

Guidance Tips for

Seniors on Personal Investing

For more information on personal investing, please refer to the following online resources:

The MoneySENSE website at www.moneysense.gov.sg

Dealing with A Financial Advisor: What to Look Out For?

Getting It Right: How to Resolve a problem with your Financial Institution

MoneySENSE Worksheet on Managing Your Retirement Funds, Borrowing Money and Buying a Home and Taking a Home Loan

MoneySENSE Guide To Planning For Your Family's Financial Future

Making Sense of Common Financial Documents

Introduction to Personal Investing

Making Sense of Unit Trusts

Your Guide to Life Insurance

Your Guide to Health Insurance

Your Guide to Investment-Linked Insurance Plans

The Central Provident Fund website at www.cpf.gov.sg

Managing Your Retirement

CPF Retirement Calculator

CPF Minimum Sum Payout Calculator

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Personal investing can be complex. This brochure highlights key areas that you should consider before investing, and provides a few tips on how you can avoid common mistakes and unwise decisions.

Should I be investing?

- Know how much funds you have.
- Know how much you need for your daily and medical needs and for any outstanding financial commitments you have.
- Set aside funds for your basic needs before investing.
- The less spare cash you have, the less risk you should take in investing.

What should I consider before investing?

- **Ask yourself 3 critical questions** before making any investment decisions:

1. What do you WANT?

[What is your investment objective? How much returns on investment do you need to meet your objective?]

2. What do you HAVE?

[How much do you have to invest?]

3. What can you LOSE?

[How much are you prepared to lose?]

Be Aware that the MORE you WANT, the MORE you must be prepared to LOSE.

- Know your investment objectives. For example, are you investing to earn a regular income? Are you investing to preserve your capital sum? Or are you investing to grow your capital?

- Know your investment time horizon. Simply put, ask yourself how much time do you have to invest to achieve your financial goals. Generally, the shorter your time horizon, the less risk you should take with your investments.
- Know your risk profile. How much fluctuation and risk can you tolerate in your investments as the market conditions change?
- If you need your money in a short time, do not invest in products that will put your capital at risk or that will impose penalty charges for early withdrawal.
- If you have more time for investing, you may wish to consider taking up products with different investment periods so that you can have access to funds at different stages during your retirement years.
- Do not place all your eggs in one basket. Diversify your investments to reduce risk.

What are my responsibilities and rights when investing?

- Do not invest in products you do not understand. Do not invest in "hot picks" or "trendy stocks" just because others are buying them.
- Read the investment documents thoroughly. Ask questions and take note of key areas including the risks involved, terms & conditions, fees & charges, and commission or distribution costs.
- Choose financial advisers that are regulated. Ask to see their name cards or licenses. Call the adviser's firm to verify that the adviser is their authorised representative. You can refer to www.mas.gov.sg/directory for the list of financial institutions.

- Work with your financial adviser to identify products suitable for your individual needs. Provide accurate information about yourself, your financial situation and investment objectives to them.
- Do not be enticed by gifts and promotions or promises of high returns. Remember that the higher the return promised, the higher the risk you have to bear.
- Ask for assistance if you are not conversant in English or find it difficult to understand the information. You should bring someone who can explain the information to you when you meet your financial adviser. Do not invest in anything you do not understand.
- Say **"NO"** if you find a product unsuitable for you.
- For life insurance products, you may return the policy if it is not suitable and request for a refund within 14 days from the date the policy is issued. But if it is tied to investments, you may have to incur some costs.
- For unit trusts, you can cancel your purchase within 7 days if you find it not suitable. But if it is tied to investments, you may have to pay for any loss incurred, if the investments suffered a downturn in value.
- Monitor the performance of your investments regularly to ensure that they continue to deliver the returns you expect and meet your needs.

