



# RETIREMENT PLANNING FOR YOUTH



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# RETIREMENT PLANNING FOR YOUTH



## SHARING OBJECTIVES

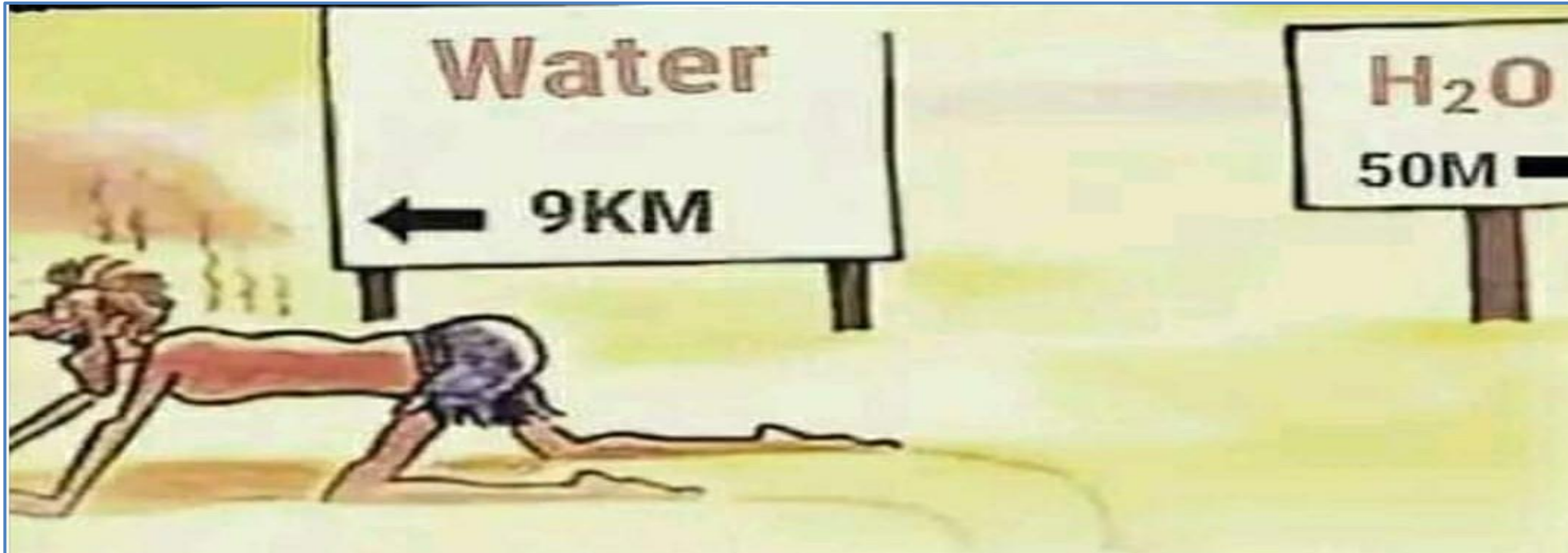
- to equip YOUTH with fundamental knowledge and skills relating to retirement planning
- to cultivate positive mindset among YOUTH on the importance of retirement planning
- to guide YOUTH in understanding own financial status and exploring right approaches
- to serve as a career exposure for YOUTH in venturing into financial services industry
- to network YOUTH with industry practitioners in gaining latest updates and development

# RETIREMENT PLANNING FOR YOUTH

**5W1H**



# RETIREMENT PLANNING FOR YOUTH



**"KNOWLEDGE IS POWER"**  
**THE MORE YOU LEARN, THE  
BETTER YOU WILL BE ABLE TO  
MAKE DECISIONS ABOUT THE  
DIRECTION OF YOUR LIFE.**

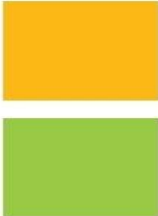


# RETIREMENT PLANNING FOR YOUTH



Empowering Financial Freedom

## MALAYSIA National Strategy for Financial Literacy 2019-2023



## Message from the Prime Minister



Strategy), which aspires to elevate the levels of financial literacy, promote responsible financial behaviour and healthy attitudes towards financial management. It is the Government's hope to see Malaysians live well and contribute productively to the building of a resilient and an inclusive economy.

The National Strategy supports the government's aspiration for shared prosperity by ensuring that Malaysians are empowered with the right knowledge and skills to confidently make responsible financial decisions at every stage of their life. It is imperative that financial education is accessible to Malaysians across all ages and life stages, and this can only be achieved by working together.

Congratulations to the Financial Education Network for the timely formulation and launch of the National Strategy. Raising financial literacy is a long-term obligation that requires the sustained efforts and commitment of many parties. Improving the financial well-being of all Malaysians is an important priority for the country to realise our full potentials.

Living within one's means and the practice of moderation are essential values to lead healthy, productive and fulfilling lives. Yet, recent surveys conducted by the Organisation for Economic Co-operation and Development and Bank Negara Malaysia indicate that Malaysians have low financial knowledge and myopic "live for today" attitude when it comes to personal financial management.

Many Malaysians struggle to manage their money, making them highly vulnerable to the impact of a financial shock such as redundancy, long-term illness or even just a large unexpected bill. As financial and investment products become more complex and varied, individuals tend to bear more risks and responsibility for their own financial decisions. This is a problem not just for the individuals concerned but for society as a whole.

Therefore, I welcome the National Strategy for Financial Literacy 2019-2023 (National



Dr Mahathir bin Mohamad  
22 July 2019

. . . . recent surveys conducted by the Organisation for Economic Co-operation and Development and Bank Negara Malaysia indicate that Malaysians have low financial knowledge and myopic "live for today" attitude when it comes to personal financial management.

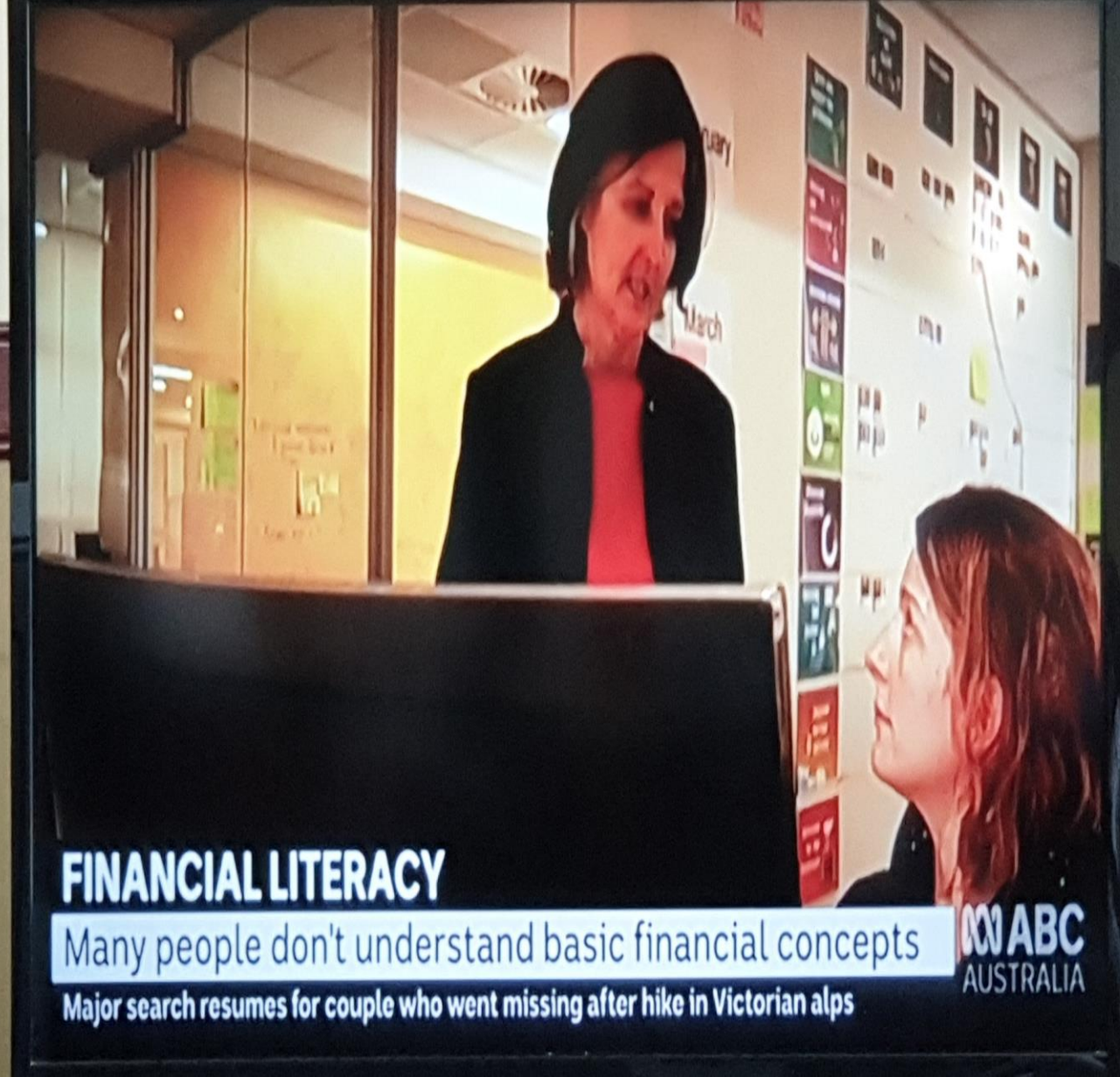
**Many Malaysians struggle to manage their money, making them highly vulnerable to the impact of a financial shock such as redundancy, long-term illness or even just a large unexpected bill. . . . individuals tend to bear more risks and responsibility for their own financial decisions.....**

