

Savings now a necessity, not a luxury

WARREN Buffet once said: "Do not save what is left after spending, but spend what is left after saving." It's a sentiment that resonates with all of us.

But despite this knowledge, many people struggle to resist the temptation of dipping into their savings for immediate wants and needs.

I firmly believe that saving is an important life habit that can lead to financial responsibility and security. Unfortunately, many people are saving less due to increased living costs, job losses, reduced income and lifestyle changes.

A recent "Quarterly Financial Wellness Poll" conducted by Sun Life Malaysia found that around 68 per cent of respondents cited the rising cost of living as the main barrier preventing them from saving for emergencies.

The Covid-19 pandemic has shown us the importance of having a solid emergency fund. Without one, families and individuals may struggle to make ends meet during challenging times, leading to long-term financial consequences.

As an insurance and takaful provider, Sun Life Malaysia understands the need for a solid financial foundation and the importance of

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preparing for unexpected events. I always encourage people whom I met, especially our clients, to prioritise their savings and invest in a financial safety net to protect their long-term financial wellbeing.

Emergency savings crucial in weathering uncertain times

With rising interest rates and high inflation, the ability to save has become a struggle for many, and even forcing some to dip into their emergency funds to make ends meet, compromising long-term financial security.

Adding to this are unexpected

medical expenses that pose financial stress, especially for the financially-strapped sandwich generations supporting both their aging parents and young families.

That is why building a healthy savings portfolio is one of the best ways to take control of your finances in today's uncertain times. It can alleviate financial burden and provide a sense of security in the event of emergencies.

It has been found that having at least six months of emergency savings is essential for dealing with unexpected medical expenses or emergencies.

Most people believe that they will never be able to save enough money for retirement. The Sun Life Malaysia Retirement Preparedness Survey 2022 revealed that four per cent of respondents said their Employees' Provident Fund accounts did not have sufficient funds for more withdrawals.

This could mean having to delay retirement or making significant lifestyle changes after retirement.

By saving, people can rebuild the much-needed financial buffer that will provide them a peace of mind during their golden years, allowing individuals to focus on leading their desired lifestyle without financial strain.

Long-term savings cultivate generational wealth

For decades, savings have served as a wealth building and protection tool to ensure financial legacy that lasts for generations. In fact, this cultural practice of passing down savings has helped many Asian families build wealth over time and instilled a strong sense of financial responsibility and discipline in the younger generations.

At Sun Life Malaysia, we always advocate long-term savings to establish multigenerational wealth and household financial security. Saving and investing wisely can help families build and preserve their wealth over time. Proper financial planning can help optimise tax benefits and ensure a smooth transfer of assets to future generations.

In addition, parents and grandparents can also set a positive example to their children and grandchildren.

Savings insurance, takaful plan for lifetime financial security

Savings insurance or takaful plans are an excellent way to kick-start your saving journey. By opting for a savings insurance or takaful plan, one can ensure that their

financial goals are met while also safeguarding their family's future.

They offer a combination of savings, investment and protection benefits, making them an ideal choice for younger people who are financially more fragile.

By opting for a savings insurance or takaful plan, you can ensure that your financial goals are met while safeguarding your family's future — be it for your children's education, a new house, retirement or even those holiday destinations on your bucket list.

For example, Sun Life Malaysia's Sun Secure Saver-i is an all-in-one takaful plan that combines savings, investments and protection to safeguard your future.

With the flexibility to choose the contribution payment term and coverage term that is best suited to your savings needs, you can enjoy both protection and potential profits through the reinvestment of cash payouts received every year.

For more information on how Sun Life Malaysia can help safeguard your financial future, visit www.sunlifemalaysia.com

Sun Life Malaysia is an insurance and takaful provider.