“BUILD YOUR 21st CENTURY FINANCIAL PLAN”

FINANCIAL PLANNING BOOK

This book is brought to you by Eddy Wong

Your Trusted Advisor.

READY TO WORK WITH A CREDIBLE ADVISOR?

EDDY WONG

Eddy is an Estate & Risk Planner practitioner. He has helped many families achieve their dream come true. He has been in the industry for 23 years and is very passionate in Financial Planning. He has also achieved 2 X MDRT in his career.

Why Trust Eddy Wong?

Till today, Eddy has helped over 1000 people with financial planning and is on his journey to inspire and value add more lives.

He is a member of the Big Case Closer family where he learnt from Dr Sanjay Tolani personally on advanced financial planning strategies. This means Eddy is equipped with the right skill set to help you with your financial planning.

Apart from his many successful recognition (12 X star clubs, 2 X Summit Star Clubs, 2 X MDRT, 3 X Investment Award,1 X Estate Trust Award), he is passionate in sharing ideas about financial planning to his clients and colleagues.

What Are People Saying About Eddy Wong?

"Eddy is fun loving, dedicate & consistent about his jobs" Director, xx

"Eddy has provided our family needs especially in the aspect of Financial planning and Trust."

EDDY CAN HELP YOU WITH:

- Life Insurance
- Income Protection
- Retirement Planning
- Education Planning
- Estate Planning
- Business Insurance

Financial planning decisions can be difficult. Rather than spending time to figure it out, why not spend a few minutes sharing it with Eddy and get his advice? Afterall, he is a professional when it comes to financial planning.

Call/Whatsapp Him At : +60124093911 Today
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Financial Planning Book

FINANCIAL PLANNING BOOK

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Disclaimer: The advice and suggestions in this book are of personal opinion of the author. The author does not hold any responsibility for the advice or strategies given in the book.

ACKNOWLEDGEMENT

DR. SANJAY TOLANI

This book would not have been possible without the guidance of my mentors who have guided me along the journey of being a financial advisor.

This book is specially written for you to understand how to do financial planning differently.

My parents Mrs. Seema Tolani & Mr. Ram Tolani, my amazing wife, Chandni and kids, Suraj & Chirag who have given me the support to push my dream to make financial planning easier and happier for everyone.

WHO IS DR. SANJAY TOLANI?

This book world that you are about to dive into is written by Dr. Sanjay Tolani, who has spent more than a decade studying about the financial planning world.

He has broken down complicated financial theories into simple steps for you in this book so you can learn to appreciate how insurance and financial planning can help you with your changing priorities in life.

Dr. Sanjay Tolani, became the “youngest member” at the age of 19 and the “youngest life member” at the Age of 28 to the Million Dollar Round Table (MDRT).

He is considered to one of the top in the financial planning profession and is followed by hundreds of thousands of advisors globally.

The 9 books he has written are some of the best sellers and guides used by financial advisors worldwide.

He also has 14 Top of the Table Qualifications (TOT), which is considered the pinnacle of the financial services profession. To top things off, he is also the youngest Managing Director of an insurance brokerage in the Middle East.

Currently, he is the CEO of Goodwill World with clients globally and an author of the International Best Seller titled "28000 – Make Every Day Count" which has already been translated into 5 languages; proceeds of the book are donated to the Goodwill Charitable Foundation, Million Dollar Round Table Foundation and the Pearl Foundation.

Dr. Sanjay has been recognized as a world renowned speaker who has spoken in 6 continents across many Universities and Global Conferences on Economics, Investments, Insurance, Risk Management & Sales Management. He has also been profiled on many media networks across UAE, North America, Europe, India and South East Asia. Dr. Sanjay has also been previously appointed as a mentor to Young Entrepreneurs Program under the Dubai SME (A Dubai Government initiative).

An entrepreneur, An author, A philosopher, A student, A philanthropist, An advisor, A mentor, A husband, A father, A son and A brother. Dr. Sanjay wears many hats.

"Dr. Sanjay is also the family leader of Sanjay's Mentoring Family where he helps more than 70,000 financial advisors worldwide to gain financial planning knowledge".

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WHAT IS THIS BOOK ABOUT?

Hi! Welcome to the book world where I will slowly uncover the secrets of financial planning for you and hopefully by the end of diving into this journey with me you will be confident enough to say *"Hey, I know how to do my own financial planning now!"*

This book is about sharing good financial planning knowledge.

In this book, I will show you everything you need to know about financial planning. By the end of reading this book, you should be clear of your own financial goals and hopefully you will master some financial planning strategies to achieve these goals.

For the first time ever, I will be breaking down complicated financial planning processes into simple step by step strategies so that you can apply it for yourself and see immediate results.

Many of us are sensitive when it comes to talking about money issues. I know money management is an important topic to talk about but often we feel uncomfortable talking about it with someone else.

Therefore in the first portion of this book, I will take a look at why financial planning is important and the benefits of creating a good financial plan. This allows you to be clear on why you should start doing financial planning now!

We will then dive into the 5 stages of creating a good financial plan. You see, financial planning is a topic that is not really taught in school. In fact, most people are bad with financial planning simply because they are never taught how to do it correctly.

In this book, I will break down financial planning into 5 stages and along the way we will be discussing on important issues like what is your financial goals, how would you get there and how much financial protection you really need! Don’t worry, just read on and I will guide you along the journey.

For those of you who still have multiple questions regarding financial planning, I will be going through a series of frequently asked questions. Hopefully, I can clear most of your doubts regarding financial planning. These are questions compiled from my decades of experience in the financial planning world.

I will end off the book by discussing how you can save more! Because what is the point of financial planning when you can’t even save more in the first place?

Remember, financial planning is your own responsibility. Invest in getting yourself educated about it because no one else will do a better job than you as you know yourself best!

So let's kick start on this thrilling financial ride together!

ONE OF MY BIGGEST REGRETS…

A few years back, one of my best friends, Sarah, contacted me from out of the blue. She said: *"Sanjay, I've known you for 7 years but for some reason my family has never bought life insurance from you! Now, having just given birth to my second child only recently, I was thinking about getting insurance to safeguard our family's future and to protect our young ones.*

However, there is one small problem...my husband Allen doesn't believe in insurance and thinks it's a complete waste of money! Would you mind if I brought him to meet you so that we can discuss about which life insurance policy is the best for us? I would greatly appreciate it."

Thinking to myself, when was the last time someone called in to buy a life insurance policy? Naturally, I agreed and we set a date to meet.

Soon, the scheduled date arrived and I brought Sarah and Allen into my office. I then gave a thorough explanation about the benefits of having a proper life insurance policy and why they should get it immediately as the cost would only increase.

Initially, Allen was sceptical but after I was able to acknowledge and handle his numerous questions, he began to warm up to the idea.

After a couple more hours of discussion, they agreed to buy life insurance. We settled the paperwork and filled up all the necessary application forms.

As they were about to leave, Allen said: *"Sanjay, thanks for alleviating my doubts about life insurance coverage. Let me go home and send you a cheque and let's go ahead with it!"* I said fantastic, I'd be happy to.

So they got home and I received a call later in the night*. "Hey Sanjay, one small problem*

- my cheque book is over. I'm going to Europe for 10 days, would you mind if I give you the cheque after? Or do you think it's an urgent matter?"

I said not to worry, let's do it after! After all, in my head I was thinking it made no difference and it was easy for me to withhold the application for 10 days. I told Allen we would finalize the application after he is back. *"Focus on your holiday! Don't be so stressed!"* I teased him.

7 days later, I suddenly got a call from Sarah out of the blue. She was sobbing as she spoke to me.

"Sanjay, we just got involved in a car accident yesterday. Both of our kids are fine and I have multiple fractures but that is not the main issue...Allen is in critical care and is currently in a coma. Doctors say he might not make it."

My heart skipped a beat. I told her not to worry, stay strong and that I was sure Allen would be okay. I continued to reassure her and before we ended the call, made her promise to keep me updated.

The very next day, she called me again. Allen had just passed away.

I did not know what to say. This is a friend of mine who has been with me since childhood. We even studied through university together and were there for each other's wedding.

Now, Allen had passed away and because I did not have the urgency in getting him to finish the paperwork, her whole family would not only have to deal with the emotional trauma, but a massive financial trauma as well.

If only I had requested that Allen had paid me 320 dollars before flying off, I would have paid out 700,000 dollars to his family and ensured that they were properly taken care off. I would have protected the lives of Sarah and her children. Instead, I doomed them to a life of uncertainty and financial difficulty.

This, my friends, is one of my biggest regrets in life. It's one that I will remember for life; a scar that I will carry wherever I go.

For weeks after the incident, I sunk into a state of depression. I felt so much guilt and shame, believing that it was my fault. I refused to meet people and shut myself from the world, isolated in my room. That was until one day, when my father called me.

I told him the story and he listened attentively. Then he said these words that made me think: *"Life is unpredictable. Take some time to grief, but remember this. There are many other families out there like Allen's who need your help. You can't change your past mistakes, but at least you can do your best to ensure that other families are protected as well."*

My father was right. I could not change the past, but I could work hard to ensure that other families would not suffer the same fate! And with that, I was more determined and more passionate about my work in this field than ever before.

From that day forward, I made a promise to myself that I would always be there for my clients no matter what. Even if my client called me at 3am in the morning, I would attend to them.

That is also why whenever I meet new clients and they tell me that they need more time before deciding to buy coverage, I always respond that I am happy for them to think through it but at the very least, let me put them under a free look period.

I tell my clients, *"Let me keep you protected and we will return 100% of the premium if you decide not to."* I then tell them the story about Sarah's family, how I suffered from the guilt it caused me and to educate them to always be prepared, because you never know how unpredictable life is.

It was through Sarah's family that I was able to open my eyes and see first-hand how critical my decisions were in shaping the lives of others.

Therefore, I made it my **sole mission in life to become a responsible financial advisor and to highlight the urgency of getting insurance to everyone who I came across.**

That is also precisely why this book is written. I wanted to make sure that everyone knew the importance of financial planning!

If you are reading this book, I want you to remember this**: life is simply too precious to leave it up to fate.** So I'm glad you have decided to join me on this journey. Together, let's plan for the future for the sake of our loved ones!

WHY DO I NEED FINANCIAL PLANNING?

Do you remember a time when you really wanted to buy something that you like, but couldn't afford at that moment?

You then go to your parents asking them to get it for you but they come back telling you, *"Hey if you want something, get it yourself!"*

You probably went back spending countless days working, eating less or trying to do errands for your neighbour so that you can save enough for that thing that you've always dreamed of.