Raising financial literacy is a long-term obligation that requires the sustained efforts and commitment of many parties. Improving the financial well-being of all Malaysians is an important priority for the country to realise our full potentials . . . .

# RETIREMENT PLANNING FOR YOUTH



Why  
Financial  
Literacy  
**Matters**



## FINANCIAL LITERACY

Many people don't understand basic financial concepts

Major search resumes for couple who went missing after hike in Victorian alps

ABC  
AUSTRALIA

## Empowering Financial Freedom

### Financial Well-being

Lead a meaningful, content and sustainable life free from constant financial worries, able to withstand temporary income shocks, changes in life circumstances and emergencies without financial burden.



### Financial Literacy

Awareness, knowledge, skills, attitude and behaviour necessary to make sound financial decisions. (Ref. OECD)



### Financial Education

Process to improve understanding, develop skills and confidence to make informed financial choices and to know where to go for help. (Ref. OECD)



Footnote: The Organisation for Economic Co-operation and Development (OECD)

## Current State of Financial Literacy in Malaysia

### Level of Financial Knowledge



Malaysians have low confidence regarding their own financial knowledge. 1 in 3 Malaysians rate themselves to be of low financial knowledge.



Low income households tend to have lower financial knowledge.



75% of Malaysians understand that inflation means that cost of living is rising, only 38% can relate the effect of inflation on their own purchasing power.



43% of Malaysians understand that the growth of money is compounded over time, while 22% believe that money grows on linear basis.



92% of Malaysians have deposit products. Less take-up on investment products.

### Saving and Budgeting



1 in 10 Malaysians believe that they are not disciplined in managing their finances.



84% of Malaysians who claim to save regularly do so only for the immediate term i.e. typically withdrawn at month-end to cover daily subsistence expenses.



76% of Malaysians have a budget, but 2 in 5 find it difficult to keep to the budget.



1 in 5 Malaysian working adults (MWA) did not save in the previous six months.



3 in 10 of MWA need to borrow money to buy essential goods.



## Readiness for Unexpected Life Events



- 52% of Malaysians have difficulty to raise RM1,000 as emergency funds.



- Only 24% of Malaysians are able to sustain living expenses for at least 3 months or more if they lose their main source of income (10%)

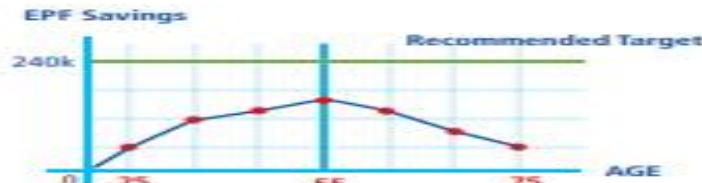


- Only 17% of Malaysians have life insurance and takaful cover.

## Planning for Retirement



- 41% of Malaysians rely on their EPF savings as the main source of income for retirement.
- Almost half of Malaysians are not confident of having an adequate stream of income for retirement.
- 16% of Malaysians are very worried about household expenses in their old age.



- 68% of active EPF members do not achieve the Basic Savings recommended according to the age band.
- The recommended minimum amount of basic savings at age 55 is RM240,000, which allows a monthly withdrawal of RM1,000 for 20 years post retirement.

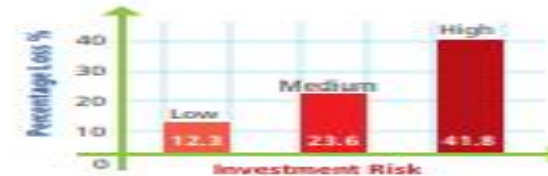


- 6 in 10 Malaysian adults are self-employed and outside the labour force and not covered by any formal retirement or pension system.

## Awareness of Risks and Returns



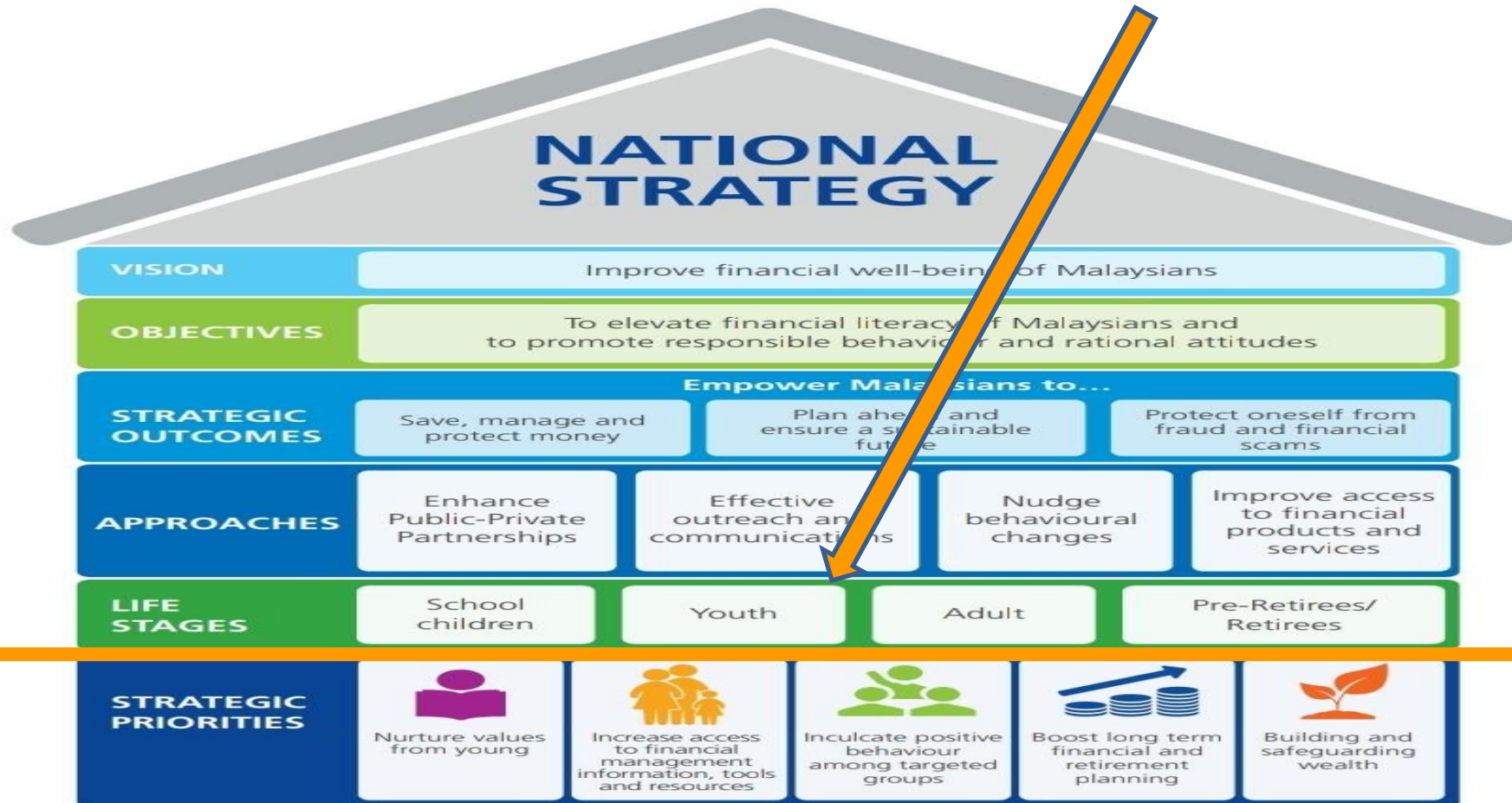
- Investors were found to have unrealistic expectation on the potential annual returns from the investment in capital market products.



