

Money Matter\$ - 29 July 2021

By Standard Chartered Bank

Title: Being financially independent pt1

No matter what life stage you are in, the advice your mother gave you to make sure you can look after yourself rings as true as it did from when you were young until now. No matter your gender, age or status, being financially independent is an achievement worth accomplishing. It also applies to all levels of social income brackets.

Educating and awareness is the key

It doesn't take a genius or a degree in economics and accountancy to plan and look after your own finances properly. Good habits are essential to managing personal finances and ensuring that you live within your means and that your debt and savings levels are reasonably balanced.

“Sikit-sikit jadi bukit” is a common phrase learnt while young in Malay language class and the phrase itself holds so much meaning when it comes to savings. It can however also be applied to debt that is badly managed. But by cultivating good habits at an early age, good financial habits can last a lifetime and most importantly, lessons need to be taught and practiced at home.

Good habits

Cultivate good habits from an early age. For young children, the simple objective of completely filling up a coinbox should be a very important achievement encouraged by parents. Give plenty of praise to children who have managed to save all their coins and make an important event of it by spending time to count their savings with them and bringing them to a bank to deposit their savings. Open accounts for your children instead of mixing their savings with yours – the boundary between who the money belongs to is important for them to understand that the rewards from this account is all theirs.

As children grow up and savings grow along with them, remind them not to touch their savings for unnecessary spending. Instead remind them that these savings will help to go towards their future schooling or maybe even their first car when they finally obtain their driving license. Cultivate the lesson that one should save up for the things that one wants. As teenagers, children should be aware of how much they have in their possession and what they would like to do with their savings. Discuss with them and explain the benefits of investing their savings into investment options which are not only safe but also offer higher returns like fixed deposits. Introduce them to the world of investment.

Give your children personal achievements to ponder over. What do they intend to do after they finish school or university? Would they like to get a part time job to earn extra money over long school holidays? Would they like to give themselves a one year period to find a job that they are passionate in? Whatever the view, discuss reasonable timelines for your children to achieve their objectives. At this point, your role as a parent is to guide and support their decisions as they transition into adulthood and also find their own ways in life.

Taking responsibility

As your children graduate and start searching for careers, give them responsibilities deserving of an adult. And as they begin their jobs, discuss with them the feasibility of them helping out with bills or groceries at home if they continue living at home. It can be small things at first, such as contributing to the household bill payments like monthly TV subscription or the house telephone bill. By giving them the responsibility, they will learn to appreciate the importance of contributing to the household as well as ensuring that bills are

paid in a timely manner. By sharing responsibilities, they will also appreciate the roles you have taken in ensuring that they have a comfortable up-bringing.

Being honest

Be honest with your family on financial matters. Pretending to be better off than you really are benefits no-one, especially your family. If household expenses are becoming burdensome, sit down with your family and discuss on what measures you can all take together as a family to help the situation. Is it a matter of being more energy-conscious to help reduce electricity bills? Is it a matter of everyone pitching in with daily house chores so that you can do without a domestic worker? Is internet connection really a need? Will it make more sense to downgrade to a cheaper vehicle to help reduce monthly payments and possible gasoline consumption by using diesel?

While it is indeed a worry that you do not wish to impose on your children, by being honest with them, they will be able to appreciate the financial situation more and learn to take up responsibility to help out with family matters.

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