a declining birthrate means smaller families, with the elderly having to take on more

personal responsibility for their own finances in order to lead fulfilling lives in their golden years.

7 Second, we need more medical attention as we grow older. If we do not plan ahead, our medical and healthcare expenses can quickly deplete our retirement savings and increase the financial burden on our families.

8. Third, CPF savings would only be sufficient to provide us with our basic needs at retirement. Let's say we have the CPF minimum sum of \$90,000 when we retire at 62. It will only provide about \$700 per month for the next 20 years. If we wish to have a more comfortable retirement, we must start storing up now just as the ant in the story had done so.

9. Last, but not least, life is unpredictable. We may face periods of unemployment for various reasons. Hence financial

planning is important. We need to spend wisely and have a buffer for emergencies.

10. If the reasons for early retirement planning are clear, the next step must be to take proactive action to plan adequately and early enough for our retirement. Have you done so? If the answer is 'no', Why not? - "No time?; Don't know how?; Still young?; or financial planning is only for the rich?. Whatever the reason, let's think it over and take action now, before it is too late.

11. We must adopt new attitudes towards retirement planning. Make the time and make the effort not when you are close to retirement, not 10 years later, but now. Set the retirement goals, estimate the amount of retirement funds needed, take up appropriate insurance policies and explore appropriate investments. Review the retirement plan on an on-going basis as personal circumstances and retirement goals change.

12. If you do not know how to plan and where to start, let me tell you about MoneySENSE, the national financial education programme. MoneySENSE is presented to the public by MAS. It aims to improve the basic financial literacy of Singaporeans in basic money management, financial planning skills and investment know-how.

13 When MoneySENSE was first launched in October 2003, many activities were organized for the mass public. I am glad to see that it has now taken a more targeted approach, tailoring its activities to meet the needs of different segments of the population. For example, MoneySENSE, Berita Harian, Central CDC and financial planning associations recently organised the first free financial planning talk conducted in Malay. MoneySENSE, jointly with the Syariah Court, has also organised basic money management workshops. Berita Minggu also publishes

fortnightly articles covering topics such as loans, insurance and investment. I applaud these efforts to raise the financial literacy of the Malay community.

14 On a broader scale, MoneySENSE conducts seminars on life and health insurance, and distributes consumer guides on financial planning. If you look into your goody bag, you will find a copy of “The MoneySENSE Guide to Planning for Your Family’s Financial Future”. This guide provides practical tips on how families can draw up their budget and develop financial plans to take care of their needs.

15 Going forward, MoneySENSE will continue to work with its partners to have more tailored programmes for different target audiences. I hope more Singaporeans will take advantage of these programmes and take proactive steps on their financial planning. The spirit and attitude of the ant is something we should take to

heart. If we start our financial planning today and not wait till the eleventh hour to do so, we will be able to better deal with emergencies and our retirement will be a happier and more secure one.

16 In closing, let me thank Berita Harian and its partners for putting together this conference for the third year running. I wish you all a fruitful time at today's conference as the speakers share their insights and tips on financial planning. Thank you.