

Practical Personal Financial Management





Importance of money management



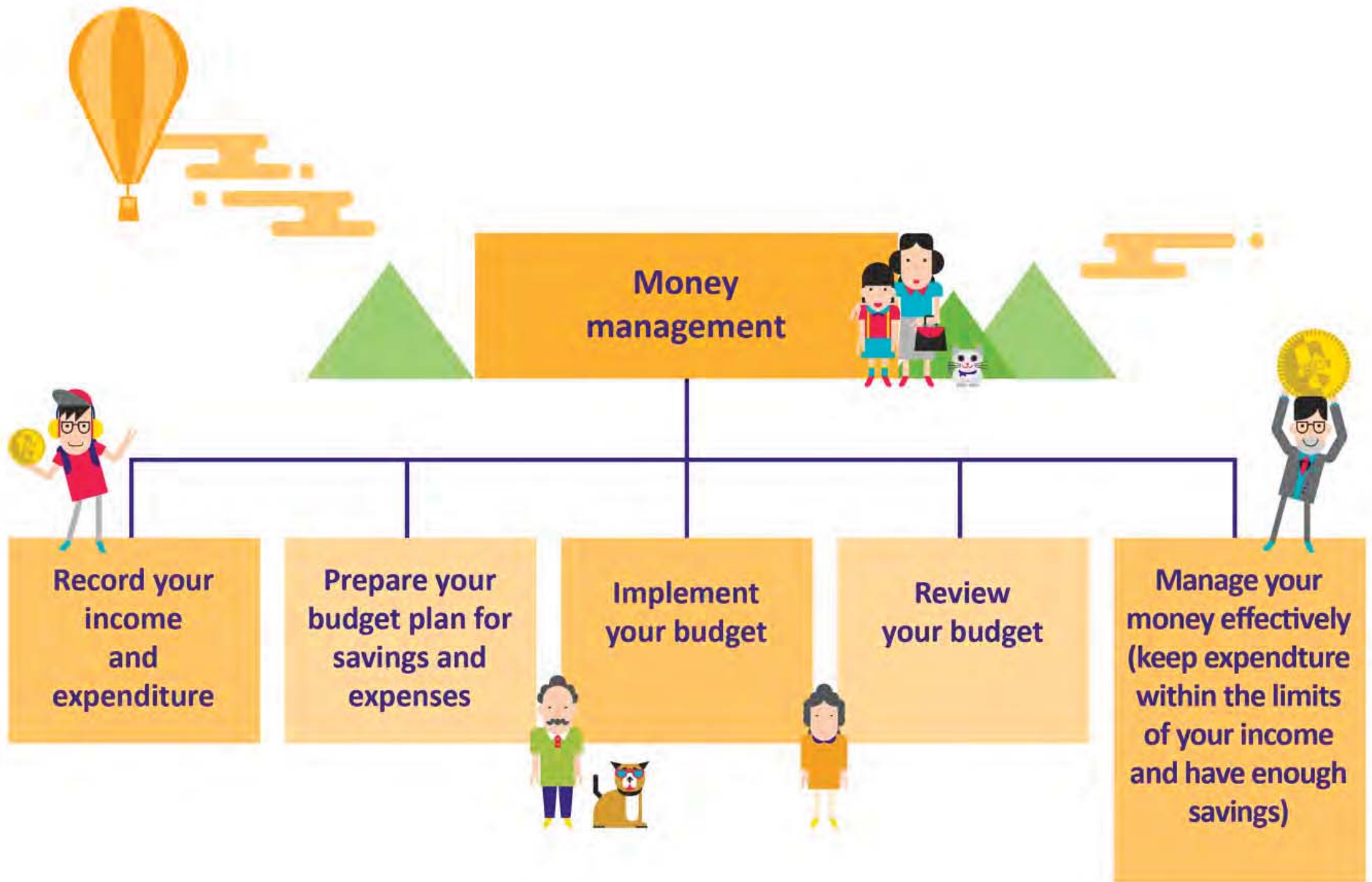
Important life management skill to make the best use of money



Financial independence



Fulfillment of goals through the different stages of life



Setting financial goals

- Short-term goal (1-3 years)
(e.g. buy a mobile phone, computer and travelling)
- Medium-term goal (3 to 7 years)
(e.g. furthering studies, working holiday, marriage, down payment for a flat)
- Long-term goal (more than 7 years)
(e.g. education fund for your children, retirement arrangements)



How to turn your 'wants' into financials goals?