When you get that item on hand, you feel, "Woah I'm happy".

Well, this is the satisfaction of achieving a goal.

However, truth hurts! As we grow older and enter the real working world, we realised that **we are no longer as happy and excited as when we achieved a single goal.**

As we grow older, there are probably more things that we truly yearn for and always want.

As the saying goes "You Only Live Once!" There is nothing wrong with wanting the best for ourselves at least once in this lifetime.

You will soon realise that almost ***everything we want will probably have to do with money.*** We want a better house, we need money. We want a better car, we need money. Even if we want to start a family, we need money.

You see all these goals that you wanted probably requires money which is why people call them "Financial goals".

Well, financial planning is all about coming up with the right strategies to help you achieve these financial goals.

This is also a reason why I decided to spend months writing this book, because I realised how important financial planning is, at least for those who truly want to achieve their financial goals.

Remember financial planning is not only about you, it is also about your family and your future generations. When you do financial planning right, your future generations can leverage on you to achieve their goals faster. When you do it incorrectly, they suffer because they are forced to start from scratch…

So the decision lies on you. Somebody has to start it isn't it? Why not you?

Now, let's talk about the problems we face with saving money.

PROBLEMS WITH SAVING MONEY

Do you find this familiar?

You walk into a shopping mall full of pretty shoes. You take up a pair of shoes that you really like and look at the price tag, "Woah Expensive!" you probably tried to convince yourself why you don't need it and finally after a long struggle between your heart and mind, you decided, alright I'll let it go. I don't need it for now!

Yes! That's the victory of the logical mind. But wait…

That moment when you slowly put down that shoe, from the edge of your eyes, you notice this word. This magical word that changes every logic you previously had.

"Sale!" "Sale!" "Sale!"

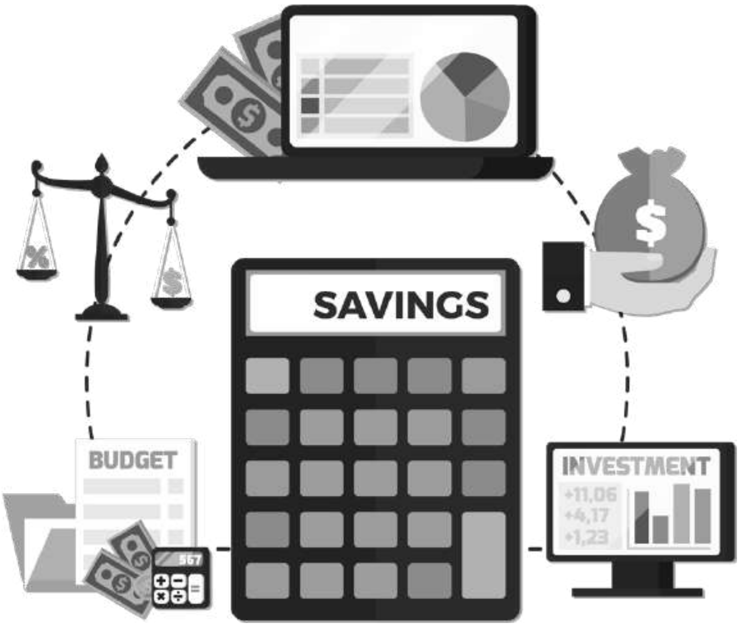
You know this is some sales strategy being enforced on you but now all your emotional reasons starts pouring in…

"It's only a shoe! I can earn it back!"

"Everyone should invest in themselves!"

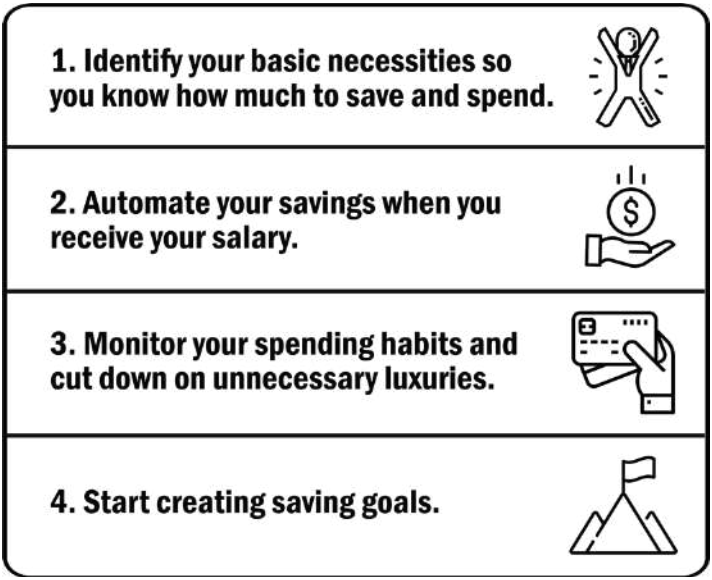
"You deserve this shoe that you really like! It's limited edition!"

Well, you must have guessed what happens eventually. You bring it back with you and sooner or later you regret buying it because you have tons of them at home!



Let's talk about some guidelines on how to create a habit to save more money!

4 HABITS TO SAVE MORE MONEY



We all know that it takes time for behaviour to become habits, the question is, are we determined enough to build good saving habits?

Remember, when you change your habits, you are probably on your way to changing your life too.

Cultivating good savings habit NOW is important so that you will be able to gain rewards of having shorter term mortgage, more savings for your children's education or ensuring that you retire comfortably. Save now before your expenditure gets out of control and you accidentally get yourself into "bad" debts.

The old saying remains true which states: 'It is not how much you earn but it is how much you are able to save and not splurge that really decides your wealth.'

In this chapter, we will be discussing 4 Saving Habits to help you save more money.

Saving Habits #1: Identify your basic necessities so you know how much to save and spend.

The first step is to start saving money and figure out how much you really need to spend. There are several basic needs we all need. They are food, clothing, housing and transport.

In fact, there are many **spending tracker apps** online for you to use to find out how are you spending your money and from there identify what are the spending items that are really necessary and what can be cut down.

Saving Habits #2: Automate your savings when you receive your salary

Do you know that some banks offer automated transfers that allows you to transfer a portion of your salary into savings accounts when you receive it?

This way, you will be able to force yourself to start saving. It is always a good habit to save at least 20% of your income. You can then use these savings to either purchase insurance or do investments.

Saving Habits #3: Monitor your spending habits and cut down on unnecessary luxuries

Many of us are spending on things that we don’t really need. Spend time monitoring your spending habits cut down on non-essentials luxury items such as entertainment and dining. In fact, try cancelling some existing memberships or subscriptions that you have that are unnecessary.

Another good advice is to reduce the use of credit card. Credit card has become the primary way many people pay for purchases today.

Saving Habits #4: Start creating saving goals

Another great way to save is to start creating saving goals. Start by identifying the different stages in your life where you will need money. Here are some common saving goals people have:

1. **For marriage -** How to make it a memorable one?
2. **For retirement -** How to maintain the same lifestyle when retired?
3. **For vacation -** How to travel comfortably without worrying about liabilities?
4. **For kids education -** How to ensure kids start their life with the right foundation?

Remember to take these into consideration, things like inflation when calculating your saving goals. Having saving goals allows you to be more focused when it comes to saving money.

Start executing them and see the results for yourself. Remember, good habits don’t miraculously happen and it is up to you to create it!

BENEFITS OF FINANCIAL PLANNING

Not many people realise how important it is to have a proper financial planning strategy. You see, by the time most people come to such a realisation, they are usually too late and miss out on the many opportunities that would have given them the financial stability and peace of mind in their later years!

Another common group of people are those who understand the importance of financial planning, but did not follow the correct strategies and had made bad monetary decisions. This usually happens due to the lack of a proper financial advisor to guide them along.

There are 3 key benefits when it comes to financial planning.

Benefit #1: Peace Of Mind For The Future

The future is filled with uncertainties. Whether you are working in your 20s, 30s or 40s, you will never know what is going to happen. In fact, once you retire, your income typically either drops or you rely on pension benefits, depending on the country you are residing in.

How can you be sure that the income or pension benefits are enough for your living expenses when you retire? Financial planning is thus important to ensure that in the future when you finally do retire, you will have sufficient money for all the lifestyle choices you decide to undertake. It removes that uncertainty in the future so that you can retire comfortably after years of work.

Benefit #2: Financial Independence

From the day we enter the workforce, one of the key objectives is to earn money in order to be able to be self-sufficient. The next level beyond self sufficiency would be financial independence. Financial independence is a state when you have enough wealth without having to work for it. True financial independence cannot be achieved without prudent financial planning.

Let me ask you this. At the age of 55, would you prefer to be self sufficient by continuing to work for the rest of your life for income, or would you prefer to be financially independent by relaxing with your loved ones while money comes to you? If you choose the latter, then financial planning is the answer to getting to that state in life!

Benefit #3: Early Retirement

There has been multiple research data that has shown that the average retirement age around the world is 64 years old. That means in general, people study and work for more than half of their lives for money. What if there is a way to stop working for money and enjoy what life has to offer? Financial planning is an art.

A well designed plan will allow one to retire early. The earlier financial planning is carried out, the easier it is to get there. With the power of compounding interest, early commitment to a financial plan allows you to retire early very easily.

In summary…

Understand the benefits that comes with financial planning. In fact, the earlier this topic is discussed, the more beneficial it would be for you and your loved ones. We know how powerful compounding interest can be. This means that a longer time horizon would allow for more financial returns and benefits. Start early to enjoy these benefits.

Remember, financial planning is important for everyone, regardless of age. A well-executed plan will also allow for a happier retirement.

The next key question is: How does one go about creating a financial plan? Now, let me show you how in the next chapter!

THE 5 STAGES OF FINANCIAL PLANNING

Understand this: There are 5 stages when it comes to creating a financial plan.