- The perception of total loss investors are willing to accept reveals the lack of knowledge on the risk levels of capital market investment.

Footnote: Sources include FCI Survey 2018, AFBES 2018, ACM 2018, EPF Statistics. Basic Savings will be revised based on minimum pension rate of public sector, or every three years, whichever comes first.

## Overview of the Malaysian National Strategy for Financial Literacy



Journal of Financial Services Marketing  
<https://doi.org/10.1057/s41264-023-00234-8>

ORIGINAL ARTICLE



## Impact of financial behaviour on financial well-being: evidence among young adults in Malaysia

Mohamad Fazli Sabri<sup>1</sup>  · Mervin Anthony<sup>1</sup> · Siong Hook Law<sup>2</sup> · Husniyah Abdul Rahim<sup>1</sup> · Nik Ahmad Sufian Burhan<sup>1</sup> · Muslimah Ithnin<sup>3</sup>

# FB & FWB

Received: 18 November 2022 / Revised: 21 April 2023 / Accepted: 10 May 2023  
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### Abstract

The high cost of living and prolonged lockdowns due to the COVID-19 pandemic made the financial well-being of individuals vulnerable, especially young adults. This paper examines the impact of financial behaviour on financial well-being (FWB) among young Malaysians during the COVID-19 pandemic. The study collected variable data on financial literacy, financial behaviour, financial socialisation, self-control, financial technology and FWB. To collect a representative sample of Malaysian young adults, a multi-stage random sampling method was used, and 360 young adults aged 18–29 years old completed the questionnaires. Structural equation modelling was adopted to investigate the factors influencing young adults' FWB. The empirical findings revealed a significant mediating effect of financial behaviour in the relationship between financial literacy, financial socialisation, self-control, financial technology, and FWB. The research concluded that the mediation analysis yields a clear and firm conclusion that financial behaviour is important in empowering young adults' FWB. Thus, the present study adds value to the existing literature on the relationship between financial behaviour and FWB. Furthermore, the paper's findings will assist government agencies and non-governmental organisations in developing outreach programmes for young adults per the strategies outlined in the Twelfth Malaysia Plan and the aspirations pledged in the Malaysian Youth Policy 2015–2035.

**Keywords** Financial well-being · Financial behaviour · Financial literacy · Financial socialisation

Home > Investment

## ICMR Research Series: Malaysian Investors Are Vulnerable Due To Poor Investment And Saving Behaviours

June 2023



<https://www.smartinvestor.com.my/icmr-research-series-malaysian-investors-are-vul...>

## Lack Of Retirement Readiness

Based on the assumption that one will retire at the age of 55 and life expectancy in Malaysia is 75, one's savings need to last for at least 20 years. However, when we asked our respondents how long they expected their current and EPF savings to last after retiring, 75% felt that their total retirement savings would last them less than the required 20 years post-retirement.

This is mainly due to the lack of retirement savings, especially among retirees and gig workers. 62% of surveyed gig workers claimed to have less than RM50,000 worth of retirement savings, and what is more worrying is that 70% of surveyed retirees have less than RM250,000 worth of retirement savings – less than what the EPF estimates is adequate to cover basic needs for 20 years after retirement.

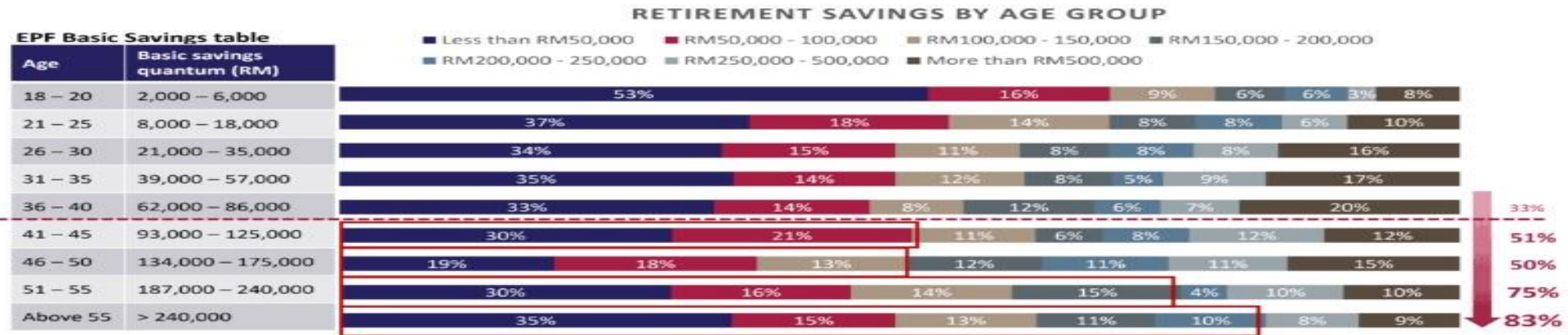


Figure 3: Retirement Savings by Age Group

While those who are 40 years old and below tend to meet the basic retirement savings threshold as determined by EPF, as soon as they reach 41 years old, more than half of the EPF contributors are not able to meet the target basic savings for each age group. This is probably because they start withdrawing from their EPF accounts for home loans, children's education, or even health expenses.

<https://www.smartinvestor.com.my/icmr-research-series-malaysian-investors-are-vul...>

## Overconfident About Financial Literacy

Although Malaysians are generally not saving enough and unprepared for retirement, ICMR's findings also show that they are overconfident with regards to their financial knowledge. Only 39% of respondents scored 80% – 100% in a simple financial literacy test prepared by ICMR – but 67% of respondents claim to be highly confident of their financial capabilities.

Financial Literacy score	% of respondents
0% - 20%	24%
40% - 60%	37%
<b>80% - 100%</b>	<b>39%</b>



Figure 4: Financial Literacy Scores & Financial Confidence (Data Source: ICMR)

Topics such as compounding interest, inflation, risk and return, cost of borrowing and diversification, are considered as the most basic to test respondents' understanding of some of the key financial concepts. However, it is concerning to see that 59% of respondents who scored lower than 80% (less than 4 questions correct) feel highly confident about their financial capabilities.

The overconfidence effect is observed when people's subjective confidence in their own ability is greater than their objective (actual) performance. Overconfidence has been attributed to a range of issues. More generally, among investors, overconfidence has been associated with excessive risk-taking and is most likely to lead them to make wrong financial decisions.

