



Women and their money

The 20 somethings

SMART, coiffured and professional, the modern woman works hard and plays smart. But to stay on track, she needs to know how to balance her financial health and other challenges.

Focus group research* has shown that younger women, aged 24 to 32, either single or married without children, are less financially knowledgeable and invest less than their older counterparts.

Topping their list of concerns

are the rising cost of living, earning enough to indulge in their passions and getting ahead in their careers.

With these facts in mind, we take a peek into the financial profiles of three 20-something women by asking them 5 questions suggested by Anne Tay, Vice-President, Group Wealth Management, OCBC Bank. She then assesses and identifies how financially fit they are and provides some tips for their financial makeover.

ANNE ASKS THE 5 BASICS

- 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 expenditures?
- 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 JENNIFER TAN, 27, ASSISTANT SALES MANAGER, SINGLE

SALARY Over S\$4,000 a month.

SAVINGS About S\$200 a month.

SPENDING Keeps track of what she spends on big-ticket items via credit card bills.

DEBT MANAGEMENT Promptly pays all her bills.

INVESTMENT HABITS Fixed deposits and insurance plans.

BIGGEST FINANCIAL WORRY Having enough money for children and retirement.

FINANCIAL GOALS Buy a car.



ANNE ADVISES:

Jennifer should **establish good money management habits now and take advantage of the gift of time**. I'd suggest that she starts to save at least S\$400 a month and also make her money work harder as she seems to be playing it too safe now with her investments. She could start looking at monthly investment plans to take some risks in order to increase her returns.

Anne Tay, Vice-President
Group Wealth Management,
OCBC Bank

* Source: idealog; business and consumer insight agency, commissioned by OCBC Bank, conducted 3 focus groups with women of 3 different life stages who are Professionals, Managers, Executives and Businessmen, a mix of degree and diploma holders, and a mix of OCBC and non-OCBC customers. The 3 life stages comprise those who are from 24 to 32 years old, single or married without children; 28 to 35 years old, married with oldest child below 7 years old; and 36 to 50 years old, married with youngest child below 10 years old and above.

MS ELIZABETH DE SOUZA, 28, LAWYER, SINGLE

SALARY: Over S\$4,000 a month.

SAVINGS: About 30% of her monthly salary.

SPENDING: Keeps track of what she spends.

DEBT MANAGEMENT: Pays all her bills but may take up a mortgage.

INVESTMENT HABITS: Fixed and time deposits, unit trusts, investment-linked

insurance plans, medical and life insurance plans. In a volatile market, she has transferred more funds to fixed deposits and cash funds.

BIGGEST FINANCIAL WORRY: Job security and having enough money for retirement.

FINANCIAL GOALS: Get married and build up 6 months of her salary in cash.

ANNE ADVISES:

Elizabeth seems to be on track with her finances but she should avoid keeping too much cash and investing in low-risk instruments. She should also review her insurance plans due to her increasing income and plan to get married and purchase a home. If she takes up a mortgage, she should **ensure that the proportion of her take-home pay that is used to service the mortgage, called the debt servicing ratio, is no more than 35%.**



MS SUSAN ONG, 29, MARKETING SENIOR CONSULTANT, MARRIED

SALARY: Over S\$4,000 a month.

SAVINGS: No habit of saving.

SPENDING: Does not keep track of spending.

DEBT MANAGEMENT: S\$800 a month for the house, deducted from her CPF account.

INVESTMENT HABITS: Insurance and unit trusts.

BIGGEST FINANCIAL WORRY: Having enough money for children and retirement.

FINANCIAL GOALS: Buy another property.

ANNE ADVISES:

Susan, being in her 20s, should **avoid the “Invincibility Trap” that those of her age group commonly face and start being more pro-active in planning for her financial future.** She has low mortgage commitment, which is good, and she should start picking up more disciplined cash management skills like consciously putting aside 10% of her income as savings and spending within the 90%.

➤ **LOOK OUT FOR THE NEXT ISSUE WHERE WE WILL TALK ABOUT WOMEN IN THEIR 30S.**



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