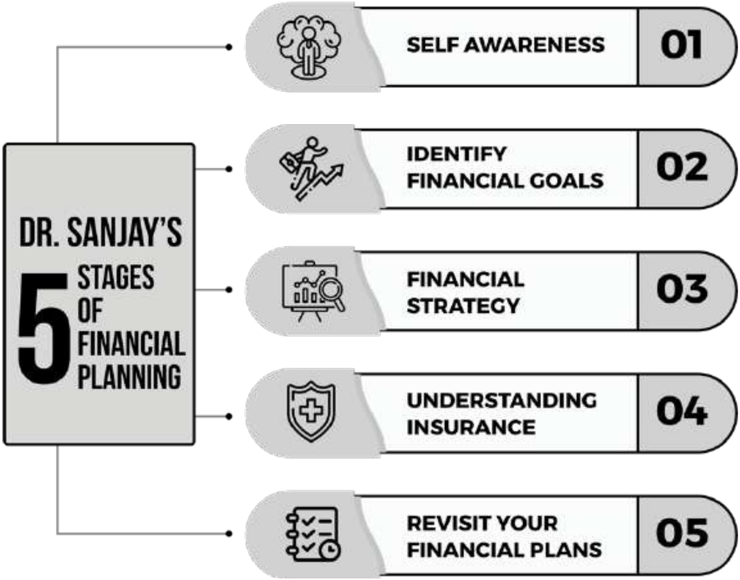
STAGE I: SELF AWARENESS, where you can understand yourself better. Know what is your current financial situation and assess how you can make it better.

STAGE II: IDENTIFY FINANCIAL GOALS. Learn about the 4 common financial goals.

STAGE III: FINANCIAL STRATEGY. Come up with concrete ways to manage your personal finances so that you can achieve your financial goals.

STAGE IV: UNDERSTANDING INSURANCE & HOW MUCH YOU NEED. Understand the different financial solutions available and identify what you really need.

STAGE V: REVISIT YOUR FINANCIAL PLANS. Know when to revisit your financial plans and make changes to it.



STAGE I: SELF AWARENESS

Before we start any financial plans, it is important for you to understand your own current financial situations.

Self-awareness is about understanding your own needs, lifestyle, risk habits, and everything else that makes you who you are. The more you know about yourself, the better you will be at determining the financial changes that suit your needs.

Here are 5 questions to ask yourself during **Stage 1: Self Awareness**.

Question #1: Do you have sufficient income or multiple income streams?

When you fail to have a steady income coming to you, there will be countless insecurities in your life. Be truthful, ask yourself do you have sufficient income at this moment, if not, assess how you can create sufficient income for yourself.

There is an old saying, don't put all your eggs in one basket. This is true for income as well. Ask yourself do you have multiple income streams? If today the economy turns bad, one of your income streams might be affected but at the very least you still have other income streams as a backup.

Question #2: What are your assets and liabilities?

Sit down and ask yourself what are some of the assets you own. Assets in this case refer to properties, equities, bonds, commodities and cash.

Also, relook at the current liabilities you might have. This includes mortgages, fixed basic expenditures and even subscriptions or memberships you have applied for.

Having a good understanding of your assets and liabilities will allow you to know where your current financial position is so you know how to plan for your financial strategies later.

Question #3: Do you have a financial dependent?

A **financial dependent** refers to anyone who relies on you **financially** for things like money, clothes or food. This might include children, relatives and spouse. When you have a financial dependent, financial planning is no longer about yourself. Instead it is about those who you care about as well.

Your financial plan should cater for their needs and if one day you were to leave this world, can they be taken care of financially?

Question #4: When do you want to retire? Are you prepared for an involuntary retirement?

The ultimate goal of every financial plan is to be financially independent. i.e. you don't have to work all your life and you can choose to retire at your own time.

Whilst retirement is a blissful thing, but for many it is not. There are actually people who are forced to retire either due to illness or accident and this is what we usually call **involuntary retirement.** It is important to recognize that there are two types of retirement: **voluntary retirement** and **involuntary retirement**.

Voluntary retirement is a happy situation, because you as an individual get to decide on how you want to spend the rest of your life with a purpose. It involves finding out when do you want to retire and your purpose when you retire. In this case, ask yourself do you have sufficient income to spend when you retire and how much do you need?

Involuntary retirement is something you cannot control. Most of the time it occurs because of illness or accident where you physically cannot work and need an income to support you. In this case, ask yourself if one day you are forced into an involuntary retirement, can your current financial situation support it?

Question #5: Do you intend to start a family one day?

Kids are happiness for us but if we bring them into this world and we cannot afford them, it might be torture for both parties.

If you are currently married or soon to be, ask yourself do you intend to have kids, if the answer is YES, are you financially prepared for it?

If you currently have kids, ask yourself, does your current financial position allow them to start life with the right foundation and opportunities?

In summary…

Won't it be nice if you can understand yourself and your financial preferences better? Spend some time answering the 5 questions and hopefully by the end of it, you will!

STAGE II: IDENTIFY FINANCIAL GOALS

Now we are clear with your financial position, it is time to identify your financial goals.

A financial goal is an objective which is expressed in or based upon money.

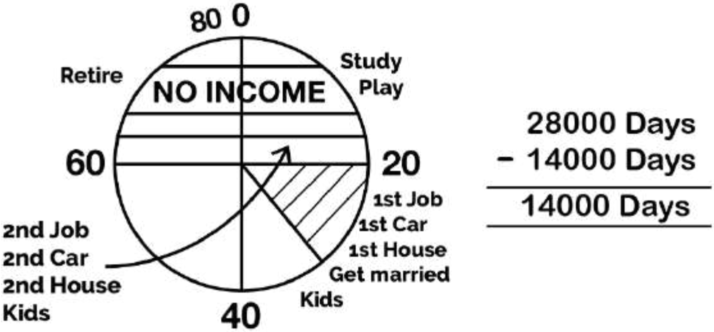
For some people, your financial goal might be to get out of debts, for others it might be early retirement. Right now, you are probably thinking, "Okay! I know I need to have a financial goal, but I'm lost, I have none… can you suggest me something?

Well, being in the financial planning world for a few decades, we actually realised that close to 50% of the people who we meet are clueless when it comes to financial planning. In fact, they assume that a financial advisor will plan out all these for them.

If you are one of these people, don't worry. Let us plan a few for you!

Did you know that the average lifespan of a person is roughly 28,000 days?

Which is equals to 76.71 years. Let's assume it's approximately 80 years.



We like to break this 80years into 4 parts.

0 to 20, 20 to 40, 40 to 60 and 60 to 80.

From age 0 to 20, we study, play, fool around.

From 20 to 40, we get our first job, we buy our first car or first house, we probably get married and have kids.

From 40 to 60, we might change our job or start a business. We definitely will buy a second car as it's been twenty years if not you will be driving a piece of junk. We might buy a second house, as an investment.

However, more importantly, if we have kids, they are just getting ready to finish their first part of life.

From 60 to 80, we hope to retire.

From 0 to 20 and 60 to 80, it is the most important part of our life, because there is **no income** at this moment.

This also means that we started with 28,000 days, if we subtract half of it which is 14,000 days, we all have 14,000 days to achieve all our dreams.

These are important 14,000 days which we have to make important money decisions for ourselves and our family.

Our kids' dreams, our parents dream, whatever dreams we have, we have 14,000 days to achieve it.

Let's say for example, you are around the age of 35, a big portion of your life is already over. You probably don't have much time left to make those important money decisions.

During this period of time, there are 4 universal financial fears which will require you to plan your financial goals to eliminate it.

The first fear is, what if I cannot work to 60? What if my career gets derailed by either disability or a bad illness?

The second fear is, what if I don't reach 60? If I don't reach 60, I may have a problem and that's our second biggest fear. The way to handle it is through the use of a product call **life insurance** which is an income protection for family in the event of death.

The third fear is, how much is needed to retire? Is it 5 million dollars, 10 million dollars, or 20 million dollars? How much is enough to retire?

Now, we all have different answers to these. However, there is a formula.

The fourth fear is, can I ensure that my children start life with the right foundation? And the best foundation is to have the right education.

Now, this circle of life theory designed by Dr. Sanjay has been shared in more than 50 countries. In this one example, there are 4 types of financial fears that require you to set financial goals to eliminate it.

4 Common Financial Fears	4 Common Financial Goals
1. What if I cannot work to 60?	**1.** To generate/find income to replace myself if I cannot work.
2. What if I don't reach 60?	**2.** To ensure my dependents get taken care of if I'm not around.
3. How much is needed to retire?	**3.** To start saving up so I can enjoy the same lifestyle when I want to retire.
4. Can I ensure that my children start life with the right foundation?	**4.** Start saving up enough money for my kids education.

Great! Now you have understood more about the **4 common fears** and **4 common financial goals** you have to deal with, start writing it down and spend some time thinking about it.

Of course the 4th fear regarding children only applies if you have children(s) or intending to have them.

There will also be **other financial goals** you will be looking at. This can be more specific dreams and luxury goals like owning a sports car, getting a dream house, travelling around the world or starting a new hobby. Some of you might even have a financial goal that is to create a legacy for your future generations or do charity.

Now, spend some time listing down all your financial goals below so you don't forget them.

In summary…

You are now clearer with your financial goals. The next stage is to start exploring your financial strategies to achieve these goals.

Remember, a goal without a plan is just a wish, so let's start brainstorming on strategies that can help us achieve our goals!

STAGE III: FINANCIAL STRATEGY

In the previous chapters, we had discussed about the 4 common financial goals most people have. The next million dollar question is, how do I achieve them?

You see, we always hear people say "*If you want to hit your goals, you have to invest and take advantage of the compounding interest effect.*"

However, on the other hand, we also hear stories of people who suffered great financial losses because they were trying to follow the financial "gurus" method to invest in stocks, bonds and commodities.

Remember there will be multiple investment and financial strategies introduced to you in your lifetime. The responsibility is always up to you to decide which one works best for you. Don't follow blindly, consult your advisor and read up more to cross verify it.

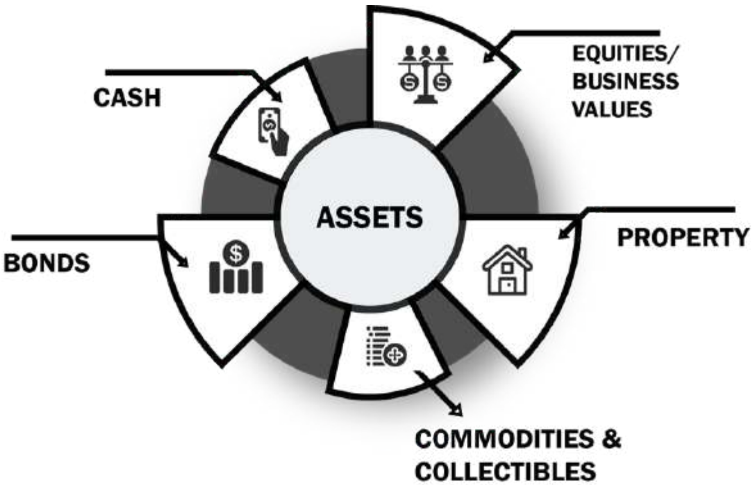
Now, let us share with you an investment (financial) strategy and you decide if it makes sense to you.