Overconfidence also relates to one's optimism bias during investment or broader financial decision making. Optimism bias refers to the tendencies for people to overestimate the probability of positive



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<https://www.smartinvestor.com.my/5-rules-for-malaysians-to-improve-their-financial...>

Home > Personal Finance

## 5 Rules For Malaysians To Improve Their Financial Wellbeing

June 2023





# RETIREMENT PLANNING FOR YOUTH

<https://www.smartinvestor.com.my/5-rules-for-malaysians-to-improve-their-financial...>

## 3. Start Saving Early

Recognizing the value of compounding returns emphasizes the importance of initiating saving habits as early as possible. One solution is to set up automatic transfers from your checking account to a designated savings account.

By automating your savings, a predetermined portion of your income is regularly deposited into your savings account without requiring constant manual effort. This solution ensures consistency and discipline in your saving habits.

For example, many of our customers enjoy using our NEST feature in our Be U app to save money. As the NEST feature allows users to set up automatic transfers to occur on a periodical basis, ensuring that saving becomes a priority before allocating funds towards discretionary spending.

Furthermore, users are allowed to set financial goals and track their financial progress. By utilizing this feature, users are able to track and achieve their financial goals more seamlessly.

## 4. Build An Emergency Fund

Establishing an emergency fund is crucial for financial stability and preparedness. One solution is to automate your savings by setting up regular transfers from your checking account to a separate savings account designated for emergencies. This ensures that a portion of your income goes directly into your emergency fund without requiring constant manual intervention.

For instance, you can set up a monthly or biweekly transfer that aligns with your financial capabilities and goals. By automating your savings, you remove the temptation to spend the allocated funds and ensure that you consistently contribute to your emergency fund. Over time, your emergency fund will grow, providing a financial safety net for unexpected expenses such as medical emergencies, car repairs, or job loss.



[//thepopularlist.com/issues-facing-our-youth-today/](http://thepopularlist.com/issues-facing-our-youth-today/)

## 12. Inadequate Employment Opportunities



The lack of employment opportunities for today's youth is a major problem that needs to be addressed. Many young people have the skills and motivation to be successful workers, but the jobs simply aren't there.

This lack of employment opportunities has led to increased poverty, increased crime, and feelings of hopelessness in young people.

To solve this problem, there needs to be an increased focus on creating jobs specifically tailored to young people. This can be done by working with businesses to create jobs that require fewer years of experience and to focus on skills that these young people can learn quickly.

Additionally, there should be incentives for businesses to employ young people, as this will help to ensure that these jobs are created.

Finally, there needs to be an increase in job training and education programs for youth. These programs will help young people to acquire the necessary skills to be successful in the job market and increase their chances of finding meaningful employment.

[//thepopularlist.com/issues-facing-our-youth-today/](http://thepopularlist.com/issues-facing-our-youth-today/)

issue that needs to be addressed to save our youth.

## 14. Materialism



Our youth have been conditioned to prioritize convenience and possessions over other values, as materialism has become a core tenet of today's society. Unfortunately, this has cultivated a pervasive greed for more among our young people.

Parents play a role in this by measuring happiness and success in life by things they own. As a result, everything becomes a status symbol, which is falsely associated with happiness and satisfaction.

Eventually, our kids learn to follow the same route. But the happiness and excitement of owning a particular thing they've been yearning for vanish the moment they have it. That's when they want something else, and the cycle of greed continues.

Parents can help prevent their kids from becoming too materialistic by teaching them gratitude and appreciation, modeling generous behavior, and emphasizing

60% of Malaysians  
declared bankrupt  
are below 45 years old\*

\*Source: THE STAR, 4<sup>th</sup> MAR 2019.



Sumber: The Star (Dated: 13-12-2017)  
<https://www.thestar.com.my/news/nation/2017/12/13/high-life-and-youths-hit-a-new-low-younger-set-not-living-within-their-means-and-are-bankrupt-befor>

Top four  
reasons for  
bankruptcy

-  **26.63%**  
Car loans
-  **25.48%**  
Personal loans
-  **16.87%**  
Housing loans
-  **10.24%**  
Business loans



The number of bankruptcy cases (from 2018 to April 2022)							
By age group	Year					Total	%
	2018	2019	2020	2021	2022		
Under 25 years	139	54	21	20	5	239	0.52
25-34 years old	4,139	2,603	1,741	1,060	370	9,913	21.49
35-44 years old	5,958	4,574	3,150	2,535	996	17,213	37.31
45-54 years old	4,022	3,087	2,211	1,802	806	11,928	25.86
55 years old and above	2,106	1,707	1,204	1,116	503	6,636	14.38
No information	118	26	24	21	14	203	0.44
<b>TOTAL</b>	<b>16,482</b>	<b>12,051</b>	<b>8,351</b>	<b>6,554</b>	<b>2,694</b>	<b>46,132</b>	<b>100</b>
By gender							
Male	11,760	8,923	6,116	4,874	1,980	33,353	72.95
Female	4,722	3,128	2,227	1,671	709	12,457	27.00
No information	0	0	8	9	5	22	0.05
<b>TOTAL</b>	<b>16,482</b>	<b>12,051</b>	<b>8,351</b>	<b>6,554</b>	<b>2,694</b>	<b>46,132</b>	<b>100</b>
Factors leading to bankruptcy							
Personal loan	4,636	5,706	4,457	3,267	1,268	19,334	41.91
Purchase vehicle	3,392	1,543	1,006	690	212	6,843	14.83
Business loan	1,424	1,846	1,223	1,202	547	6,242	13.53
Housing loan	1,982	1,138	583	459	259	4,381	9.58
Credit card	1,811	880	600	438	121	3,850	8.35
Others	1,770	425	91	126	92	2,504	5.43
Corporate guarantor	626	221	114	118	67	1,146	2.48
Income tax debt	275	261	158	147	72	913	1.98
Social guarantor	540	15	2	0	0	557	1.21
EPF contributions	0	0	105	92	52	249	0.54
Scholarships/study loans	26	16	12	15	4	73	0.16
<b>TOTAL</b>	<b>16,482</b>	<b>12,051</b>	<b>8,351</b>	<b>6,554</b>	<b>2,694</b>	<b>46,132</b>	<b>100</b>

Source: Malaysian Department of Insolvency.

TheStargraphics

# RETIREMENT PLANNING FOR YOUTH

"The number of petitions (by debtors and creditors) filed every day in 2022 is 17. The number of cases registered every day in 2022 stands at 18," the department said as reported by The Star.

While the findings showed a downward trend between 2018 and 2022 for vehicle purchases as a cause of insolvency, this however could be attributed to the amendment to the Insolvency Act on 20 September 2020 that increased the bankruptcy threshold from RM50,000 to RM100,000 - which probably explains the 37% decline between 2020 and 2021.



We don't want to say that the downward trend is all due to the pandemic and increase in the bankruptcy threshold because we would like to believe that more Malaysians out there are starting to understand the basics of personal financing and home economics.

Let's not overspend on cars and live within our means, and if the temptation is ever there to over-reach, think again as there are many affordable vehicles out there that can and will tick all that you need from a vehicle. *Gaya takde takpe, tapi duit ada!*

# RETIREMENT PLANNING FOR YOUTH

**WEALTH CREATION:  
A PERSONAL  
FINANCIAL PLAN**



## Six Areas of Financial Planning

These are six areas to a comprehensive financial plan. We illustrate those areas in the form of a pyramid to show how one area builds upon another. Since the action in one area affects all the others, a complete financial plan should address all six areas.



# RETIREMENT PLANNING FOR YOUTH



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# RETIREMENT PLANNING FOR YOUTH

## Malaysian Life Expectancy

<b>Life Expectancy</b>	<b>Male</b>	<b>Female</b>
<b>1950s</b>	56	56
<b>2012</b>	71	76
<b>2020 (expected)</b>	75	79

6 nation

TheStar @ Thursday 17 March 2016

THE STAR, THURSDAY 17 MARCH 2016

## Lifespan up 12 to 17 years

### Men expected to live until 72 and women until 77

By RAHIMY RAHIM  
rahimyr@thestar.com.my

**PETALING JAYA:** The life expectancy of Malaysians is on the rise, with men and women expected to live for another 12 to 17 years past the official retirement age.

