


Rising Cost of Living: 68% of Malaysians Struggle to Save for Emergencies

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High inflation, rising at record pace, coupled with the aftermath of COVID-19 pandemic, are eroding into many Malaysians' savings reserves, posing a significant risk to their financial preparedness for emergencies.

Nearly 68% or 7 out of every 10 Malaysians who responded to the '[Financial Wellness Poll Q2](#)' by Sun Life Malaysia, a life insurance and family takaful company, cited increasing cost of living as the main struggle they are facing to save for emergencies, or to have any savings at all.

According to all 5,422 respondents, the top 3 savings barriers are:

- 1 – Increasing cost of living – 68%
- 2 – High personal/household debts – 12%
- 3 – Job loss or pay cut – 8%

Each quarter, Sun Life Malaysia conducts a poll to determine the most pressing financial needs and concerns of Malaysians. Through the findings, the insurer hopes to help Malaysians navigate life's most crucial moments, furthering its aspirations to establish the company as a trusted lifetime insurance and takaful partner. Being a purpose driven organisation, Sun Life Malaysia is committed to helping people achieve lifetime financial security and live healthier lives.

Cost of Living, Debt, and Job Loss are the Biggest Obstacles to Emergency Savings

Almost 68% of the poll's respondents named increasing cost of living as the top reason hindering them from saving for emergencies, consistent with a recent [IPSOS study](#) indicating that 70% of Malaysians are feeling the impact of inflation. Inflated inflation is pushing the prices of goods and services to new highs – making people spend more and save less.

But rising inflation is not the only reason causing declining savings. About 12% of respondents said higher personal or household debt is putting pressure on their ability to save, and an additional 8% or 433 people indicated that job loss or pay cuts have left them with little to no room for emergency savings.

In addition, some respondents also mentioned poor investment decisions (6.75%) and unexpected medical expenses (5.5%) as reasons for not being able to save for emergencies.



“Savings is a crucial step to achieving lifetime financial security. It provides the necessary financial cushion to deal with the financial shocks brought on by emergencies, and over the long term, helps everyone, regardless of life stages, achieve financial freedom and most importantly, leave a financial legacy for their loved ones.”

*Raymond Lew, CEO and President /
Country Head of Sun Life Malaysia*

Sun Life Malaysia's Four Easy Tips for Building an Emergency Fund

Savings is a crucial element in wealth creation and can assist you in achieving your life goals. For example, many people save for retirement, their children's education, or to buy a house. Additionally, in the event of a medical emergency or job loss, savings will provide financial stability during challenging times.

To support Malaysians in achieving their savings goals, Sun Life Malaysia recommends 4 simple tips for building an emergency fund:

1. **Start small** - An emergency fund generally covers 6 months of living expenses. Instead of aiming for a big lump-sum goal, start by setting aside small amounts – like RM5 or RM10 weekly. Before you know it, saving money will become a breeze.
2. **Keep it separate** - When your air conditioner breaks down, it might be tempting to dip into your emergency savings. But hold on! Your emergency fund should be kept separate from other savings plans. Only withdraw the amount you need from your current account.
3. **Avoid debt traps** - When you're in a financial bind, using your credit card might seem like a quick fix. But beware: credit cards charge high-interest rates when you carry a balance. It's better to rely on your emergency savings to avoid falling into debt.
4. **Consider a savings insurance/takaful plan** - Watching your savings grow over time is rewarding, and having easy access to your emergency fund is crucial. Consider a savings insurance/takaful plan with a good return that allows you to do both. It's a smart way to make saving money easier and more rewarding.

How An Insurance/Takaful Plan Could Help You Save

An insurance/takaful plan can be beneficial for saving in multiple ways. Sun Life Malaysia – your lifetime insurance and takaful partner – provides a comprehensive suite of protection plans that cater to various life stages and financial goals.

You can choose plans (such as the two plans below) that combines savings, investments, and protection to help you safeguard your future, achieve financial aspirations and fulfil your religious obligations:

1. **Sun Secure Saver-i** is an all-in-one takaful plan that combines savings, investments and protection to help you safeguard you and your loved ones' financial future. You can stay protected while enjoying potential profits through the reinvestment of yearly cash payout. It also offers a short payment term with the flexibility to choose the payment and coverage terms best suited to your savings needs.
2. **Sun Hajj** is a Shariah-compliant saving plan that allows individuals to fulfil both their financial and religious obligations. For Muslims, performing Haji is an important obligation in life, and Sun Hajj, a surplus-sharing universal takaful plan, is designed to assist with this spiritual obligation. It provides protection, savings, and financial flexibility at an affordable monthly contribution starting from RM200.

Creating an emergency fund isn't easy, but it's not impossible. With perseverance, prudence, and sound money management, you can start small and gradually build your financial safety net.

Visit [Sun Life Malaysia](#) today for more resources to help you plan and achieve your financial goals, including a [savings calculator](#) and budgeting tips.