THE ABCD INVESTMENT STRATEGY

Now when it comes to investment strategy, there are 4 things you have to know:

1. What assets can you invest in?
2. Risk & Return on each of these assets
3. Your Risk appetite
4. ABCD Investment Strategy

#1: What Assets Can You Invest In?



These are only five asset classes you can invest in:

1. Property - Property has been a favoured asset investment across many generations because it has shown its potential to combat inflation rate across years.

2. Equities (a.k.a. shares) - Equities refer to ownership in a company. You usually acquire it by buying stock/shares or some form of securities. It could also be inherited from previous generations.

3. Bonds (also known as fixed-interest stocks) - Issued by government or companies, they pay a fixed level of interest. Bonds are generally regarded as safer investments than stocks.

4. Commodities - Commodities are natural resources like food, energy, and metals. This includes oil, gas, gold, silver and even rice. Commodities prices change with supply and demand and could be purchased in the open market.

5. Cash - Cash is considered a liquid asset that you have on hand that allows you to use it to exchange for goods and services. It is sometimes regarded as a safe haven from the volatile market.

#2: Risk & Return Of Each Asset

When we look at investment assets, we need to consider the risk and return of each of these assets.

Remember, higher risk asset classes usually lead to higher returns.

You should look at:

1. Liquidity - How fast you can convert this asset into cash. As your age increases, it is important that you convert more of the investments into assets that are more liquid.

2. Volatility - How risky is this asset as an investment. Would the price change suddenly and unexpectedly?

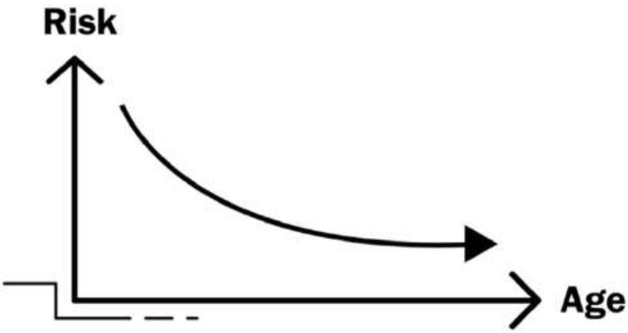
3. Yield - How much return can you expect from the investment.

Let me do a quick comparison for you:

ASSETS CLASS	LIQUIDITY	VOLATILITY	YIELD
Property	Highly illiquid	Dependent on the market	Known to be giving a stable return
Equity	Generally liquid	Known to be higher risk	Known to have higher return
Bonds	Liquidity is dependent on market demand	Dependent on the market	Known to be giving a stable return
Commodities	Liquidity is dependent on market demand	Known to be higher risk	Known to have higher return
Cash	Liquid	-	-

Understanding how these assets differ from each other will allow you to determine the right investment strategy for yourself.

#3: Your risk appetite



The next thing you should do is to determine your risk appetite.

Some financial advisors you meet will use risk-attitude questionnaires to determine your risk, but let me assure you, 90% of the clients we have met will not know their risk appetite.

In fact, through our decades of experience, many clients would say that they are high risk takers but when they really lose the money, they probably become low risk takers.

However, here's a fun fact, do you know that a person's risk appetite falls across time? Think about it, in your early 20s, you are probably more willing to invest in higher risk assets like stocks and commodities but in your

60s, you probably would want to convert them to cash so that you can have income for retirement, right?

#4: ABCD Investment Strategy

Remember, an illiquid Asset in retirement becomes a liability.

Let us give you an example: Imagine you are 80 and all of a sudden you get a call from your property tenant, asking you to fix the toilet that is leaking. Now, how would you feel?

You see, when you get to a certain age, you don’t want to be managing illiquid assets. They actually become a liability. The true asset in old age is pure income.

You want to be getting income every single period of your life, rather than having to work on your assets, restore your asset or even manage your asset.

Retirement and proper financial planning is having income every month without having to think about what happens to my asset!

So your investment strategy must be based on income generation & income accumulation.

The following 'ABCD' Investment Strategy could work for you.

Here's an explanation on how this formula works:

1) Term to Retirement minus 2 (last strategy period) = Number of years of ABC investing 2) No. of Years from Equation 1 divided by 3 = No. of years for each segment of A, B and C.

So, according to the example, if you are 25 years away from retirement:

1) 25 years minus 2 = 23 years (term for ABC investing) 23 years divided by 3 = 7.33 years (term for each phase of A, B, C).

Explanation:

The idea is that as you reach closer to retirement, you will have to transit your asset from illiquid to more liquid assets. Also your risk appetite tends to fall across age. This explains why you are shifting your assets from higher risk to lower risk across time.

You have now learned the 'ABCD' Investment Strategy but you will be probably be asking "Okay, I now know more about the different types of assets, but honestly I don't have time to monitor or learn more about it. Is there any quick fix?"

The answer is yes! Insurance! **Read more on page 105**

Why Insurance Is A Smart Financial Strategy?

Many of us do not have a proper understanding of insurance and its purpose.

You see the true purpose of ***Insurance means transferring risk to a third party that would compensate you for losses.***

Across the years, the insurance industry has created many amazing financial products that cater to different financial needs. Just like the 4 financial goals we discussed earlier, they could be achieved either via you personally managing the risk **or you getting financial products to transfer your worries.**

This is why stage 4 is all about insurance & identifying how much you need.

Of course I am aware that some people are sceptical about insurance and this is why I am writing this book. To document down more strategies and purposes regarding insurance, so that you as a reader can better understand insurance.

In the next chapter, we will discuss about the different types of insurance products and how much you should get to allow you to hit your financial goals. Don't worry we will guide you all the way.

STAGE IV: UNDERSTANDING INSURANCE & HOW MUCH YOU NEED

You see nobody likes to discuss about death… nobody likes to discuss about illness… nobody likes to discuss about what happens if an accident occurs and you're unable to work…

But! We are seeing incidences like this happening everyday around us and we probably try to convince ourselves saying **"This will not happen to me!"**

We probably know insurance can give us that peace of mind, but there seems to be thousands of insurance products in the market and we all get really confused when we try to buy them isn't it?

Let me ask you a quick question. How many insurance products exist? Well, 90% of the people we meet are always confused. They will say insurance company A has 10 products, B has 7 products and the list goes on… you get it.

You see, at the end of the day there are effectively only:

4 Types of Products

Remember in the previous chapters, we talked about the 4 common financial fears that almost everyone experiences? Each of them comes with a type of product that provides solution to it.

To put it simply, at any given time, you will most likely be requiring one of these 4 types of products.

How Much Insurance Coverage Do You Need?

[RULE OF THUMB FOR INSURANCE]

Let me ask you a question: How much coverage should a person that is 20 years old, single and no dependents have? Also, how would his/her coverage change when he/she is now married with children?

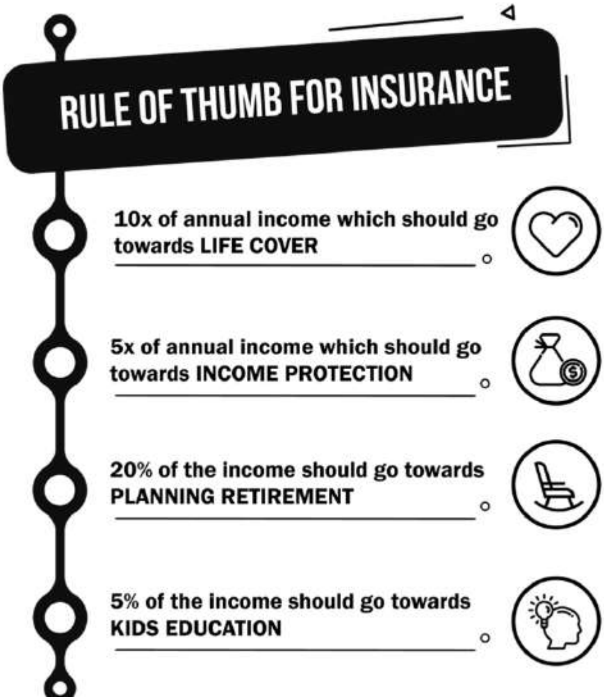
You might argue it really depends on personal habits, lifestyle and many more. However, think about it, our ability to enjoy is also limited by our income isn't it?

Now, let me ask you another question again: How many glasses of water do you think you should drink a day?

Now 90% of the people will be able to say 8 to 10 glasses of water a day! Hold on a second… why do people know that? You see, this is what I call the Rule of Thumb. We all know we should drink 8-10 glasses of water a day and we all recognise that drinking more makes you healthier, right?

So let me ask you a question as food for thought... Is there a rule of thumb for insurance? If there is, what is it? How much coverage should a person have?

Now here is the Rule of Thumb for insurance:



Did you notice that there are 4 rules of thumb to cover the 4 different types of products?

This is exactly how it works!

Your next question will be, *"Who came up with this?"*

Actually, there have been plenty of researches done to substantiate the Rule of Thumb for insurance. In fact, a lot of actuarial calculations have been done based on these formulas! This is an old formula which is actually valid up till today.

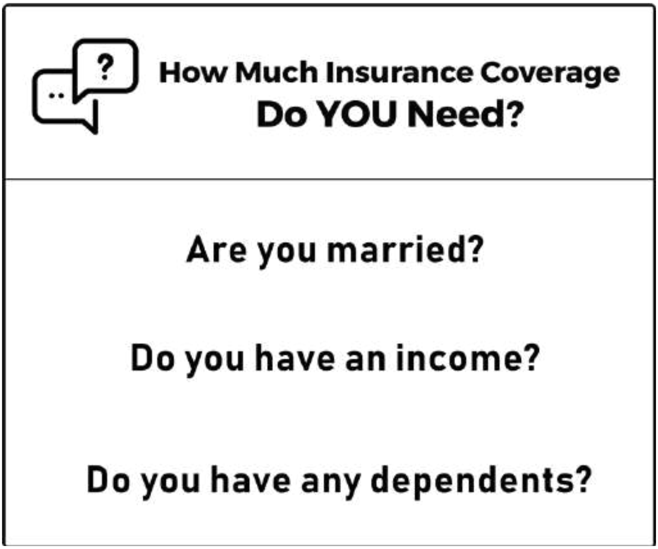
Now in this book, we will not be going to go into details with the mathematical formula because that is not the point here.

The point instead is for you to understand that there is a Rule of Thumb for insurance and using it, you should be able to know how much insurance you need.

For example, if you are currently earning $100,000 USD yearly, then you will need a million dollar sum assured for your life insurance. Based on the formula in the previous page.