According to the Statistics Department, men are expected to live until the age of 72 and women until the age of 77. This is a huge jump from last year when male life expectancy stood at 58.3 years while for the female, it was at 63.1 years.

Its social and demography deputy chief statistician Dr Mohd Uzir

Mahidin said the improvement was due to various factors, including good access to health care, infrastructure, food and a better standard of living.

"We are at par with the rest of the Asean countries and this is a result of a collective effort by various stakeholders, including the Government," he said after a working visit to Menara Star here yesterday.

In 2010, the life expectancy of a Malaysian male was at 57.8 years while for the female, it was at 62.3 years. The difference in life expectancy between the two genders last year was two years compared to 1.8

years in 2010.

The United Nations statistics showed that Malaysia was likely to reach ageing nation status – where the number of people above 60 years make up at least 15% of the population – by 2035, with 2.7 million senior citizens constituting 8.9% of the total population.

The department's website stated that between 2010 and last year, the Chinese community in Malaysia continued to have the highest life expectancy, with males at 75.1 years and 80.1 years for females.

The Indian community recorded the lowest life expectancy with 67.7

years for a male and 75.8 years for the female.

Dr Mohd Uzir said that while there was a rise in people taking part in healthy activities such as exercising in gyms, the number of deaths caused by unhealthy lifestyle was also increasing.

"We noted a pattern in that one of the major causes of death in the country was due to unhealthy eating and diabetes cases.

"This could be due to the easy access to food, especially among youths, and the frequency of meeting up for meals, which could have an impact on their health."

## Long, long waiting list for kidneys

KIDNEYS are the main organ being awaited – 99.8% of Malaysians the organ donor list want it.

But Health Minister Datuk Seri Dr S. Subramaniam has a rather sad prognosis – such patients have to wait a long while for a second lease on life.

In the meantime, he expects the waiting list and national demand for donor organs to keep growing.

In a written reply to Ahmad Bujang (BN-Sibuti), the minister said the donor rate in Malaysia

## WHY RETIREMENT PLANNING IS IMPORTANT?

1. You can't work forever
2. You may live long
3. You want to enjoy life after working so hard
4. Good healthcare is expensive
5. Good holiday is expensive
6. You want to be financially independent at old age
7. You don't want to burden your kids
8. You want to leave something for your kids



VS



Financial  
Independence  
**Retire  
Early**



*they are not your retirement fund!*

*you are not their emergency fund!*

*By starting to invest in your retirement early on in your career, your funds will accumulate and grow over time, leaving you with a substantial enough fund to fulfill your retirement dreams.*

# RETIREMENT PLANNING FOR YOUTH

**YOU ONLY LIVE ONCE... NOW IT'S LONGER**

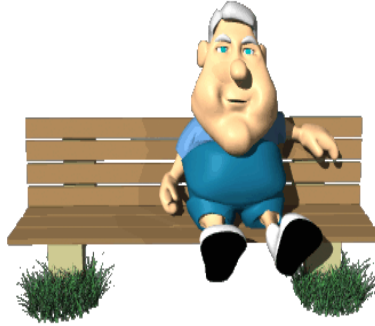


Source: Life Expectancy in Malaysia 2020, Jab Perangkaan Negara

How to make sure you have enough when the time comes?



# RETIREMENT PLANNING FOR YOUTH



## PLANS FOR RETIREES

# RETIREMENT PLANNING FOR YOUTH



## RETIREMENT PLANNING





# RETIREMENT PLANNING FOR YOUTH



- ❖ Retirement = no active income = rely on passive income derived from funds accumulated or through a pension scheme
- ❖ Malaysia - compulsory savings scheme through the Employee Provident Fund (EPF) – the pillar of retirement planning
- ❖ Self-Employed do not have similar savings scheme
- ❖ EPF accumulations are not enough to weather the ravages of inflation and poor investment returns
- ❖ Investments over and above EPF savings are required to maintain lifestyle

## MALAYSIA: 3 TYPES OF EMPLOYMENT



Civil Servants,  
or public sector



Private sector



Self-employed

### Public Sector

**Public sector** folks are in pensionable employment, with what we call as Defined Benefits, DB

### Private Sector

**Private sector** folks are in a Defined Contribution scheme, DC.

### SELF-EMPLOYED







# RETIREMENT PLANNING FOR YOUTH



## MANDATORY SCHEMES

- **mandated by law**
- **all private sector employees have to participate in EPF by contributing a portion of their salary towards their retirement savings**

## VOLUNTARY SCHEMES

**voluntary and not subjected to any legal requirements**  
**Examples: employer-sponsored scheme and purchase of annuities for retirement**  
**PRS is under this category**



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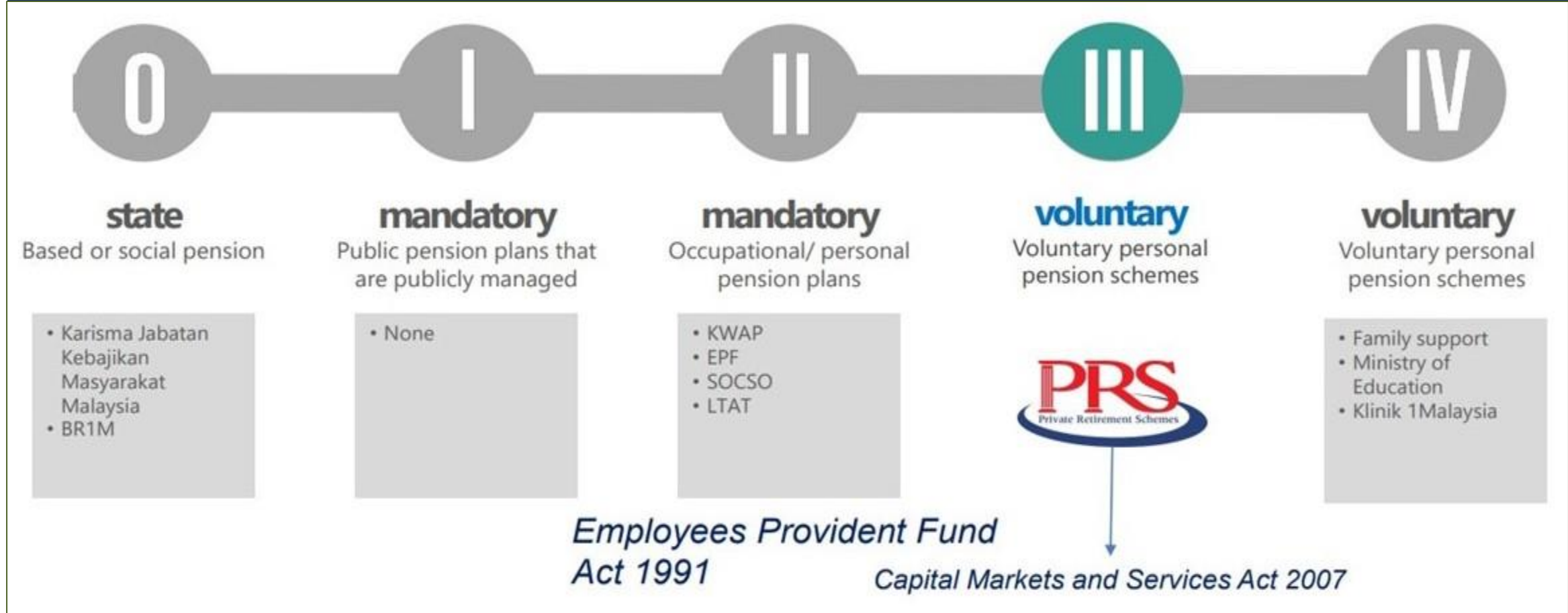
Now, **self-employed**, the third category.

Self employed covers a wide range of careers or jobs – from business owners, professionals like lawyers and doctors, and to e-hailing and the food business, physical stall operators, deliveries and those doing online.

