

Improving your financial stamina



Imagine that you are retired. But are you aware that you may retire for as long as 30 years, especially since life expectancy keeps going up? So before you retire, you are working hard to earn as much money as you can, but time is running out. What else can you do to build your financial stamina in order to last the long haul? AMELIA HONG writes.

SAVINGS ADD UP: No matter how much you earn, save a little of it. Start as little as 5% and keep moving up. No one is too broke to save because it is a matter of your mind-set and nothing is too difficult to trim.

Make this a real effort for the first 10 years of your money making life because doing this early makes “time” and “returns” your financial buddies.

If you put in RM1,000 every month when you are 25 until 55 at a return of 8% per annum, you will accumulate a whopping RM1.4mil. Delaying this 10 years later, you need to double the effort to setting aside RM2,500 each month to get to the same finish line.

Amelia Hong is vice president of Success Concepts Life Planners



Illustration by HAFIDZ MAHPAR

SPENDING WITH THOUGHT: Know the difference between wants and needs. Always ask yourself, “Do I really need this?” Giving up an expensive car now may mean that you have an extra half a million in your pocket 20 years later. Also, take note of the true cost of owning something because maintaining the item bumps up the cost. An example will be an expensive membership with a high annual fee requirement.

STAY AWAY FROM BAD DEBT: Credit card debt of

18% p.a. is going to double your debt in four years. A debt of RM40,000 will take 10 years and seven months to clear if only the minimum was paid and a total of RM16,912 in interests. Imagine what you can do with the interests instead – a holiday for two, a deposit for a new car, a start-up capital for a business or simply an injection into your retirement portfolio.

Will you finish the financial race with a medal? Strengthen your financial stamina with these three simple financial habits. Think about it.