

Have you set aside enough for your retirement?

This family has made an early start in saving for their golden years, and are prepared to further tighten the belt

For Gary Tey and Jacqueline Ng, retirement planning isn't the big problem that some people make it out to be. While it is an issue that requires serious thought and financial discipline, the couple has already made plans to address their retirement concerns.

Chief among these concerns are the cost of living and healthcare expenses. Healthcare costs increased by 176 per cent* from 1981 to 2011. Inflation means that these expenses are likely to continue rising, so anyone who does not have enough coverage could face high medical expenses should they fall seriously ill or be involved in an accident.

Said Jacqueline: "These are our main concerns because of inflation and rising costs in Singapore. Medical expenses will also rise in our old age."

Because of this, and despite already having savings plans in place for their golden years, the couple expects that they will need to tighten their belts.

"We will probably need to change our lifestyle so as to have more savings after retirement and to stretch our money," said Jacqueline.

PLANS IN PLACE

Jacqueline, who's 36 years old, is a homemaker while 37-year-old Gary is a civil servant. They have been married for nine years and have two children, six-year-old Megan, and Sarah, who's aged two.

After Sarah was born, the couple reviewed their insurance policies to address potential gaps in their coverage. While they don't plan on investing in any new policies, they are open to doing so if "any suitable ones become available".

One of their immediate financial priorities is planning for their children's education. The couple also plans to retire at the age of 60 with a monthly retirement income of S\$2,000. They expect to spend 30 years in retirement and have set a retirement savings goal of S\$800,000.

Gary and Jacqueline say they are currently about S\$600,000 shy of that goal but believe they can eventually meet these goals. "We have made plans and are prepared, and we are working towards it by saving up," said Jacqueline.

PLAYING IT SAFE

These plans include investing in relatively conservative products such as



Jacqueline (pictured with her children), started saving for retirement with her husband, Gary, eight years ago. PHOTO: KOH MUI FONG

FINANCIAL GOALS AND CONCERNs

Gary and Jacqueline are concerned about rising costs of living and healthcare expenses, especially after Gary retires. Their retirement goals are:

- Retire at the age of 60
- Spend 30 years in retirement
- Have retirement savings of S\$800,000
- Have a monthly retirement income of S\$2,000

"cash savings, fixed deposits, time deposits (foreign currency), and insurance policies".

Each month, Gary and Jacqueline set aside S\$2,000 in cash savings and an additional S\$1,000 for insurance products.

The Tneys began saving for their retirement about eight years ago and believe their early start has made saving for their golden years easier.

Said Jacqueline: "It's easier to save for retirement earlier when you have fewer financial commitments since you have more cash flow. We did not spend too much and looked towards planning for retirement earlier."

This is the third story in a 10-part collaboration between TODAY and POSB. Visit www.todayonline.com/voices/posb to read this story online.

*Source: <https://secure.mas.gov.sg/calculator/goodsandservices.aspx>. The health cost is based on the percentage increase between 1981 and 2011 derived from the Goods and Services Inflation Calculator.

^Source: <https://secure.mas.gov.sg/calculator/goodsandservices.aspx>. The cost of education is based on the percentage increase between 1996 and 2011 derived from the Goods and Services Inflation Calculator.

Prepare for your children's tertiary education expenses



FROM
DERRICK GOH
Head of POSB

We spoke to Jacqueline to find out if we could do anything to help her and Gary better meet their financial goals. After going through an analysis of their financial needs, we learnt that another key concern is their children's tertiary education funds.

Education is the second-most inflated category among all goods and services in Singapore, with much of this being driven by tertiary education. Over the past 15 years, the cost of education here has risen by 37.7 per cent[^]. Jacqueline and Gary should start planning ahead so they can build up sufficient university education funds for their children.

ASSESS FUNDS FOR YOUR CHILD'S TERTIARY EDUCATION

One of the first things they should consider is how much funds they have currently provided for their children's tertiary education, then calculate if there is any shortfall.

Their children's tertiary education will include costs such as tuition fees, transport and living expenses. If they intend to send their children overseas to study, the costs will increase substantially.

So before they invest in an education plan, we suggest that they work out their goals and determine which plan best suits their needs.

With an adequate education plan in place, Jacqueline and Gary need not worry about their kids' university education cost anymore.

A MORE DIVERSE PORTFOLIO

Jacqueline and Gary are risk-adverse investors and have set aside most of their money in savings, fixed deposits and insurance products. The advantage of such products is that they are relatively safe. But the returns from such investments are relatively low, and may be gradually eroded by inflation.

Jacqueline and Gary could diversify and consider products that can give higher returns. Or they can look into deposit accounts that give a higher yield on regular savings. They can visit any of our POSB branches and speak with our relationship managers who can help them find out more about how they can grow their savings.

ENSURE ADEQUATE INSURANCE COVERAGE

As the family's sole breadwinner, Gary should assess if he has adequate insurance coverage to ensure his family continues to receive a steady stream of income in the event of unforeseen circumstances such as retrenchment or illness.

WANT TO KNOW MORE ABOUT RETIREMENT PLANNING?

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