We are also seeing proliferation of what is now becoming a buzz word – **GIG** economic worker:

- consists of income-earning activities outside of standard, long-term employer-employee relationships, and usually involves some digital platforms.
- does not come under the mandatory schemes either EPF or SOCSO

## MALAYSIA SOCIAL SECURITY FRAMEWORK





# RETIREMENT PLANNING FOR YOUTH



[www.investopedia.com/terms/r/retirement-planning.asp](http://www.investopedia.com/terms/r/retirement-planning.asp)

Investopedia

INVESTING

SIMULATOR

ECONOMY

PERSONAL FINANCE

NEWS

REVIEWS

PERSONAL FINANCE > RETIREMENT PLANNING

## What Is Retirement Planning? Steps, Stages, and What to Consider

By [JULIA KAGAN](#) Updated January 09, 2023

Reviewed by [CHIP STAPLETON](#)

Fact checked by [SUZANNE KVILHAUG](#)

### What Is Retirement Planning?

Retirement planning involves determining [retirement](#) income goals and what's needed to achieve those goals. Retirement planning includes identifying income sources, sizing up expenses, implementing a savings program, and managing assets and risk. Future cash flows are estimated to gauge whether the retirement income goal is possible.

You can start at any time, but it works best if you factor it into your financial planning as early as possible. That's the best way to ensure a safe, secure—and fun—retirement. The fun part is why it makes sense to pay attention to the serious and perhaps boring part: planning how you'll get there.

#### KEY TAKEAWAYS

- It is never too early or too late to start retirement planning.
- Retirement planning refers to financial strategies of saving, investments, and ultimately distributing money meant to sustain oneself during retirement.
- Many popular investment vehicles, such as individual retirement accounts and 401(k)s, allow retirement savers to grow their money with certain tax advantages.
- Retirement planning takes into account not only assets and income but also future expenses, liabilities, and life expectancy.
- If you are under 50, you can contribute a maximum of \$22,500 in 2023 to a 401(k) (up from \$20,500 for 2022).<sup>[1]</sup>

Retirement planning is the process of determining retirement income goals and the actions and decisions necessary to achieve those goals. It includes identifying sources of income, sizing up expenses, implementing a savings program, and managing assets and risk

# RETIREMENT PLANNING FOR YOUTH

https://www.investopedia.com/terms/r/retirement-planning.asp

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**⚡ Important:** Start as early as you can on whatever method that you, and possibly a financial planner, use to calculate your retirement savings needs.

## Steps to Retirement Planning

Regardless of where you are in life, there are several key steps that apply to almost everyone during their retirement planning. The following are some of the most common:

1. Come up with a plan. This includes deciding when you want to start saving when you want to retire, and how much you'd like to save for your ultimate goal.
2. Decide how much you'll set aside each month. Using automatic deductions takes away the guesswork, keeps you on track, and takes away [the temptation to stop or forget](#) depositing money on your own.
3. Choose the right accounts for you. Take the chance to invest in a 401(k) or similar account if your employer offers that option. Remember, if the company offers an employer match and you don't sign up, you're just giving away free money. And don't forget to have an [emergency fund](#), which can be easily liquidated if you need cash in a pinch.
4. Check on your investments from time to time and make periodic adjustments. It's always a good idea to make any changes whenever there's a change in your lifestyle and when you enter a different stage in your life.



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## Stages of Retirement Planning

Below are some guidelines for successful retirement planning at different stages of your life.

### Young Adulthood (Ages 21–35)

Those embarking on adult life may not have a lot of money free to invest, but they do have time to let [investments mature](#), which is a critical and valuable piece of retirement savings. This is because of the principle of [compounding](#).

[Compound interest](#) allows interest to earn interest, and the more time you have, the more interest you will earn. Even if you can only put aside \$50 a month, it will be worth three times more if you invest it at age 25 than if you wait to start investing until age 45, thanks to the joys of compounding. You might be able to invest more money in the future, but you'll never be able to make up for any lost time.

#### FAST FACT

*Keep in mind that certain federal agencies and uniformed services offer [thrift savings plans](#).<sup>[13]</sup>*

### Early Midlife (Ages 36–50)

Early midlife tends to bring a number of financial strains, including mortgages, student loans, [insurance premiums](#), and credit card debt. However, it's critical to continue saving at this stage of retirement planning. The combination of earning more money and the time you still have to invest and earn interest makes these years some of the best for aggressive savings.<sup>[14]</sup>



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## How Do I Start Planning for Retirement?

Retirement planning isn't difficult. It's as easy as setting aside some money every month—every little bit counts. The easiest way is to start contributing through an employer-sponsored plan if your company offers one. You may also want to consider talking to a professional, such as a financial planner or investment broker who can steer you in the right direction. The earlier you start, the better. That's because your investments grow over time by earning interest. And you'll earn interest on that interest.

## Why Is Retirement Planning So Important?

Retirement planning allows you to sock away enough money to maintain the same lifestyle you currently have. After all, no one wants to work right up until the end. While you may work part-time or pick up the odd gig here or there, it probably won't be enough to sustain your current lifestyle. And Social Security benefits will only take you so far. That's why it's so important to have a viable plan that allows you to get the maximum amount of money when you retire.

## What Other Aspects Should I Consider During Retirement?

Retirement planning is such an important part of your financial well-being. But there are other things you need to consider outside of what happens after you retire. Ensure that your finances are giving you the biggest tax breaks possible, so a Roth conversion may be a good idea if you believe you'll be earning some income later on in life. You may also want to consider what happens to your assets after you die, which is where estate planning comes into play. Life insurance can help offset any expenses that you leave behind for your loved ones if you become injured or die unexpectedly.



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## The Bottom Line

Everyone dreams of the day they can finally say goodbye to the workforce and retire. But doing so costs money. That's where retirement planning comes into play. And it doesn't matter at which point you are in your life. Sure, you may have Social Security benefits, but that may not be enough, especially if you're used to a certain lifestyle. Setting aside money now means you'll have less to worry about later.



## 1. NOT HAVING A GOAL OR A PLAN.



Taking a passive stance on your retirement and underestimating your financial needs is a huge gamble. It is estimated that many Malaysians go through their EPF savings within 5 years. What will you do when you run out of funds?

You must also bear in mind that the goal after retirement is to enjoy the same standards of living as your working years, or better. Not having a plan will see you running into financial difficulties and possibly placing a heavy burden on your family members.

## 2. NOT DIVERSIFYING YOUR SAVINGS



This is a prime mistake. Many people rely only on their EPF, but it should not be your sole source of retirement funds. Despite growing at a rate of about 6% per annum, there are other options with similar or better returns to consider.

A good example would be [Private Retirement Schemes](#) or other savings plans, unit trusts, real estate, high-interest fixed deposit accounts or other means of [generating long-term, consistent and competitive returns at a low risk](#).

## 4. STARTING THE SAVINGS PROCESS TOO LATE



Why wait till you're 55 when you can perhaps retire at 35 to pursue your passion projects? The sooner you start saving, the earlier you could retire.

Starting the savings process early has its benefits by two magical words: compound interest. What is compound interest? It's interest that earns interest.

If you save RM10,000 and your bank gives you 3% per year in interest, you will have RM10,300 at the end of the year.

## 5. SPENDING YOUR BONUSES IMMEDIATELY OR ALLOWING DEBT TO PILE UP



Many people believe that since they are contributing to EPF, have bought a house, or have some monthly savings, that they are safe to spend their annual bonuses.

Instead of spending your bonuses immediately, look at how you can use it to get rid of debt (study loans, credit cards, car or home loans) or grow your savings/investment pool. It's important to note that compounding interest on credit cards and loans could also snowball your debt.

## 6. NOT ACCOUNTING FOR HEALTH COSTS



Health costs are on the rise. According to PwC's Health Research Institute, medical cost trends in 2017 will experience a 6.5% growth rate.

Many Malaysians take their health for granted and don't have back-up plans for illness. By the time you retire, medical costs will be far higher than they are today, and you will have increasing needs for healthcare as you grow older.