THE INSURANCE GRAPH

How does the amount of insurance coverage changes as you get married, gain income and have children? To answer that, there are 3 questions that have to be answered.



Question #1: Are you married?

You see when you are married, financial planning is no longer about you. You have a spouse to worry about and is he/she the breadwinner of the family or are you the breadwinner of the family? If both of you are working, then your financial formulas will have to change along as well.

Question #2: Do you have an income?

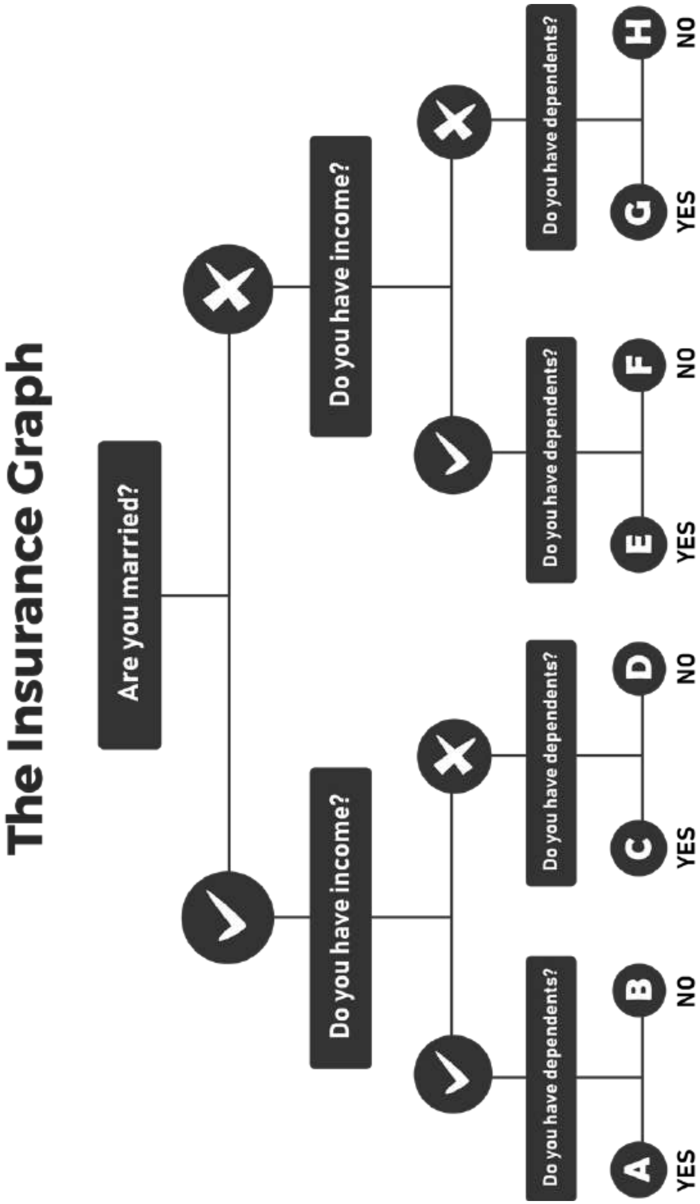
Income here refers to asset income, spouse income, business income and employment income. If you realise by now, your income will affect the amount of coverage you should get. As according to the rule of thumb, your coverage is very much dependent on the multiplier of your income. So does this mean if you have no income, you don't need insurance? Definitely not! This only means your coverage will be lesser.

Question #3: Do you have any dependents?

Dependents refer to a person who relies on you, especially a family member, for financial support. When you have a dependent, it means you need to take care of them and be prepared for the worst case scenario when you are unable to work or leave this world.

So here's a graph to show you how much coverage is the most ideal for you!

Note: This is general advice, for specific advice, speak to a financial advisor.


The Insurance Graph
Are you married?
Do you have income?
Do you have income?
Do you have dependents?
Do you have dependents?
Do you have dependents?
Do you have dependents?
A
YES
B
NO
C
YES
D
NO
E
YES
F
NO
G
YES
H
NO

A	B	C	D	E	F	G	H

CATEGORY A: MARRIED – INCOME - DEPENDENTS

Advice	Ensure that your spouse and you are both covered for income protection and life insurance. Save up for your kids' education plan. Don' t forget to plan for your retirement!
How Much Insurance? *AI:* *Annual Income*	Life Insurance: 10 X AI for both of you. Income Protection: 5X for both of you. Retirement Planning: Save 20% of the joint income. Education Planning: Save 5% of your joint income.

CATEGORY B: MARRIED – INCOME – NO DEPENDENTS

Advice	Ask yourself if there is an intention to start a family and have kids. If yes, consider starting education planning earlier.
How Much Insurance? *AI:* *Annual Income*	Life Insurance: 10 X AI for both of you. Income protection: 5 X AI for both of you. Retirement Planning: Save 20% of the joint income. Education Planning: (Optional)

A	B	C	D	E	F	G	H

CATEGORY C: MARRIED – NO INCOME - DEPENDENTS

Advice	The breadwinner should find a source of income for the livelihood of the family. This source needs to be protected as if this dries up then the family is left to find other sources. Plan and save for your kids' education to secure their future.
How Much Insurance? *AI:* *Annual Income*	Life Insurance: 5 X AI for yourself and 10 X AI for the earning spouse. Income Protection: 5 X AI for both of you. Retirement Planning: Save 20% of the income. Education Planning: Save 5% per child.

CATEGORY D: MARRIED – NO INCOME – NO DEPENDENTS

Advice	The breadwinner should find a source of income for the livelihood of the family. This source needs to be protected as if this dries up then the family is left to find other sources.
How Much Insurance? *AI:* *Annual Income*	Life Insurance: 5 X AI for yourself and 10 X AI for earning spouse. Income Protection: 5 X AI for both of you. Retirement Planning: Save 20% of the joint income. Education Planning: (Optional)

CATEGORY E: SINGLE – INCOME - DEPENDENTS

Advice	The breadwinner of the house is segregated into 3 potential categories: 1. Divorced 2. Widowed 3. Unmarried The breadwinner should be able to identify his/her income as it is the source of livelihood for the family. This source needs to be protected as if its dries up then the family is left behind to find other sources.
How Much Insurance? *AI: Annual Income*	Life Insurance: 10 X AI Income Protection: 5 X AI Retirement Planning: Save 20% of income. Education Planning: Save 5% per child.

CATEGORY F: SINGLE – INCOME – NO DEPENDENTS

Advice	The breadwinner is divided into 3 categories: 1. Divorced 2. Widowed 3. Unmarried
How Much Insurance? *AI: Annual Income*	Life Insurance: (Optional) Income Protection: 5 X AI of income. Retirement Planning: Save 20% of income. Education Planning: (Optional)

CATEGORY G: SINGLE – NO INCOME - DEPENDENTS

Advice	You will have to re-plan your life strategy. Planning for a potential source of income as you are now self-dependent. Identifying how you can either take on a job or build a business. At times the best thing to do is ask for help. Be specific! We have noticed that when someone asks for help: it is a generic statement like: " I need help with my life." " I need help with finding my job." If you are not specific, the spectrum of support is not clear.

Advice	A more specific statement would be more helpful for someone who offers you the help. " I need help with a soft loan for 6 months to start a business and for that loan I will keep the stock of the business as a guarantee." " I need someone to help me with my children while I go to work; I do not have money right now but will pay you as soon as I get my pay check." Always try to stay positive and build a positive feeling towards your children as bitterness in such situations only makes matters worse. Open up to your children however small they are.

How Much Life Insurance?	Life Insurance: 5 X monthly expenses. Income Protection: 5 X monthly expenses. Retirement Planning: Save 20% of your allowance. Education Planning: Save 5% of your allowance.

CATEGORY H: SINGLE – NO INCOME – NO DEPENDENTS

Advice	As a single person with freedom to choose how to live your life and have no dependents; it only means your options are as open as you want them to be. Find a purpose to such a life; find a way to change the world around you. You are in a unique position to build your society and build your life; you have 28000 days; use it to your advantage to create something which will be remembered for many years to come. You have been blessed with life; you have been blessed with freedom to choose; you are with a blank piece of paper, write your story.

How Much Life Insurance? (Optional)	Life Insurance: 5 X monthly expenses. Income Protection: 5 X monthly expenses. Retirement Planning: Save 20% of your allowance. Education Planning: Save 5% of your allowance.

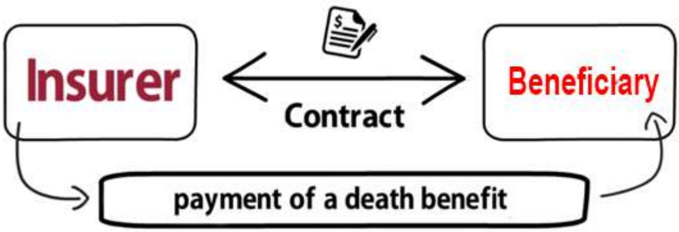
In summary…

Using the table above, you should now know the amount of insurance you need to achieve your financial goals. Spend some time to speak to an advisor to find out more about which specific financial products can help you in your financial planning journey.

HOW DO THE 4 INSURANCE PRODUCTS WORK?

In the previous chapters, you have learnt about how important the 4 insurance products are. In this chapter, I will discuss them further so you get a clearer picture of how they work and their purpose.

Life Insurance – How Does It Work?



You see there are many unexpected things that can occur in our lives, we might pass away due to an accident or we might pass away due to an illness.

However, there is one thing that we are 100% sure, that is, we will all pass away someday in our lives.

You see, insurance is a product designed to provide you some measure of protection, at least financially, should a disaster happen.

Life insurance is specifically designed to protect your beneficiaries financially when you pass away.

So what exactly is life insurance and how does it work?

Life insurance is a contract between an insurer and a policyholder in which the insurer guarantees payment of a death benefit to named beneficiaries upon the death of the insured.

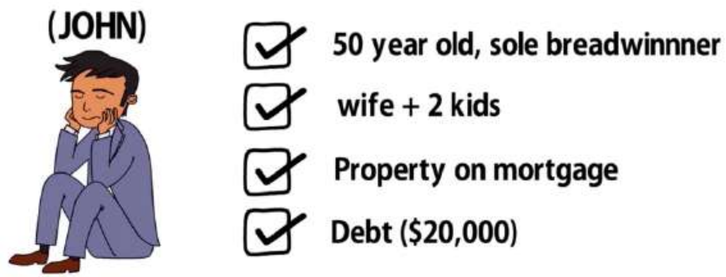
To put it simply, you pay a sum of money known as the premium to the insurer and when you pass away, your beneficiaries (usually your family members), gets a lump sum of money known as the death benefit.

