



## MAS and Financial Industry Launch Basic Financial Planning Guide

Singapore, 7 October 2023... The Monetary Authority of Singapore (MAS), in conjunction with the Association of Banks in Singapore (ABS), Association of Financial Advisers (Singapore) (AFAS) and Life Insurance Association (LIA), today launched a Basic Financial Planning Guide to help Singaporeans take steps to enhance their financial well-being.

2 The Guide outlines a few rules of thumb, for individuals to start taking proactive steps to address their savings, insurance, and investment needs. Laid out in a clear, straightforward manner, they encourage Singaporeans to:

- Set aside at least 3 to 6 months' of expenses for emergency needs.
- Obtain insurance protection of
  - 9 times annual income for death and total and permanent disability.
  - 4 times annual income for critical illness.
- Spend at most 15% of income on insurance protection; and
- Invest at least 10% of income for retirement and other financial goals.

3 From January 2024, this Guide will be available in six customised formats to meet the needs of individuals at different life stages, including fresh entrants to the workforce, working adults with young children, working adults supporting aged parents and those approaching retirement.

4 The National Financial Capability Survey <sup>1</sup> conducted by MoneySense ([www.moneysense.gov.sg](http://www.moneysense.gov.sg)) in 2021 found that while Singaporeans generally practise good financial habits in money management, they need to take more active steps in financial planning. For instance, more than half of the survey respondents had not developed a savings plan in preparation for retirement.

5 Mr Lim Tuang Lee, Assistant Managing Director (Capital Markets), MAS, and member of the MoneySense Council, said: "The Basic Financial Planning Guide provides Singaporeans with simple and actionable steps they can take to enhance their financial well-being. I thank the industry associations for their support in designing the Guide, and for their continued partnership in using the Guide to advise and help uplift the financial wellness of Singaporeans."

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<sup>1</sup> MoneySense Council commissioned the National University of Singapore to conduct the MoneySense National Financial Capability Survey in 2021 which involved 2,000 Singapore resident respondents aged 18 to 79 years old. More respondents budgeted and kept track of their spending, and maintained at least three months of expenses as emergency savings, compared to 2017.



6 Mrs Ong-Ang Ai Boon, Director of ABS, said: “ABS supports financial literacy programmes as they help our customers know how to organise their finances to achieve their life goals. The Guide is a useful starting point for all Singaporeans on their financial planning journey. Those who would like advice for their specific needs may approach their bank.”

7 Mr Raymond Ng, President of AFAS, said: “The Association of Financial Advisers (Singapore) is pleased to participate in this easy-to-use financial guide for Singaporeans at various life stages. AFAS is committed to incorporating the Guide in our dealings with consumers and at the same time to carry out thorough financial planning conversations with consumers.”

8 Mr Dennis Tan, President of LIA, said: “LIA is driven to fostering a progressive life insurance industry by collectively enhancing customer understanding of the importance of financial planning. We are confident that the collaborative endeavour of MAS and industry associations to develop these Guides for basic financial planning will raise awareness among Singaporeans, enabling them to better prepare for various life stages and unforeseen situations.”

9 The Guide is publicly available on the MoneySense website ([www.go.gov.sg/financialplanningguide](http://www.go.gov.sg/financialplanningguide)).

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