## Enough money for retirement?

A look at whether a retiree can survive after losing monthly income and with only EPF savings to rely on



**PERSONAL INVESTING**

**OOI KOK HWA**  
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SOME studies conducted in Malaysia have shown that most retirees spend all their EPF money within three years of their retirement. Given that the average lifespan for a Malaysian is 75 years, if we retire at 55 and spend all our EPF money within three years, a lot of us will be wondering how to survive from 58 to 75.

The most worrying question that most of us will be asking is how to survive retirement when we lose our steady stream of monthly income to cover our daily expenses.

However, if we have been building an investment portfolio apart from EPF money, we would not be able to generate a source of returns from our own investment portfolio.

In reality, a lot of us have been spending most of our savings, including part of our EPF savings on our children's education and clearing debts on house and car

working), thereafter living the remaining 20 years (until 75) relying on the EPF savings.

We will assume a starting pay of RM1,500, growing at the rate of 8% per annum; an average bonus of two months per annum, average EPF returns of 5%, total EPF contribution of 23% (employer: 12%, employee: 11%) and inflation rate of 3%.

Our main objective is to test how much EPF money we can spend until we use it all up.

Our analysis shows that if we are able to live with just one-third (or 33%) of our last drawn salary, the EPF money should be able to support us for 20 years until we pass away at 75.

From the example below, if a person's last drawn salary is RM13,976 at 55, he can only afford to spend one-third or RM4,612 per month after retirement (1/3 x RM13,976).

However, if his spending exceeds the one-third level, such as 50% or the full amount of his last drawn salary, his EPF money can only last 12 or five years respectively.

Even though our computations are based on a lot of assumptions and hypothetical scenarios, our

savings, we will need to plan carefully in order not to out-live our savings. In this example, we can only afford to spend 33% of our last salary after retirement!

Everyone has different financial situations. However, we need to plan for our retirement. If possible, we need to build our own investment portfolio apart from the EPF savings. We may need to seek some part-time jobs after retirement if our financial resources do not permit us to stop working. Besides, we need to clear all our outstanding debts before retirement.

We also need to buy enough life and medical insurance for ourselves as well as set up education funds for our children.

Last but not least, one important point to note is that our computation is based on the assumption that we are still able to generate 5% returns after retirement.

Unless we have the skills and knowledge to generate the returns, putting the money back in EPF and letting EPF generate returns may be a good option. For the average person, we feel that it is not easy to generate 5% returns annually over a long period of time.

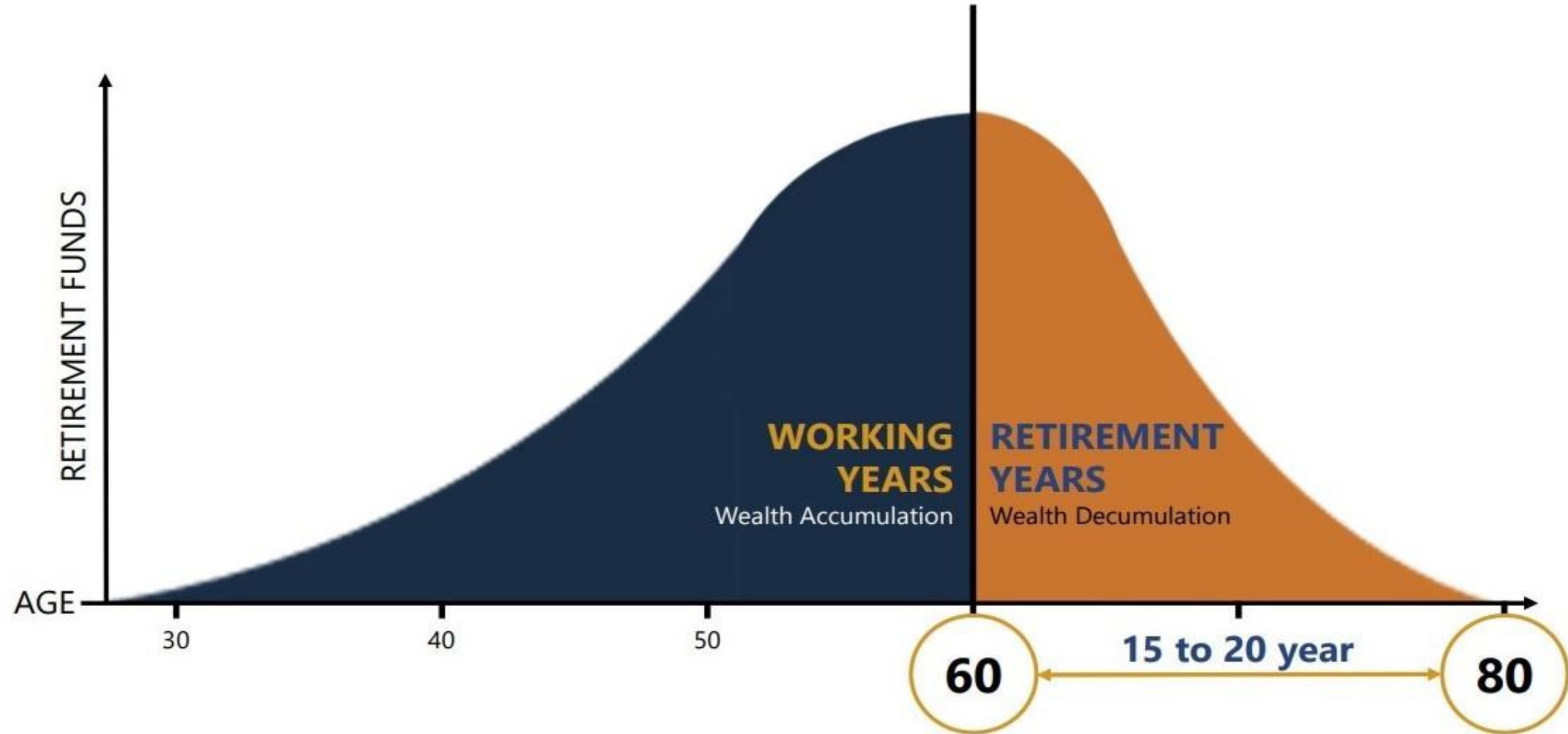
Age	Year	Monthly Salary (RM)&	Yearly Salary + Bonus (RM)*	Total EPF Money (RM)*#
25	0			
26	1	1,500	21,000	4,830
27	2	1,620	22,680	10,288
28	3	1,750	24,494	16,436
29	4	1,890	26,454	23,342
30	5	2,041	28,570	31,080
31	6	2,204	30,856	39,731
32	7	2,380	33,324	49,383
33	8	2,571	35,990	60,129
34	9	2,776	38,870	72,076
35	10	2,999	41,979	85,325
36	11	3,238	45,337	100,029
37	12	3,497	48,964	116,293
38	13	3,777	52,882	134,270
39	14	4,079	57,112	154,119
40	15	4,406	61,681	176,012
41	16	4,758	66,616	200,134
42	17	5,139	71,945	226,688
43	18	5,550	77,700	255,893
44	19	5,994	83,916	287,989
45	20	6,474	90,630	323,233
46	21	6,991	97,880	361,907
47	22	7,551	105,711	404,316
48	23	8,155	114,167	450,790
49	24	8,807	123,301	501,689
50	25	9,512	133,165	557,401
51	26	10,273	143,818	618,350
52	27	11,095	155,323	684,991
53	28	11,982	167,749	757,823
54	29	12,941	181,169	837,383
55	30	13,976	195,663	924,255

1/3 of last drawn salary to survive RM4,612 = 1/3\*(RM13,976)

Age	Year	Monthly (RM)@	Per annum (RM)	Money left in EPF
55	0	4,612	55,345	
56	1	4,750	57,005	913,463
57	2	4,893	58,715	900,421
58	3	5,040	60,477	884,965
59	4	5,191	62,291	866,923
60	5	5,347	64,160	846,109
61	6	5,507	66,084	822,330
62	7	5,672	68,067	795,380
63	8	5,842	70,109	765,040
64	9	6,018	72,212	731,080
65	10	6,198	74,379	693,256



# RETIREMENT PLANNING FOR YOUTH



[www.beyondinsights.net/cost-of-retirement-in-2030/](http://www.beyondinsights.net/cost-of-retirement-in-2030/)



Some may think a million Ringgit may be enough. Sure, it does seem like a big amount, but would it be sufficient to last you throughout your lifetime? If you are looking at retiring at 60 and have a life expectancy of 75, your monthly expenditures may come up to RM10,000. We'll leave out interest on your capital, just for argument's sake.