Now the next question is should you buy life insurance?

You should buy a life insurance, if you have anyone who may depend on you for financial support. For example: your kids/spouse or elderly parents.

However, if there is no one that requires you to support financially, then life insurance is optional.

CASE STUDY:



We have John, a 50 year old sole breadwinner of a family with a wife and 2 lovely kids.

Like most families, John has a property on mortgage, 20K cash set aside and at the same time he owes some creditor a debt of $20k.

If one day John was to pass away, his estate would have to be distributed.

Firstly, his 20k cash set aside might be taken away by his creditors.

Secondly, because he is the only one working in the family, his property on mortgage might be taken away as well.

This leaves his wife and 2 kids with no shelter and no money to survive. His kids might also be in college and will be deprived of the needed funds for education.

BUT WAIT! CAN ALL THESE PROBLEMS BE AVOIDED IF AND ONLY IF JOHN HAD A LIFE INSURANCE?

Now, let's take a look at what happens if John did purchase a life insurance policy.

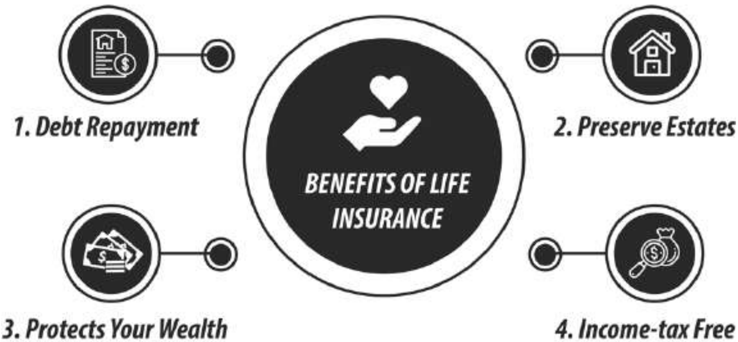
If John did purchase a life insurance, his commitment will be to set aside a portion of his monthly income and give it as premium to XYZ insurance company.

Upon John’s death, XYZ insurance company will provide a lump sum of money that is called the death benefit to his family.

Now, this lump sum of money can be used to pay off his mortgage loan, his family expenses and in most jurisdictions, this sum of money is being protected from his creditors.

His children now have the required money to go into college and maintain their lifestyle.

Do you now see why life insurance is important to everyone with a dependent!



Number 1, Life Insurance provides support for your dependents.

Life insurance proceeds can serve as a source of support, pay debts, or provide for the education and daily living expenses of your family and dependents.

Number 2, Life insurance preserves your estate. Life insurance proceeds can be used to pay debts, taxes and other estate costs.

Number 3, Life insurance protects your wealth from potential creditors. In most jurisdictions, insurance proceeds are exempt from seizure by creditors. This allows your dependents to be taken care of.

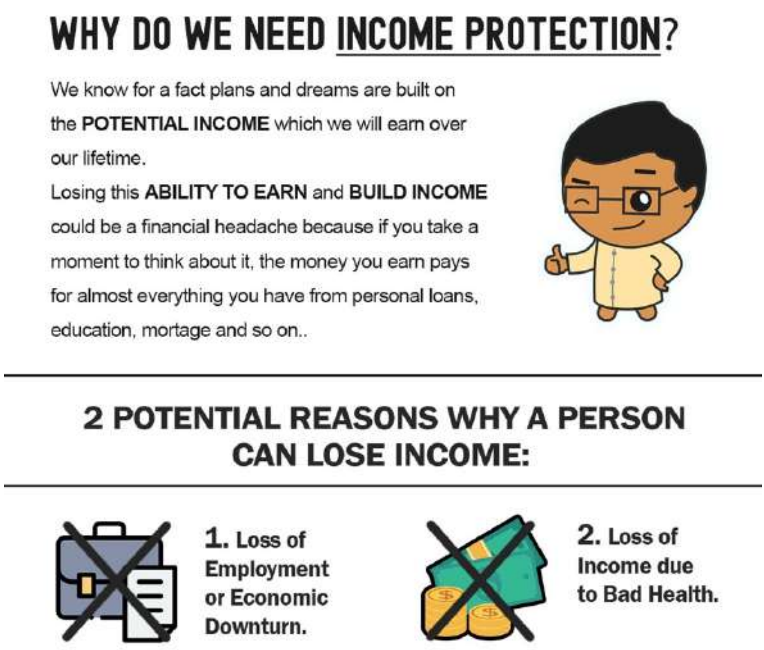
Number 4, the death benefit is generally not considered taxable in most countries. Life insurance proceeds that are received by the beneficiaries upon death of the insured are generally tax-free.

In general, there are many reasons and purposes for having life insurance. This includes wealth accumulation, estate liquidity, debt repayment and income replacement.

Rule of Thumb: **10 X of Annual Income**

Calculate how much life insurance you need:

Income Protection- How Does It Work?



What are the basics necessities of life? They are food, clothing and shelter right?

However, all 3 of the above are in fact based on only one variable, which is "INCOME". Think about it! Your income decides on the type of food you eat, your income decides what kind of clothes you wear, your income decides what kind of house you live in; this is your lifestyle.

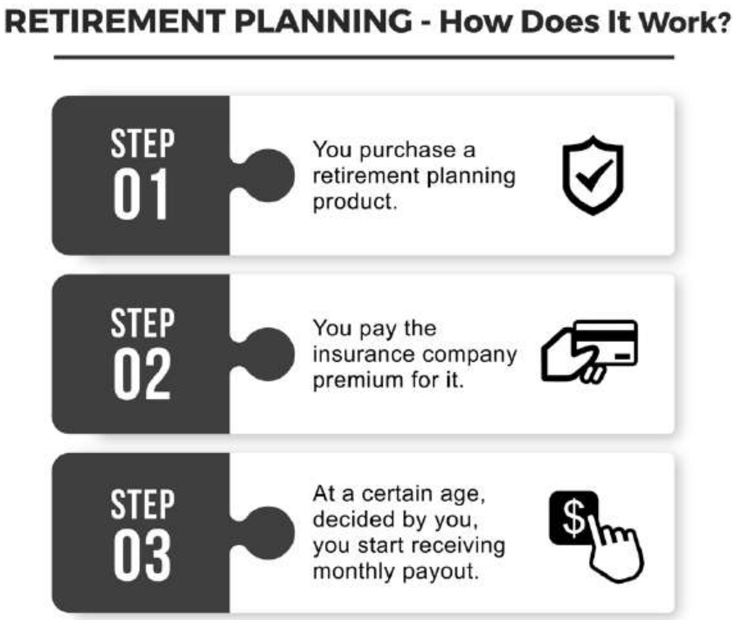
Now, there are two ways to get INCOME; Either YOU WORK or SOMEBODY ELSE WORKS and provides for you.

As of now, you're working on providing the food, clothing and shelter. Unfortunately, If something were to happen to you, somebody needs to immediately take over this responsibility for your family. This is exactly how income protection works. If you are unable to work, the insurance company will compensate for your loss of income.

There are many income protection products in the market, so spend some time to understand which one caters more to your current financial needs.

Rule of Thumb: **5 X of Annual Income**

Calculate how much income protection you need:



The financial goal of retirement is to ensure that you receive a consistent flow of income when you retire. This can be achieved via 3 types of financial products: Investment-linked insurance policies (ILPs), endowment plans and annuity plans.

Investment-linked insurance policies provide variable income, while products like endowment plans and annuity plan give a guaranteed income/lump sum.

When building a retirement plan, I will suggest using a combination of these two income streams.

The ideal investment strategy would be to convert more variable income to guaranteed income across time. Remember, the end goal for you is to receive a flow of consistent guaranteed income.

Speak to an advisor around you to find out what are the products available in your country to find out your options.

Rule of Thumb: **20% of Annual Income** Calculate how much you should save for retirement:

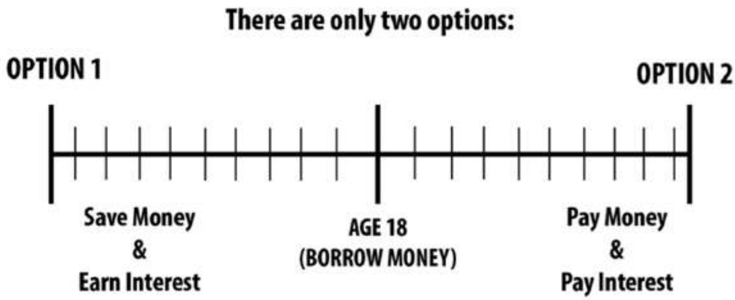
Education Planning - How Does It Work?

This only applies to you if you have kids or intend to have kids in the future.

When we do education planning, there are only two options.

Option number one is you save money and you earn interest. You will thus get paid out at the age of 18 for your child's education.

Option number two is that you take a loan. When your child is 18, you then pay the money and you pay interest.



Which one would you choose?

It becomes clear that you should choose option 1, because the benefits outweigh the cost.

Of course you can save the money and leave it in your bank account. However, do understand that there are actually many financial products in the market that can help you grow your money across time.

Rule of Thumb: **5% of Annual Income** Calculate how much you should save for education planning:

In summary..

We now have a better idea on how the 4 products work. Don't you think so?

Spend some time to understand them better.

STAGE V: REVISIT YOUR FINANCIAL PLANS

Once in a while, you receive a phone call from your financial advisor saying that you need a "policy review" and maybe deep down in your heart you're thinking, "Hey is he/she trying to sell me something again?"

Well, let me assure you they are probably not. You see the stage 5 of the financial planning process is to frequently revisit your current financial plans and see if your financial goals have changed across time. If they have, then your financial strategies and products need to change along with it.

So you might be asking how often you should revisit your financial plans and do policy reviews with your advisor? 6 months? 1 year? Or every 2 years!

Now, from my personal perspective, **policy review should only be done when there is an income or a life change.**

Here are some examples:

1. When your income changes - this will affect your coverage with regards to income protection.

2. When your life changes - For example, marriage, having kids, retiring, graduation, change of job, etc… You now have more dependents and financial liabilities to be worried about only when an income or life change occurs, you will require a policy review to upgrade an existing policy or new products to suit your life changes.

Remember, if there is no income or life change, it means nothing has changed in your life and there is usually no need for any further financial planning.

So the next time an advisor comes to you asking if you need a policy review, let them know nicely if there is an income or life change. If there is, please don't hesitate to sit down to listen to any financial solutions they have to offer.

