

## **Money Matter\$ - 9 May 2024**

By Standard Chartered Bank

### **Title: The Great Balancing Act**

Did you ever go to a circus when you were child (or perhaps saw one on TV) and saw the balancing tightrope act, wondering in awe how those performers could stay on that thin piece of wire and still keep their balance? With plenty of practice, training and falls, they walked the wire. But of course, you only figured this out when you got older and saw the documentaries on circuses and behind-the-scenes programmes.

How does this little anecdote relate to money? Managing your money is also like a very fine, well-trained for, balancing act. It takes discipline, a lot of practice and courage.

Its just money you think, how hard can it be? For those who have grown up without much guidance on money sense, it can be challenging to understand the values of money and the priorities associated with it. So while some of us may take our comfortable savings balances for granted, there are others who struggle to make ends meet.

#### **Your balancing act**

The way you decide what happens to the money you earn and save is your own balancing act. While some have great skills walking the tightrope, others may have fallen off a long time ago. How do you stay on that tightrope and maintain your balance? Just as a tightrope walker has spent years mastering the skill through learning, practice and co-ordination, so should you.

#### **Balanced spending**

Easier said than done when it comes to just about everyone's favourite pastime – shopping. Where do you draw your lines? When it comes to spending, it's all about discipline and being in control of your wants. If you don't have the money or the funds to buy the things you want, then you are certainly in no place to be spending at all. However finding the money to buy the things you need, is a completely different story.

You have \$100 in your pocket and you are out and about, what do you do with it? Have you paid your bills? Are your groceries at home sufficient? These are priorities that you must allocate the money towards. So if the bills have been paid and there is rice in the pot at home, then have you saved any money out of what you have been given? If you haven't then allocate some of it aside. Only after the priorities have been taken care of then you can spend the remaining on what you want.

Even if you have plenty of money tucked away and think you can afford to splurge on frivolous things, perhaps you should consider if your massive consumption appetite can instead be curbed for better humanitarian needs like donations or helping others within the community.

#### **Balanced sharing**

Sometimes helping others may not help you – especially when you yourself are in a tight situation. This does not only imply to charitable donations but also to situations

when family members ask for financial help. Lending or giving money to a family member or friends may not always end in a favourable situation and can sometime affect the relationship. One rule of thumb you can apply to help decide if you should lend a helping hand is that if you can afford to be without the money that you are going to lend or give away then, perhaps you are able to help. If you need to take the money out of savings that could affect your future, then it may be advisable not to. Whichever the situation, make sure that you can sustain yourself first.

### **Balanced savings**

You need to have a clear objective in mind about what you are saving for and set a target for how much you need to save for this objective. And there are plenty of worthwhile objectives to save up for, beginning first with top priorities like an emergency fund and your retirement, before you move on to others like saving for a house, a car, a new TV, a holiday, etc.

Balanced savings also refers to your investment portfolio. The mantra that many financial consultants will tell you is to always balance your investment portfolio by diversifying them. By doing so you will then spread your risks when you diversify your portfolio among time deposits, bonds, stocks and mutual funds.

### **Find your balance**

With advise and reinforcement in hand, set out on the tightrope with a greater sense of confidence that you will find your balance and stay on the rope.

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