

WOMEN & THEIR MONEY

The 40-somethings

They are established, self-sufficient. Older and wiser, settled into career and family, women in their 40s have it all. But at the same time, they also have concerns – over retirement plans, healthcare needs, and family commitments. While we previously looked at the financial profiles of women in their 20s and 30s, we move on now to the women in their 40s. Taking a peek into their financial profiles, we ask them 5 questions raised by Anne Tay, Vice-President, Group Wealth Management, OCBC Bank. Anne then gives some suggestions on how they can better manage their finances.



ANNE TAY,
Vice-President Group Wealth Management,
OCBC Bank

The 5 questions you should ask yourself:

- 1** Do you make it a point to save each month and how much do you save?
- 2** Do you know how much you spend each month and do you keep a list of your expenditure?
- 3** Are you up to date on your monthly payments and are you aware of how much you need to pay each month for mortgage, credit card debt, car loan and any other loans?
- 4** What financial products have you purchased and who prompted you to buy them?
- 5** What is your biggest financial worry and what are your financial goals?



MS LIM MEI HUI, 45, MANAGER, MARRIED WITH THREE TEENAGE CHILDREN

Income Double income

Salary Over S\$4,000 a month

Saving Sets aside about 5 per cent of her salary

Spending Keeps track of what she spends, tracks spending by making a list and tracks big expenses via credit card bills

Debt management Spends about 30 per cent on fixed expenses like credit cards and mortgages.

Investment habits Savings, Insurance, Fixed Deposits and Unit Trust

Biggest financial worries House and kids' education

Financial goals Paying off her mortgage and providing for her children's education; paying for the house in full

→ ANNE ADVISES:

Mei Hui, it's great that you are aware of your expenditure and that you keep your debt servicing ratio below 35 per cent.

Debt Servicing Ratio = Total debt payments/Take home pay
(Gross income – 20% employee CPF contribution –
Personal income taxes)

The next step is reclassifying expenses into different categories as this will form the basis of identifying what non-essential expenses to cut down in order to increase your savings. Saving only 5 per cent of your salary is low, especially at your life stage. Do aim to save at least 10 per cent of your salary and grow this as you progress in your life journey. The need to start building your retirement funds becomes critical given the longer life expectancy of women.

As you would have already started planning for your children's education, it's good to re-evaluate the education plans you have set aside for them and see if there is a need to make higher provisions.

As you have quite a number of financial goals you need to work on, you will need to start setting goals and time frames for each and start building wealth to meet them. It is going to be challenging and the need to cut down on unnecessary expenses may become critical. Go for it!

MS AGNES TAN, 48, COUNSELLOR, SINGLE**Income** Single income**Salary** Over S\$4,000 a month**Saving** Saves by default**Spending** Keeps track of what she spends**Debt management** Spends about 20 per cent of her income on credit cards, car and housing loans**Investment habits** Insurance**Biggest financial worries** Would love to have more money to give more to help others**Financial goals** To increase savings; to complete payment for housing loan**→ ANNE ADVISES:**

As a single professional, Agnes should set aside disciplined savings to meet her longer term financial goals. She may want to identify the purpose of such savings for example for retirement, savings to pay off housing loans and insurance so as to stay more focused when it comes to managing her investment portfolio. While she has insurance policies, she should also consider other investment products such as shares, bonds and unit trusts. Equities are still a good long term investment when it comes to wealth enhancement. But invest only if you can take risk and always diversify your portfolio.

**HELEN TEO, 40, MANAGER, MARRIED WITH TWO CHILDREN IN PRIMARY SCHOOL****Income** Double income**Salary** Over S\$4,000 a month**Saving** Saves as much as she can each month**Spending** Keeps track of spending by making a list**Debt management** Spends about S\$1,700 per month servicing mortgage, car loan and credit card bills**Investment habits** Savings, Fixed deposits, Unit Trusts, Insurance, Shares**Biggest financial worries** Medical costs**Financial goals** To curb expenditure on indulgences; to save enough for retirement**→ ANNE ADVISES:**

Helen, it's great that you've started saving each month but do target saving at least 10 per cent of your salary. While your debt servicing ratio is 51 per cent, this ratio may be lower after taking your spouse's salary into consideration. If the ratio is still higher than the recommended ratio of 35 per cent, do plan to reduce it to less than 35 per cent. It's also wise to keep your debt servicing ratio low at less than 35 per cent.

You've done well to diversify your investment. You should ensure that the percentage allocated to each asset class is on track to meet your longer-term financial goals and is aligned with your risk appetite.

Since your children are still in primary school, you may want to revisit your insurance needs to identify any gaps in your insurance protection.

With rising medical costs, you may also want to look at insurance in the area of protection against critical illness and other associated costs. Since you are still insurable, you may want to top-up your medical cover. Start going back to the basics and reduce your expenditure, so as to increase your savings.

Just for Ladies!

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1. Coverage for TPD ceases upon the policy anniversary on which the life assured's age nearest birthday is 66 years old.
2. Please refer to the policy contract for the precise definitions of critical illnesses.
3. Coverage for Carcinoma-in-situ and Early Stage Cancer Benefit ceases upon the policy anniversary on which the life assured's age nearest birthday is 66 years old. The Carcinoma-in-situ and Early Stage Cancer Benefit is limited to one claim per lifetime. Please refer to the policy contract for the precise definitions of Carcinoma-in-situ and Early Stage Cancer.