After all, there is no harm listening to alternatives, isn't it?

18 FINANCIAL TIPS FOR YOU

Increase your financial knowledge to help you plan better for you and your family's future. To help you get started, I have compiled 18 quick tips that you can acquire and share with the people that might benefit from it.

i. Start savings regularly, the sooner the better (preferably as soon as you get your first job). Try to save at least 20% of whatever you earn.

ii. Avoid buying property on a mortgage as it takes a lot of your income unless you have a planned strategy to clear off the loan. Cash Flow is very important. Although the house will be your asset on the balance sheet, your liabilities and commitments will also increase.

iii. Unexpected situations can hurt all your plans. Ensure you are in a position to handle these risks by doing regular financial reviews.

iv. Car purchase should be avoided unless it’s for daily use.

v. Ensure you are saving money into an ANNUITY which provides you with income as soon as you retire. Income in retirement is an Asset. Assets in retirement can become a Liability.

vi. Deduct your savings from your income before you spend any of it. Do not take on loans and liabilities unless that is your only way out of a situation. Unnecessary loans can dent your cash flow and affect your peace of mind in ways you cannot even imagine sometimes.

vii. Marriages are made in Heaven, but the cost of the ride can dent your pocket. Weddings can be more beautiful on your pocket and warmer if kept simple; consider this whenever you think about spending money. It can actually dent your pocket very quickly.

viii. Inflation is real. If money is kept idle then you are losing money every day. Also, be cautious of how much money you keep in a current or checking account. If it is excessive, you are losing more and more to inflation which by the way is a HIDDEN RISK to many families and individuals.

ix. If you invest in the stock market, watch it with caution and be ready to take action.

x. Do not have the belief in the notion of showing off by having a huge property and expensive car. It's what you save and invest that is more important in the long run.

xi. Where there is a will, there are relatives; therefore ensure you have a clear "letter of wishes" to protect the people you truly care about and avoid them the hardship which follows your demise.

xii. Never invest in LIFE insurance looking from the perspective of getting market returns. LIFE Insurance is not an investment; it is a risk management tool to protect future income.

xiii. Your knowledge and your skill set should be your first investment; after that you can invest into other physical assets.

xiv. Your future plan should be very clear especially in the areas of your career, your life goals, your expenses and your investment strategy.

xv. Build an emergency fund which covers approximately 6 months of your expenses.

xvi. Health is Wealth; Ensure you keep a close eye on both these words; loss of either one can be very dangerous. Do regular checkups on both these words; HEALTH & WEALTH.

xvii. Death and Illness cannot be predicted! Therefore buy adequate income protection insurance for illness and death.

xviii. Old age is REAL; do not overestimate your working capacity; you will need some form of "Guaranteed Income" when you are in retirement. AGE HAS A FUNNY WAY OF TAKING A TOLL ON YOUR ABILITY TO WORK!!

RETIREMENT: YOUR LONGEST VACATION

Imagine this:

You turn 65 and the 1st month following that, you get a cheque of $10,000. What would you spend it on?

2nd Month goes by and you get another $10,000; what would you spend it on?

3rd Month comes and you get another $10,000; what would you spend it on?

4th Month arrives and you get yet another $10,000; what would you spend it on?

Isn’t this what retirement should be like?

Getting a monthly income without having to worry about anything except where to spend this money….

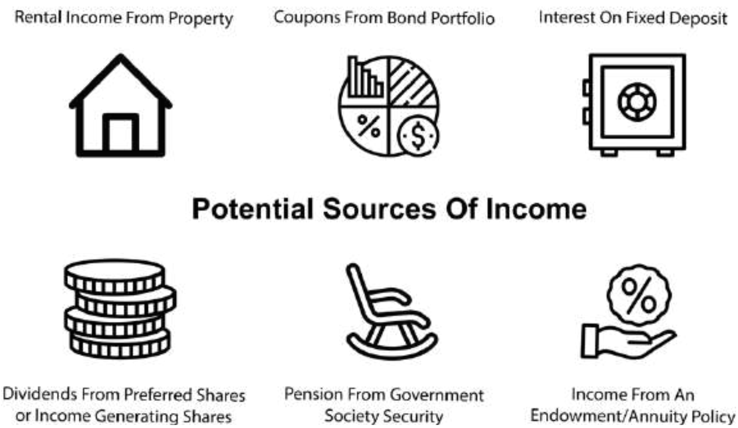
Also, not having to worry about saving any of it, as you keep getting this income irrespectively!

Thus, when planning for retirement, it is important for you to identify the different possible sources of income you have when you retire.

I am sure that when you are in your "GOLDEN Retirement Years", the last thing you would want is to worry about money and how to financially support you or your family.

The 6 general potential sources of income are:

1. Rental Income from Property
2. Coupons from a bond portfolio
3. Interest on Fixed Deposits
4. Dividends from Preferred Shares or Income Generating Shares
5. Pension from Government Social Security
6. Income from an Endowment/Annuity Policy



#1: Property: Variable Income

Rental Income is a variable source of Income and one of the most common ways to build a retirement income.

Points to consider:

1. Maintenance of property (as property ages, the cost of maintenance also increases).

2. Finding the right tenant.

3. Renovation & Restoration between tenancy agreements.

4. Tax on Income & Property.

5. Annual Maintenance Contracts (Outsourced) cover minor repairs but for all major repairs they may need approvals and instant payments.

#2: Bond Portfolio: Guaranteed/Variable Income

Bonds provide a guaranteed coupon to the investor and protect the value on maturity.

Points to consider:

1. Rating of the Bond Issuer (if the coupon is too good to be true it probably is).

2. Re-investment Risk on maturity of the Bond (hence income will be variable).

3. Bonds going bankrupt.

4. Taxation on Income from Bond Coupons.

#3: Fixed Deposit: Guaranteed/Variable Income

Income from interest earned on Fixed Deposits is probably one of the easiest ways to have an income once you retire.

Points to consider:

1. Re-investment risk after maturity of the Fixed Deposit. (Hence, income can be variable).

2. Maximum duration of the Fixed Deposit is not very long which may increase the risk of not getting enough income.

#4: Income Generating Equities: Variable Income

Some Equity Portfolios can be designed to give a regular income at retirement.

Points to consider:

1. Income on Corporate Performance is variable so you can't depend on it.

2. It is an excellent way to hedge for inflation as profits are usually inflation adjusted and hence a very good source of income hedging in retirement.

3. Corporate Risk of the equity portfolio (companies can go bankrupt).

#5: Government Social Security: Guaranteed Income

Governments may provide citizens with Guaranteed Lifetime Income. It is a recommendation in many cases to get maximum income from a source like this as it is for a lifetime and we know people are living longer than ever before.

Points to consider:

1. It may not be sufficient income to depend on for your lifestyle as most governments put a cap on the total contribution to such a program.

2. Changes in political agendas may affect these income levels and hence could be of concern.

#6: Life Insurance & Retirement Plans: Guaranteed/Variable Income

These are usually used to build up a nest egg and build a steady flow of income. However, not all are the same.

Points to consider:

1. Is the income variable or guaranteed?

2. How long is the income guaranteed for?

3. What is the credit rating of the insurer?

4. How much is the minimum guaranteed income and potential incremental income?

5. Does it provide a lump sum on retirement or an income in retirement?

6. Taxation on income from Life Annuity Products?

This is a summary of risks and concerns when planning for retirement.

"Assets in Old Age become a Liability; Income is the ONLY TRUE Asset."

When you do retire; build as much guaranteed income as possible and use variable income to combat external factors like inflation and lifestyle upgrades requirements.

Building a base income gives you the comfort that you don’t need to depend on variable income when markets move up and down.

Here are some details you need to know when building a retirement income stream:

1. What is your age today?

2. How much Minimum Guaranteed Income do you need every month? (be realistic).

3. How is your health?

4. Retirement is at Age 65 anything before that is a holiday … not retirement (be clear of your true retirement age).

5. How long would you like to have your income coming to you? (forever is usually the answer).

6. Do you have current variable income? If yes; how much of it are you re-investing back in the variable assets and how much are you diverting to guaranteed income assets?

In summary...

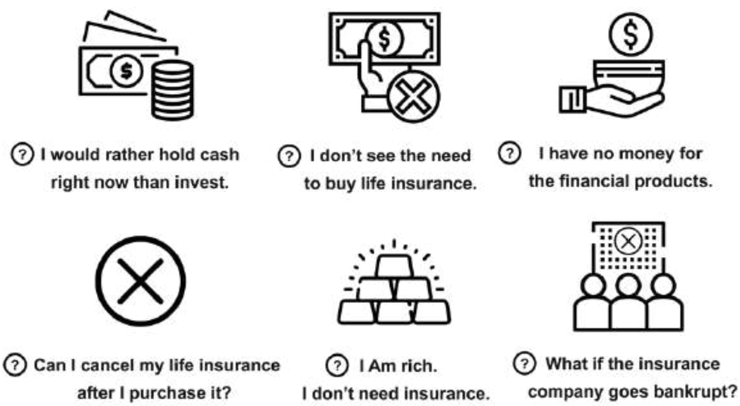
Now we have a better understanding on retirement. What are some of your thoughts? Text me on Facebook and let me know. I would love to hear your perspective!

Spend some time to discuss and plan the longest vacation of your life… **YOUR Retirement!!**

6 FREQUENTLY ASKED QUESTIONS ABOUT INSURANCE & FINANCIAL PLANNING

Being in the financial planning world, I often receive common questions coming from my clients and I thought why not I document these questions and these answers down.

Hence, whoever is reading this book right now can benefit from the financial knowledge as well.



Question #1: I would rather hold cash right now than invest.

I actually understand where you are coming from. In case you encounter a sudden emergency, you would want to have that cash available in hand urgently.

However, let's put it this way. There is only a certain amount of cash that you should be holding.

Now, if you follow the simple guidelines of financial planning. 3, 6 or 9 months of expenses are maximum amount of cash that a person should be holding.

Anything more than that, your money is actually losing value.

You see there is a concept called inflation. Over time, inflation starts to eat into your cash because cash is not growing. What you need to do is to make sure the cash is deployed to do something better.

So when we talk about using the cash, we are talking specifically about the excessive cash. The excess of 3, 6, 9 months of savings or expenses that needs to be covered.

Anything in excess of that should be deployed in investment or in making sure that future income is guaranteed.

The most important thing in life is making sure income is guaranteed and if you don't have an income, how long would that cash reserve you have last?

That is a very important question to address.

