

MoneySENSE Matters

- It pays to plan

Many of us do not plan to fail. Yet, we may unwittingly fail to plan. It is important to plan for our long term financial needs or goals. The earlier we start, the more time and flexibility we have to achieve our financial goals. In this issue, Mr and Mrs Norbet Bernard share how they plan for their family.

Set financial objectives

"Financial planning first sounded very complicated. We thought it was only for the rich, until we discussed what was important for us," said Mr Bernard, a soccer coach by profession. With three children, 14, 10 and 8, the Bernards' top priority was to ensure that their children's education will be taken care of.

They estimated how much would be needed for each child. "Once we knew how much was needed and by when, it was easier to decide," said Mrs Bernard. The Bernards have since opened a fixed deposit account and have taken up an endowment policy for each child.

Save regularly and live within one's means

The Bernards also recognised the importance of saving regularly. They try to save at least 10% of their take home pay each month, even though they are still paying the housing loan for their 4 room HDB flat. "We teach the kids to save a small amount of their pocket money each day before spending," said Mrs Bernard.

The credit card is only used in emergencies or when the family goes on holidays. The Bernards pay their credit card bills on time, and in full to avoid unnecessary interest charges.

Ensure that the family is sufficiently protected

Mrs Bernard, a nurse at the Singapore General Hospital, is familiar with how much medical treatment can cost. To ensure that the family will not be severely affected by high medical cost, the Bernards took up medical insurance plans.

This proved to be a good move. Recently, their second son, William, was hospitalised for a viral infection in his spinal chord. The total medical bill was about \$3,600.00. The Bernards only had to pay about \$100 in cash. The rest was taken care of by insurance and Medisave.

Mr and Mrs Bernard also took up the CPF Dependent Protection Scheme and Home Protection Scheme. "This is the basic protection for the family should something happen

to either one of us. It is very affordable and we use our CPF savings to pay the premiums," said Mr Bernard.

Plan early for retirement

"Besides taking care of the children, we must also take care of ourselves," said Mrs Bernard. Realising that CPF savings is only for basic retirement needs, Mr and Mrs Bernard took up endowment policies and plan to work as long as they are able to.

Just like the Bernards, we all need to plan our finances carefully so that we can achieve our financial goals. To find out how you can plan for your family's finances, refer to the MoneySENSE Guide on Planning For Your Family's Financial Future at www.moneysense.gov.sg



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MoneySENSible Tips

- Identify your financial objectives. Whether it is saving for a new home, your children's education or your retirement nest egg, work out how much you need, when you need it, how much you have and how much you are short of.
- Set a budget and keep to it. Work out how much you have available to spend after saving at least 10% of your take home pay and setting aside funds for your debt commitments. Use the "Create My Budget" spreadsheet on www.moneysense.gov.sg to draw up your budget today.
- Do not take on too much debt. As a guide, your monthly debt commitments should not exceed 35% of your gross income. Check your debt load by using the "Debt Calculator" spreadsheet on www.moneysense.gov.sg.
- Invest prudently. Remember the higher the returns, the higher the risk. Know your risk appetite. Do not invest in any product you do not understand.

Tip Plan early for your golden years. Use the CPF Retirement Calculator at www.cpf.gov.sg to find out how much you need for retirement.



MoneySENSE Events

MoneySENSE 2006 Roadshow

Organised by the MoneySENSE Financial Education Steering Committee:
• HDB Hub, 31 Mar - 2 Apr 06, 10am - 8pm
 Learn about basic money management, financial planning and investment through fun games and activities. Free admission. For more information, please log on to www.moneysense.gov.sg

MoneySENSE 2006 Seminar

Organised by the MoneySENSE Financial Education Steering Committee:
• HDB Hub Auditorium, 1 Apr 06, 9am - 5:30pm
 For more information, please log on to www.moneysense.gov.sg. Registration fee of \$10 will be charged per participant. Goody bags and light refreshments will be given.

Financial Planning for Families

Organised by the Securities Investors Association, Singapore (SIAS):
• Tampines Regional Library, 29 Apr 06, 2.30 - 4.00pm (Mandarin)
• Bukit Panjang CC, 20 May 06, 2.30 - 4.30 pm (English)

To register, please contact Ragni Shankar at ragnish@sias.org.sg or nachel.tsh@sias.org.sg. Contact number: 6227 2083.

A Beginners' Guide to Securities Investment

Organised by the Singapore Exchange:
• SGX Centre 1, SGX Auditorium, 1 Apr 06, 9am - 12.30pm (Mandarin)
 To register, please call 1800-CALL SGX (1800-2255 749) or log on to <http://sgxeshop.sgx.com>. Registration fee of \$5 will be charged per participant for the seminar. Notes and light refreshment will be provided.

Planning For Your Family's Financial Future

Organised by the Association of Financial Advisers (AFAA), Financial Planning Association of Singapore (FPAS) and Insurance and Financial Practitioners Association of Singapore (IFPAS):
• Telok Blangah CC, 23 Apr 06, 1pm to 2.30 pm (English)
 To register, please call: Ms Janelah Bto Email at 62719602
• Taman Jurong CC, 27 May 06, 8pm - 9pm (English)
 To register, please call: Ms Ng Mei Choo at 62683031

MoneySENSE Poll

What have you done about your financial security?
 Tell us and stand to win a shopping voucher!

Here are 10 things that you can do to build a brighter financial future for you and your family. Tick the items you've done and send it to **Consumer Issues Division, Monetary Authority of Singapore, 10 Shenton Way, MAS Building, Singapore 079117** by 30 Apr 06. You may stand to win a \$50 shopping voucher.

- I have set up a monthly budget.
- I have an emergency fund equivalent to 3 to 6 months of my monthly salary.
- I have identified my financial goals and objectives.
- I know what my net worth (asset - liabilities) is.
- I have a proper plan to reach my financial goals.
- My family and I are adequately covered against risks such as illness, accidents and loss of income.
- I know how much CPF savings I will have when I retire.
- I know how much I need for my retirement and have started building up a retirement fund.
- I have started putting aside some money in investments to grow my wealth.
- I review my financial plan regularly.

Name: _____

Address: _____

Tel No: _____

Email Address: _____

MoneySENSE is a national financial education programme launched by the Singapore Government in October 2003. MoneySENSE provides independent information to help Singaporeans manage their finances better and plan for their financial well-being. Look out for more tips on the importance of being informed in the next issue.

For more tips and information, visit www.moneysense.gov.sg