

Modern day finance in crisis

WHEN we were young, people were very careful with their money. Frugality was the order of the day as all available resources was channelled towards just surviving.

Today, our First World problems sound like this: "Should I get the iPhone 5s or wait for the iPhone 6? Such a dilemma!"

I do think that our modern-day living poses a serious threat to our finances. If we do not do something, we may be heading for a personal financial crisis. Here are four reasons why:

► Living in excesses

Perhaps it is a rejection of our parents' frugality that we have the need for many things. We are likely to have more than one holiday a year, many expired goods in our pantry, 10 pairs of shoes and a fancier car than our parents.

► Not enough fear of the future

We grew up in a time of plenty with no real threat of war. So there is no need to have 'storage' for future calamity. This abundance mentality has allowed people to throw caution to the wind and be totally comfortable spending every sen they have or even what they don't have.

► A reliance on other sources

There is the safety net of FAMA (father mother) who will rescue their distressed adult children. How long can FAMA sustain us before their lack of funds become our problem? Also, while EPF is a good retirement vehicle, perhaps it may not be enough to fund your cost of living over the long haul.



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Modern-day living can pose a serious threat to our finances.

► Putting present needs ahead of future needs

In the 1950s, the lifespan was only a few months after retiring at 55. Now, people are living two decades longer but have not realised the implication of that. They are 'enjoying' themselves too much rather than thinking about the future.

If we don't correct these four grave financial mistakes, the persons we are today will grow old to become poor tomorrow, dependant and a burden to our children and society. It won't be anyone's fault but ours. Let us plan for the future, so that we will not be woefully unprepared for it.

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