How long does your income last from the cash reserve that you have?

So making sure that you have income protection, and making sure that all your excessive cash is being used or deployed into investment and growing faster than inflation is what is critical.

If you are not beating inflation, you are actually losing money. This is a simple concept that needs to be understood.

Question #2: I don't see the need to buy life insurance | I don't need insurance; I can manage my own risk.

You may have a lot of assets or you may have multiple streams of income, which is why you might not be feeling the need for insurance.

However you see, insurance is a tool used to protect the guarantees of life.

One of the biggest guarantees in life is this: we are all going to pass away. We will all arrive at the same destination, the afterlife.

Now, this is something we don't like to discuss about and it is not dinner talk right?

However, that's reality!

You see there is only one question you need to answer…

What happens to your family when you are not there anymore?

If you think about it, what happens is that when you're not there anymore, your family will start to consolidate all the assets and all the businesses, trying to find out on their own what's the right way to handle things.

Why don't we make that process simpler for them. Why don't we make sure that they don't have to worry about cash?

You see, the most important thing in life is not assets. It is cash flow.

It is making sure that you have that income, which in turn your family can then depend on.

It is not assets. Nobody is dependent on assets, everyone is dependent on income.

Financial planning is making sure that they have liquid income, meaning income that keeps coming through.

That is the purpose of insurance which is to ensure that the family has continuous income, to continue living the lifestyle that you are currently living.

What insurance does is simply replacing your income.

Questions #3: I have no money for the financial products. What should I do?

What I would recommend is to **start small and slowly increase your coverage across time.** There is no hurry to get full coverage, but at least have some.

Across our my decades of experiences, I witness many families who suffer because they didn't even have the basic coverage. So think about it.

Questions #4: Can I cancel my life insurance after I purchase it?

Most policy comes with a free look period. This is the period of time in which a new life insurance policy owner can terminate the policy without penalties, such as surrender charges.

If you decide not to keep the policy, write to the insurer to cancel it within the free look period. The insurer will refund all premiums less medical and other expenses incurred. The free look period usually last about 14 days depending on the policy.

Questions #5: I am rich. I don’t need insurance.

Insurance is actually made by the rich for the rich to stay rich.

You see, rich families are scared of losing wealth. This can come from catastrophes like earthquakes, hurricanes or even piracy in the olden days.

These products were primarily built by the rich for the rich. Think about it, you have a bicycle and you have a car, which one would you insure? The answer is obviously the car, because the car is of higher value.

Insurance is not for you if you have nothing to lose. If you have nothing to lose, there is nothing to insure.

However, if you have anything significant to lose, it has to have insurance. There is no doubt about it.

If you have a 100 million building, wouldn't you insure? So please understand the importance of insurance.

Question #6: What if the insurance company goes bankrupt?

Another question that I usually get asked is, how do I know that the insurance company won't go bankrupt?

This is because I see a lot of financial institutions that keeps going bankrupt. What if yours' becomes one of them?

Firstly, here's the good news. A lot of countries protect their insurance companies as they know insurance is a necessary backup plan for everyone.

Secondly, insurance companies usually buy re-insurance to protect themselves. The risk thus gets transferred to another bigger player, the re-insurance market, which is a lot bigger than the insurance market.

Also, certain countries have regulations which are to ensure that clients are protected by way of insurance companies buying each other out. So if an insurance company is going under, the other insurance companies will get together and support the afflicted company.

So you can be rest assured you are protected!

In summary…

I hope I have answered some of the doubts you might have. If you have any doubts please don’t hesitate to talk to any advisors near you for more advice.

IDENTIFYING RISK FOR F.B.I

The most important thing to do is to first note down the list of things that cause risk to **Families, Businesses and Individuals (F.B.I.).** Here are 6 losses that will be a risk to every family, business and individual.

1. Loss of Income: Every F.B.I. would have a source of income which allows it to grow and building this regular income is the only way to grow the net worth of F.B.I. Loss of Income is one of the biggest concerns which we have identified.

2. Loss of Wealth: Asset values can depreciate which can reduce the overall net worth of FBI and cause them to panic and become overly conservative.

3. Loss of Talent: Talent and Skills are one of the most difficult assets to put a value too as they are invisible. However, if we can calculate the amount of income a talent or a skill generates, a multiple of that can be used to calculate the potential loss of Talent. Nevertheless, it is an important asset and should never be ignored.

4. Loss of Knowledge: Spending time to build a knowledge bank is a loss which cannot be easily replaced. Imagine a director has spent 10 years at university to get degrees and get the technical knowledge to do a particular task or business and all of a sudden there is a loss of director. This is a loss which many FBI have not considered when identifying the risks around them.

5. Loss of Wisdom: Some things can only be acquired over time; wisdom is one such asset. Having the guidance and moral support of seniors is an asset which many do not respect until it has been lost. This loss is irreplaceable and can sometimes cause many FBI to disappear.

6. Loss of Experience: Life is the best teacher. There are two ways to learn in life, either you do it yourself or you learn from someone else's experience; we all know learning from someone else experience is always cheaper; loss of this Asset can be very expensive as it would mean the FBI would have to do it themselves to gain it back.

7. Loss of Relationships: As we go through life, we build networks and relationships. These relationships help accelerate to different opportunities. As the saying goes: Sometimes it is not about how much you know, it is about who you know.

RISK MANAGEMENT

Now we have identified the risk. How we should deal with it? There are three things that can be done with this identified risk:

A) The risk can be Self Managed; which means that the risk is Self-Insured. As the net worth of F.B.I increases it allows them to take more risk as they have resources to be able to sustain certain levels of losses. This is called the ability to self-insure. In order to identify if F.B.I. has the ability to self-insure, we would look at the "free cash flow" they have which they can use to pay off the loss from a risk. The other way to check the capability to self-insure is the access to liquidity and good contingency plan to come out of a problem. Wealthy F.B.I. creates **contingency plans which allow them to budget for potential losses** and are prepared to execute it as soon as a problem is identified. They can afford to hold on to some amount of risk because they might have the income or assets to be able to handle that risk.

B) The risk can be Avoided; which means once the risk is known, the F.B.I. can find a way to avoid the risk from occurring. Putting the right plan or strategy in place can help avoid some risks. Planning is the key word here. Risks once identified can be planned around, an example of this is having a very strong succession plan to a business. Having a succession plan allows the F.B.I. from losing the momentum of the Estate when the key driver has to be replaced. Lack of a succession plan can cause the F.B.I. to slow down or completely stop. This is the cheapest solution when it comes to Risk Management. However, even though this is the best solution but some risks just cannot be Avoided or Self Managed that is when the 3rd option is most important.

C) The risk can be Transferred; which means that risks which the F.B.I. cannot keep or avoid, needs to be transferred to a risk pool. Risk Pools are usually **managed by Reinsurance & Insurance Companies** and for a small premium can carry the risk on your behalf. This is the best solution when considering risks which cannot be predicted or absorbed by the F.B.I.. An example of this is, Fire damaging an Asset or Loss of Income due to Illness. These are risks which are very difficult to predict and hence the best solution may be to transfer it to a Risk Pool like Insurance. In some countries, it is mandatory to have Medical Insurance or Retirement plans as these are risks which even the Government cannot predict and manage. Therefore, F.B.I.'s should always be able to identify risks which can hurt and affect their wealth and if they cannot self manage the risk or cannot avoid them, then they should ensure it is transferred to a risk pool.

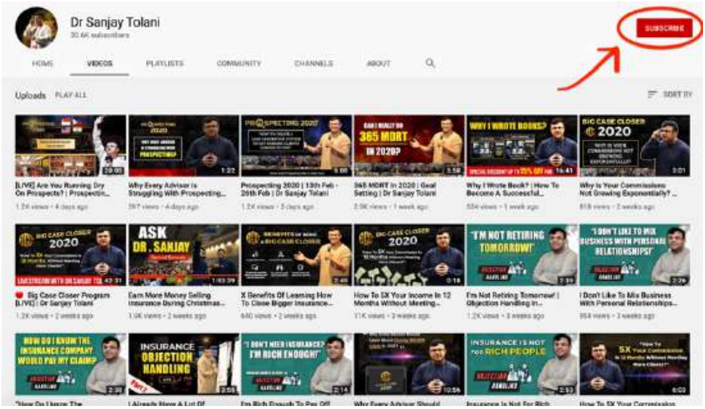
Every Lawyer, Auditor and Family office advisor uses a combination of the above three methods to manage the estate and wealth of F.B.I.

READY TO START YOUR FINANCIAL JOURNEY?

Congratulations! You have now finished this book on financial planning. But wait! Your financial journey has just started.

I hope you enjoyed reading all the strategies and tips I have spent months documenting for you and hopefully by now you understand the importance of financial planning and see the need to kick start your financial strategies.

If you would like to know more about financial planning, don’t hesitate to head on to my YouTube videos where I frequently share tips on insurance and financial planning.



If you have learnt something from this book, please share it with those you care about.

Remember, life without proper financial planning is a gamble. So please ***<u>find time to sit down with your financial advisor</u>*** and find out the different types of financial solutions that are already available for you.

Together, let's make financial planning happier for everyone!

CONNECT WITH EDDY WONG ON SOCIAL MEDIA!

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READY TO WORK WITH A CREDIBLE ADVISOR?

EDDY WONG

Eddy is an Estate & Risk Planner practitioner. He has helped many families achieve their dream come true. He has been in the industry for 23 years and is very passionate in Financial Planning. He has also achieved 2 X MDRT in his career.

Why Trust Eddy Wong?

Till today, Eddy has helped over 1000 people with financial planning and is on his journey to inspire and value add more lives.

He is a member of the Big Case Closer family where he learnt from Dr Sanjay Tolani personally on advanced financial planning strategies. This means Eddy is equipped with the right skill set to help you with your financial planning.

Apart from his many successful recognition (12 X star clubs, 2 X Summit Star Clubs, 2 X MDRT, 3 X Investment Award,1 X Estate Trust Award), he is passionate in sharing ideas about financial planning to his clients and colleagues.

What Are People Saying About Eddy Wong?

"Eddy is fun loving, dedicate & consistent about his jobs" Director, xx

"Eddy has provided our family needs especially in the aspect of Financial planning and Trust."

EDDY CAN HELP YOU WITH:

- Life Insurance
- Income Protection
- Retirement Planning
- Education Planning
- Estate Planning
- Business Insurance

Financial planning decisions can be difficult. Rather than spending time to figure it out, why not spend a few minutes sharing it with Eddy and get his advice? Afterall, he is a professional when it comes to financial planning.

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