

# Start saving early to enjoy a secure retirement

*Thanks to sound planning and financial discipline, this media executive is on track to meet her retirement goals*

Ms Riley Leong, a 35-year-old media executive, has set herself an ambitious goal — to have the option of retiring at the age of 55, well before Singapore's current minimum retirement age of 62.

While people often say they'd like to retire early, not many have the flexibility to do so. Ms Leong was determined to give herself the option of doing just that, and she set about working towards that goal.

One of the first decisions she made was to start saving early, and her parents were able to help her with that.

## A HELPING HAND

Ms Leong's parents bought her an endowment policy when she was 18, and she took over the premium payments when she was 25 years old.

Soon after she started working, Ms Leong began planning for the future.

"I reviewed my policies, and based on my salary at the time, I worked out how much I could afford to set aside each month for my retirement planning," she said.

"I wanted to have the option of retiring early. I expect to spend about 20 to 25 years in retirement. I think in the longer term, most people are concerned about health issues, whether they have the health or energy to enjoy their retirement."

## BUILDING FOR THE FUTURE

Since taking over the endowment plan, Ms Leong reviews her financial needs regularly and seeks ways to grow her savings and address other long-term concerns.

She said: "I started a savings plan when I was 26 and have also bought insurance plans that cover accidents and illnesses, as well as made unit trust investments.

"In addition, I bought an overseas property. One of my immediate financial aims is to grow my portfolio so that I can have a more secure retirement."

Ms Leong recently visited a POSB branch as she wished to review her savings plans.

After completing a financial needs analysis, Ms Leong was advised to set aside S\$1.5 million "to cover living expenses and inflation". The good news? She's on track to meet her retirement goals.

## MS LEONG'S RETIREMENT CONCERNS

Ms Leong is concerned about building up her portfolio so she can have a secure retirement. Her retirement goals are:

- Retire at the age of 55
- Spend 25 years in retirement
- Set aside S\$1.5m to cover living expenses and inflation (about S\$5,000 monthly)



PHOTO: KOH MUI FONG



## FINANCIAL SENSE

Part of Ms Leong's success in her retirement planning lies in the fact that she's a firm believer in planning her expenses and sticking to a budget.

"I think it's very important to live within your means," she said.

"This is why I make it a point to assess and balance my needs against my wants. For example, while I like to travel, I don't need to have the latest gadgets or eat at fancy restaurants. I'm also aware that my financial responsibilities are lighter than those of my peers."

Ms Leong sets aside approximately 50 per cent of her monthly income — about S\$2,000 — in cash savings and an additional S\$7,000 annually to pay

for her savings plans.

While Ms Leong is on target to hit her financial goals, her immediate priorities lie elsewhere.

"I think I'm sufficiently covered. My main concern at the moment would be my parents' health as they grow older."

Thankfully, Ms Leong's early start in growing her savings has given her greater flexibility to respond to changing needs and to take advantage of opportunities that come her way. Exercising financial discipline has also helped make her path to a secure retirement more achievable.

This is the second story in a 15-part collaboration between TODAY and POSB. To read past stories, visit [www.todayonline.com/posb](http://www.todayonline.com/posb).

## Building a firm financial foundation for the future



FROM  
**DERRICK GOH**  
Head of POSB

We often hear people say that they'd like to retire early so they can enjoy life while they are young. However, many people find it difficult to do so, especially if they are responsible for young children, elderly parents or want to upkeep a lifestyle they are used to.

While it can be challenging to set aside money for your retirement needs, you'll find that starting early will be beneficial in the long run.

## A TIMELY START FOR A REDUCED LOAD

Starting early means you get to set aside a smaller amount of money each month since you have more time to save for your retirement.

Secondly, you'll be able to take advantage of the compounding effects of interest for deposits and investments to grow your savings. The longer you save, the more money you accumulate.

This is one of several positive steps that Ms Leong took to meet her retirement goal. Her parents gave her a headstart by getting her an endowment plan when she was 18. She built on that foundation by taking over the plan and adding other plans when she was able to afford it.

## BUILDING A BROADER BASE

Ms Leong has bought additional plans that will help her address her long-term needs, like health-care plans that cover accidents and illnesses. She has also made unit trust investments and bought an overseas property. Diversifying her portfolio helps ensure that she doesn't place all her eggs in one basket. It also offers her protection should the unfortunate occur.

However, we caution the average Singaporean against investing in overseas properties as these investments are less liquid and the returns are not always certain.

## PROVIDING FOR PARENTS

Our relationship manager analysed Ms Leong's financial needs and found that she is on track to meeting her key retirement goal — to have the flexibility to retire at the age of 55. This wasn't surprising as she started saving early and was able to build on this foundation by growing her portfolio gradually. However, Ms Leong is concerned about her parents' health as well. To lessen her worries, she could consider factoring her parents' health-care plans into her savings plan. Should anything untoward happen, she will be able to provide for them and still leave her nest egg intact.

## WANT TO KNOW MORE ABOUT RETIREMENT PLANNING?

● Visit [www.posb.com.sg/retirement](http://www.posb.com.sg/retirement). Product terms and conditions apply.