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By Standard Chartered Bank

Title: Is saving enough?

It's all about savings – save for the future, save for a rainy day, save for retirement. The list goes on. Saving for the future holds true in all cases because with savings, you can at least be assured that you will have funds if any emergencies crop up. But perhaps sometimes, just simply saving may not be enough?

The ugly truth is that often, you will find that the post retired lifestyle for the ex-salaried class is often a pale shadow of their last working years and they end up relying on their children for funds. But does it have to be? Did the average middle class not save enough through his working years for his retirement?

The culprit may well be the high proportion of 'safe' fixed income instruments in our savings mix. After all, there will be several periods of time when returns from fixed income instruments - like deposits and conservative provident funds - will be lower than inflation, not to mention the impact of taxes. This means that your savings *fall* in real value - not grow as you may imagine - while you were dreaming of a comfortable retirement. Not as 'safe' in the long term, after all? Think about the returns you generated last year in your fixed deposit or provident fund and compare it to the increase in your household expense bill over the same period. If insufficient returns are a concern today, it is only set to get worse as the majority of the population consists of young adults, and unless they understand this aspect and act differently, will find themselves in the same situation.

Several studies – from markets across the world - have proven that 'risky' equities have proven to be particularly good at beating inflation. Yes, there is the risk that equity valuations will often go down, which can be quite disconcerting. But then and on the whole, this may be a reasonable price to pay for almost the best guarantee available for beating inflation.

So why has this simple choice not yet been more actively embraced by the average retail customer? Is there no place for fixed income and other asset classes? Is it really as simple? Quite frankly, it's not. There is a science behind investing, and a traditional do-it-yourself approach driving conventional decisions may often not lead to the best result. Sophisticated investment strategies now offer many benefits that can help you meet your needs in a far more effective manner. And that's where the importance of comprehensive wealth management comes to fore.

An effective wealth management strategy starts with your needs. It looks at your unique appetite to take risks, taking into consideration many factors like your life-stage and investment experience, income and assets, expenses and liabilities. Next, it builds a financial plan that draws up a path to your long-term goals: like a comfortable retirement, expenses for the education and marriage of you children. A good plan also looks to provide for your immediate and interim needs – like risk protection, providing for contingencies etc.

Implementing your plan involves the careful construction of an asset allocation for you, as well as selecting the right products - like mutual fund schemes, insurance policies, fixed deposits and tax efficient retirement savings products. Timely research input plays a key part in getting this right. Quality research driving good product selection is an important factor that will make the difference between a mediocre return and a good one.

Deciding where to invest and investing is just half the job done, since needs will evolve over time. Past decisions need to be diagnosed and refreshed periodically. Hence regular monitoring and re-balancing your portfolio is very important - so that it is always in line with your changing requirements.

Keeping yourself updated on these while trying to perform your day-to-day duties can stretch you. Superficial understanding or casual conversation-based investing may not be enough. Moreover, not all have the expertise to do so on their own.

Financial advisors (or financial planners) can assist you to plan, implement and monitor a

comprehensive wealth management strategy. The overall benefit derived by consulting them – in meeting your financial objectives - would normally far outpace the nominal consultancy and implementation cost.

The next time you get an opportunity to review your savings, remember that people don't plan to fail, they just fail to plan. And hopefully, with a comfortable retirement pool set aside, you will also be helping change a creative depiction of retirement that should have changed long ago!

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