Steps of financial planning process





Responsible borrowing



What are your purposes of borrowing?



How much do you need to borrow?

What are the costs of taking out the loan?

Will you be able to repay the loan?

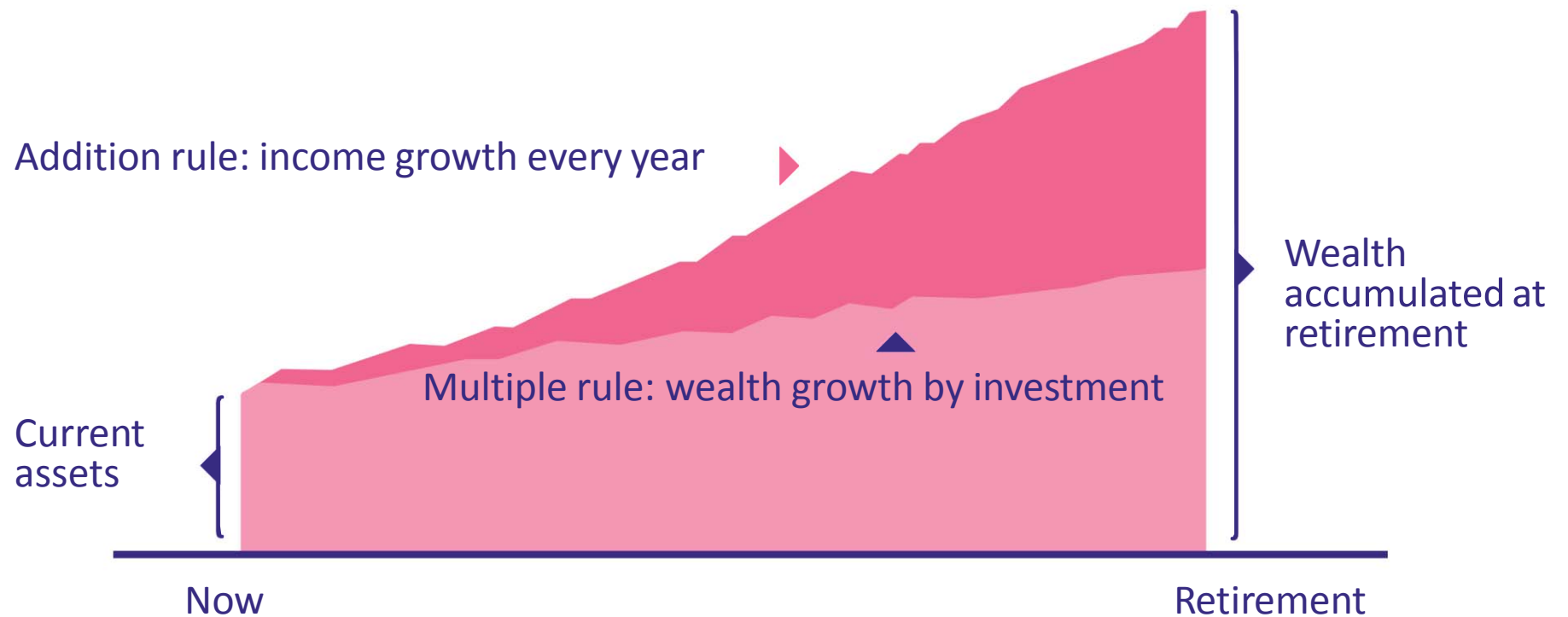


Should I buy insurance?

- Do you have enough cash reserve?
- Does your employer provide the related insurance?
- Are you the bread winner of the family?
- Can you afford the insurance premium?
- Is your job secure?
- Does the period for insurance contribution suit your financial position?



Why should I invest?



6. The dos and don'ts of investing

DO	DON'T
<ul style="list-style-type: none">• Save a portion of your savings for emergency funds	<ul style="list-style-type: none">• Pour all of your disposable income into investment• Borrow money to invest
<ul style="list-style-type: none">• Evaluate your risk tolerance and manage the risks of investing	<ul style="list-style-type: none">• Invest in high risk products that you don't fully understand or are not suitable to your risk tolerance
<ul style="list-style-type: none">• Use the dollar cost averaging to reduce short-term market fluctuations	<ul style="list-style-type: none">• Engage in day trading, which speculates on the timing of stocks and has high investment risk