

Money Matters

T is for Timing

The A to Z of savvy finances: Part 4.

Standard Chartered Bank

Timing is essential when it comes to good financial planning. People always like to ask if this is a good time to invest.

The truth is there is never a good or bad time to invest.

Instead, the question is what opportunities are there now that can be capitalised on.

As with all good financial plans and strategies, being able to adapt fluidly to situations that happen are a bonus.

Even in times of financial crisis, opportunities may present themselves in the form of cheaper subscriptions for investments, lower exchange rates or better promotions from banks.

Either way, keeping an open mind to different situations can help you to see the opportunities that lie ahead.

U IS FOR UNIT TRUSTS

A unit trust is basically a big pool of money that many people contribute to. This pool of money is invested by professional fund managers into stocks, bonds and other investment instruments.

A trustee will be appointed to safeguard the interests of unit holders. By contributing to this pool of money (buying units) you will be given a little piece of the total portfolio (ie. you own a part of the unit trust). If the value of the investment instruments which the unit trust

invests in increases in value, your unit trust will be worth more than the price at which you bought (you make money).

V IS FOR VOLATILITY

Volatility is defined as the degree with which the price fluctuates from a mean or average value.

The greater the fluctuation the greater the risk or simply put, it means the level of 'riskiness'.

It is important to understand the concept of risk. Virtually all investments have risk and different levels of volatility. The higher the return, the more risk you have to accept.

Typically, investments such as Bonds are relatively lower in risk whereas Equities (or stocks) can dramatically go up or down in value.

It is important for you and your bank to gauge your risk tolerance before discussing investment options that suit your needs.

W IS FOR WEALTH

The concept of building wealth is generally quite straight forward.

Most people will work to earn their money either through salaried jobs or through business.

They will save what they earn so that they have money set aside for a rainy day, for their children and for their retirement. But when an individual builds wealth, one should also consider protecting their hard earned wealth.

This can be done by ensuring that their savings are well diversified especially if they are investing.



For retired individuals, they should also consider estate planning at an early stage so that forward plans are clear and family members are not caught by surprise on what needs to be done when it comes time to pass on your wealth.

X IS FOR XTRA

Yes, xtra should be spelled with an 'e' but we had to improvise.

When it comes to your finances, always look for extras, for example, extra savings on interest rates with your mortgage loan or car loan.

Look for extra rewards with your credit card programme and what extra value you can get out of your regular spending.

Look for extra services with your bank for example, online banking services that will make your banking more convenient. All these little extras could up to a whole lot.

Y IS FOR YEARLY

A simple rule of thumb is to conduct

yearly or annual financial health checks to ensure that your finances are in the kind of shape that you want them to be in.

And this is a good guide to go by. With the speed of the modern world and how information travels faster than it used to, you might want to increase the regularity of your financial health checks to twice a year instead so that you can easily adapt or change your financial plans to suit your current financial situation.

By conducting a full yearly health check you will set yourself up to be better prepared to handle yearly fees and insurance payments when the times comes for these to be dealt with. Keep important annual dates in your diary so that you don't forget, for example, home and car insurance payments, fixed deposit maturity dates, etc.

Z IS FOR ZEST

Zest means to have great enthusiasm or interest. Keeping a healthy zest

for life as well as a positive outlook backed with motivation and drive can make all the difference to how one views their current situation and how to make the most out of it or even to get out of it if it happens to be a bad one.

For individuals who find themselves in challenging financial times, do not lose sight of your long term visions and throw all your plans out the window.

Instead, think about how you can adapt or change your plans so that you will eventually be able to get back on the track that you want in order to reach your long term financial goals.

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