

Create multiple income streams to gradually build your nest egg

Doing that early has given technician Ong Ai Bin the financial stability to help him cope with life's challenges

Mr Ong Ai Bin began building his retirement savings 20 years ago the way many Singaporeans do — with an insurance endowment plan. Since then, he's been able to gradually grow his savings by reviewing his portfolio regularly and creating different streams of income.

The 58-year-old technician with SIA Engineering feels that starting early enough to build multiple income streams was important, especially as he has a family to support. Mr Ong has been married for 30 years and has three children, all of whom are now in their 20s.

"I think saving for retirement is a driving force that motivates you to save harder and work harder," he said.

"When you are young and have a family, you have to work harder to provide for your family. You also don't know what will happen in the future, so it's better to have some savings to meet your daily living expenses."

MULTIPLE INCOME SOURCES

Starting early gave Mr Ong an added advantage — opportunities to develop more diverse streams of retirement income. Rather than put all his eggs in one basket, Mr Ong bought shares in several local blue-chip companies on the open market and still earns dividends from his stocks.

He recently opened a fixed-deposit account and bought an endowment plan with POSB.

Having several income sources from different sectors helped give him peace of mind. If returns from one sector were not as good as expected, income from his other streams could help keep his overall earnings stable.

EARLY START, LIGHTER LOAD

Another advantage of saving early for retirement is that Mr Ong needs to set aside less money each month to meet his retirement goals.

Mr Ong sets aside about S\$400 in savings every month. He and his wife also receive some money from their working children to help with household expenses.

It helps that Mr Ong and his wife are disciplined when it comes to spending. This has helped them save enough to go on annual holidays.

"My wife and I don't spend on luxury goods, mostly just on our daily necessities. We like Japan and have been visiting the country for the last

MR ONG'S RETIREMENT CONCERNS

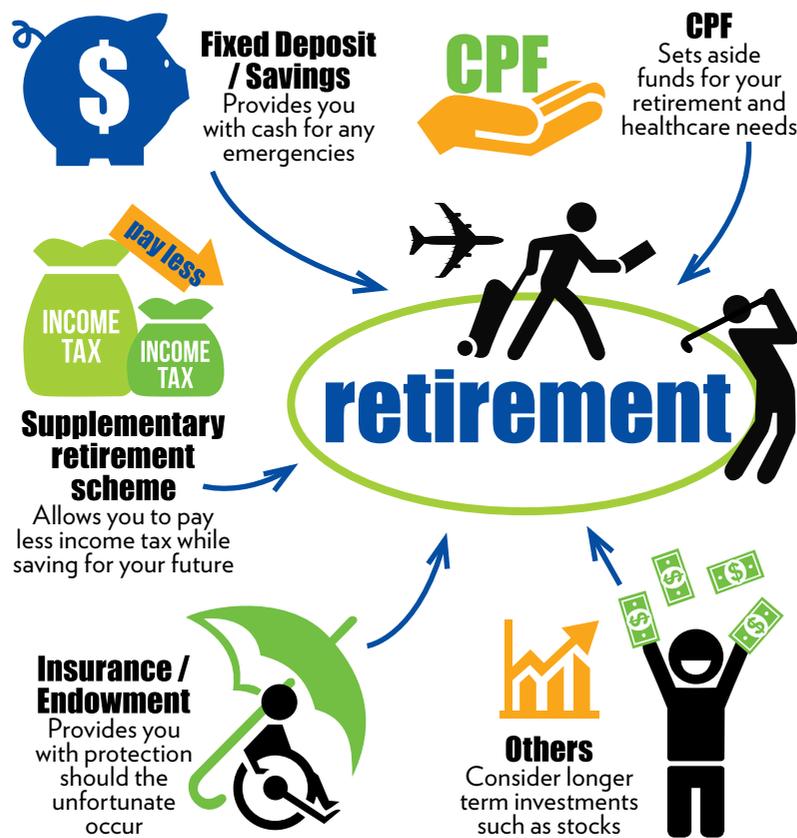
Mr Ong lives in a 4-room HDB flat in Sengkang with his wife and three children who are in their 20s. His retirement goals and concerns are:

- To set aside S\$500,000 in savings when he retires
- Have a monthly retirement income of S\$2,000
- To stay active and healthy
- To have enough to pay for his healthcare needs
- To be able to cope with the rising cost of living



PHOTO: KOH MUI FONG

Build your retirement savings with multiple income streams



GRAPHICS: CINDY CHAN

few years. We're planning our next trip at the end of the year."

STAYING HEALTHY

Although he is approaching Singapore's minimum retirement age of 62, Mr Ong would like to continue working after that bridge is crossed, for very practical reasons.

"If I am able to continue working with my company, I would like to continue in a full-time role because I find my work interesting. My children are all grown up, so if I stay at home or work part-time, I may end up staring at the walls at home. Continuing to work will help keep me healthy."

To stay fit, Mr Ong takes brisk walks along the river near his home in Sengkang. The avid bird-watcher and photography buff usually takes his

camera on his walks to photograph the area's diverse flora and fauna. Apart from staying active, he also does this to address one of his main concerns — his health.

"It's important to stay active and healthy. When we grow older, our health may deteriorate. So we are not sure what will happen next. I'm very concerned about the cost of healthcare and I think it's something many Singaporeans are also concerned about."

Mr Ong is a realist and expects his needs and priorities to change. Thankfully, his foresight in building up several streams of income has given him the stability to help him cope with financial challenges that may arise.

This is the first story in a 15-part collaboration between TODAY and POSB. To read this story online, visit www.todayonline.com/posb.

Build a stable base for your retirement needs



FROM
DERRICK GOH
Head of POSB

Welcome back to the POSB TODAY Voices series. We are encouraged by the positive response from you on the themes and stories covered in our previous two series.

Over this new series of 15 fortnightly stories, we will continue to meet with individuals and bring you relevant and interesting stories on financial planning and areas of key concern. These stories include retirement planning, teaching your child to save and stretching your dollar further. I hope you'll find this series as helpful as you did the previous two.

This week, we learnt about Mr Ong's main concerns — healthcare and having enough money to meet his current and future needs.

I'm sure many Singaporeans can identify with this. When you have a young family, you need to provide for them while building up your savings. As your family grows, your financial needs change.

Health will also be a concern. When your children are young, you want them to stay healthy. As you become older, your health becomes a bigger concern.

BALANCING CURRENT AND FUTURE NEEDS

It's challenging to raise a family and set aside money for your later years but you'll probably find that building your retirement savings early can ease some of your concerns. This gives you more opportunities to adjust your plans when your needs change — and your family's needs will evolve as your children progress from kindergarten to graduation.

Starting to save earlier for your retirement can make it easier in the long run. Since you'll have more time to save, you'll need to set aside a smaller amount each month to meet your retirement goals.

PUTTING YOUR EGGS IN SEVERAL BASKETS

Saving early is one aspect of effective retirement planning, but Mr Ong went one step further by taking the opportunity to build up multiple streams of income. This can offer you peace of mind since your savings are spread across multiple investments.

Mr Ong reviewed his financial requirements regularly and this benefited him. When opportunities arose and he had sufficient funds, he chose other options that could provide income payouts in the future.

Providing for your family and planning your retirement are challenges many Singaporeans face. Sensible planning, building diverse income streams and reviewing your financial needs regularly can help meet these challenges.

WANT TO KNOW MORE ABOUT RETIREMENT PLANNING?

● Visit www.posb.com.sg/retirement. Product terms and conditions apply.