

## Money Matter\$ - 6 January 2022

By Standard Chartered Bank

**Title: Five gifts to give yourself in the new year.**

As we start the year and embark on new resolutions, you may want to think about your financial wellness. Here are five gifts to give yourself for the New Year.

**1. Develop a strategy for your financial future.** Set aside time at least twice a month to manage your finances including paying bills, balancing your checking account and analyzing your expenses. Begin thinking about and planning for retirement—consider when you would like to retire, how much money you will need to live the lifestyle of your choice and what you need to do now to get there. Establish a retirement fund and contribute to it on a regular basis.

Financial planning is an important aspect of life that each and every one of us should take seriously. Personal financial planning requires a systematic approach to attaining financial security. Developing a financial plan means taking control of current assets and having the discipline to manage money well to achieve short, medium and long-term goals.

Many banks offer financial consultants who can help give you direction and support. As the final decision maker, it's important that you understand every piece of your financial road map to plan your future success.

**2. Create a spending plan.** The easiest way to take control of your money is to set out a plan for how you will spend it. This can be somewhat of a task, but it gives you the power to decide where your money goes. The plan should be flexible and include monthly expenses such as mortgage or rent, utilities, food, transportation, entertainment, clothing, etc. Make sure your expenses are not more than your income. If all expenditure and purchases are documented, you will have an almost exact record of your expenses. It is important to first understand your monthly cash flow, and to ensure that you are indeed living within your means.

**3. Protect yourself and your family** Most people only find out late in life that they are over-insured but under-protected. You don't have to be among them. It's very important to ensure that your loved ones are protected financially should you be unable to do so due to death, disability or serious illness. To ensure that you are adequately protected, you need to review your protection coverage, how much you should be covered for, the different types of coverage and your protection plan. Your protection needs consist of 3 key areas- Medical, Life and Disability. Understanding your protection needs and needs of your loved ones is important towards planning, building and protecting your future. At Standard Chartered Bank, we are able to provide you with relevant and useful advice to work towards this.

**4. Build a savings cushion.** It is important for everyone to have a savings cushion for emergencies or unexpected expenses. Your goal is three to six months of living expenses put aside in a savings account. Some may find it a challenge to put some money aside each month and one of the best ways to do this is by taking advantage of the "Standing Instruction" service provided by most banks. Each month, you can instruct the bank to deposit some money into a savings account. No matter how small the amount, you will be amazed with how it all adds up at the end of the day. It is easier to put money aside this way as you can be sure that it is automatically done each month. At the same time, you will not spend what you cannot see.

**5. Know how much you owe.** Keep track of debt. Some think that as long as you can keep up with the payments, everything is fine. However, if circumstances change due to a layoff or other unexpected events, you could find yourself unable to make payments and in immediate financial stress. The only way to understand what you are facing is to have a realistic picture of what you owe. It is important to put a plan in place to clear up the debt quickly. Paying off high interest loans first can help save a substantial amount of money in the long run.

Borrowing sensibly is key. If you have over-borrowed and are laden with loan repayments that are not in proportion to your income, you need to seriously examine your debt service ratio and find a quick solution to the problem. Restructuring loans or even refinancing existing loans is an option that can be looked into.

*This article is for general information purposes only and whilst the information in it is believed to be reliable, it has not been independently verified by us. You are advised to exercise your own independent judgment with the contents in this article.*

739 words