Add in inflation for the next 14 years and other contributing factors, that amount can easily go up to **at least RM20,000 per month**. In other words, **a million Ringgit will not be sufficient!** All of us need a well-thought out retirement plan.

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<https://www.smartinvestor.com.my/best-retirement-planning-in-malaysia/>



# RETIREMENT PLANNING FOR YOUTH

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While the EPF's management team has performed a good job in managing the retirement fund, you cannot depend solely on EPF savings for retirement. So, look into the following:

- How much EPF savings would you accumulate by the time you retire?
- How much fund is needed for your desired retirement lifestyle?
- What are your investment criteria to achieve your retirement goals?
- What are the pros and cons of each investment you have?
- Are you diversifying your investment into different asset classes or funds to manage potential investment risk factors?

In summary, you will need to have the right blend of knowledge and skill to profit from investment products, i.e. by fully comprehending the cut loss mechanism or even switching or topping up to average down to maintain long-term accumulation growth.

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make time and compound interest your best friend as money-making leverage for you.

- 1**  
**CALCULATE RETIREMENT FUND**
- 2**  
**START AN EMERGENCY FUND**
- 3**  
**ENSURE SUFFICIENT PROTECTION**
- 4**  
**MAINTAIN GOOD HEALTH**
- 5**  
**LEARN TO INVEST**
- 6**  
**MANAGE INVESTMENT RISK**





# RETIREMENT PLANNING FOR YOUTH



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## Phang Kar Yew from Malaysian Financial Planning Council (MFPC)

Planning for retirement is a long term journey. It takes a long term vision, long term commitment and long term investment strategy to be successful.

SMART INVESTORS KNOW THIS!

*Do You Know?*

*It Is Well-Documented  
That Over 90% of  
investment returns are  
generated through asset  
allocation.*

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It is well-documented that over 90% of investment returns are generated through asset allocation.

As such, a portfolio of investments is required since asset allocation is all about spreading your investments across a variety of asset classes.

For those who do not have funds or technical skills to invest in the stock market directly, unit trust investment managed by professional managers with market diversification is a good start.

Do remember that you should be clear of your investment objectives, risk-return profile and manage your expectations over the investment performance.

Alternatively, **investing in property** can be a good choice.

Investing in real estate provides an **excellent capital gain opportunity whilst enabling recurring rental income.**

However, risks associated with real estate investment are higher than other investment instruments too.

Note: **You should assess the property location, monthly installment amount, property price and the rental income before committing yourself to a property.**

Investment properties with positive cash flow after deducting the cost of renting it out are rare gems.

Is there an alternative plan in place to cover the loan installments if the property could not be rented out for a long period?

If you can't afford to have any unexpected downturn to the huge financial commitment, you should think ten times before you commit to it.



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EVERYONE CAN PLAN AHEAD  
TO RETIRE WITH QUALITY

## ACTION STEPS TO RETIRE COMFORTABLY

Plan Ahead with Guidance  
from Industry Expert

*“As in all successful ventures, the foundation of a good retirement is planning,”*

Generally, there are 2 types of fundamental retirement plan for the Malaysian workforce, your EPF and pension scheme if you're a government servant.

News has again and again saying that these plans alone will not be enough.

Why?

1. We live longer, we have a longer lifespan than ever before due to medical and technology advancements.
2. Inflation. Cost of living goes higher, year by year, and so does your day-to-day expenditure, healthcare cost, children education cost and so on.



# RETIREMENT PLANNING FOR YOUTH



www.aia.com.my/en/what-matters/finance/4-important-questions-in-retirem...



AIA

## 1. HOW MUCH WILL YOU NEED AT RETIREMENT?

There are a few costs and expenses to consider, when you decide on the amount of money you need in your retirement fund.

- **Put a number to your monthly expenses.** Determine how much you need every month to live comfortably. Consider that the cost of living may be significantly higher when you retire in the future, considering the rate of inflation. For example, if your monthly expenditure is RM3,000 today, that same amount would be higher at your retirement. The current inflation rate is expected to be around 3.1% in 2020.<sup>1</sup>
- **Multiply with the cost of longevity.** When will you retire and how many years can you survive without an income? For Malaysians, we are lucky to have seen the life expectancy increase over the years (the average life expectancy of Malaysians is at 74.88 years today)<sup>2</sup>. Multiply your expected monthly expenses to the number of months of maximum life expectancy to determine the amount you need in the long-term.
- **Factor in health needs.** With age comes risk of certain health conditions, which may need hospitalization or intensive medical care. Consider how you will be managing healthcare costs after retirement. Will you continue to have a medical insurance plan? Otherwise, how much should you set aside for healthcare costs?
- **Family & dependents.** During retirement, will you have family members or dependents that will still rely on you financially? How much money do you need to allocate for this?
- **Consider your dreams.** You're at the start of your golden years and you may feel like you finally have the time to enjoy your hobbies or travel. What is one thing you have always wanted to do after retiring? Go on a cruise, learning a new skill or remodelling your home? If your retirement plans involves some cost, be sure to allocate this as well into your funds.



# RETIREMENT PLANNING FOR YOUTH



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## Beginner's Guide To Retirement Planning For Malaysians

With early planning, you can increase your chances of a comfortable retirement. Here's how to start.

After decades of working, your retirement should be a time of leisure. Or at least, a time where you should not have to keep working to cover your costs of living.

But for many Malaysians, this isn't the case. Statistics show that two out of three Employees Provident Fund (EPF) members aged 54 have **less than RM50,000** in retirement savings. This puts them at risk of living below the poverty line.

That's why it's important to plan for retirement - whether you've just started working or have been in the workforce for decades. With some preplanning, you can increase your chances of a comfortable retirement. Here's how.



**Start as early as you can**





# RETIREMENT PLANNING FOR YOUTH



← BACK

## Start as early as you can



The earlier you start investing for retirement, the easier it is to reach your retirement goals. That's because of the magic of compounding returns. That is, when you invest, you may receive earnings – and if you reinvest those earnings, you will receive earnings on them too. Over many years, these earnings can grow to be greater than your original investment.

For example, here's the difference if you start saving at different ages:



# RETIREMENT PLANNING FOR YOUTH



For example, here's the difference if you start saving at different ages:

How much can your savings grow if you invest RM500 a month, at 7% p.a.?			
Age you start investing	25	35	45
Retirement savings at the age of 60	RM893,481	RM412,059	RM167,328
Total investment returns earned	RM683,481	RM262,059	RM77,328

In the example above, the investor who started investing at 25 earned RM683,481 in investment returns. But starting at age 35 could mean only earning RM262,059 - that's a difference of over RM420,000 when you start ten years later!

If you delay saving for retirement, not only will you lose out on compounding returns, but you'll also have to save a larger proportion of your income in the future to catch up.

### Figure out how much you need

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[/www.aia.com.my/en/what-matters/finance/6-mistakes-people-make-in-retire...](http://www.aia.com.my/en/what-matters/finance/6-mistakes-people-make-in-retire...)

AIA

Many of us are motivated to work hard so that we can enjoy a certain lifestyle today. However, we rarely think about what our lives will be like when we are older. If you want to be independent and able to afford the best things in life, you need a retirement plan.



According to a study by the Asian Strategy & Leadership Institute, most households in Malaysia have zero savings. Almost 90% of working Malaysians earn less than RM5,000 a month, and only half of them are active contributors to the Employees Provident Fund (EPF). About 80% of the workforce will not have enough money at retirement to sustain themselves.



# RETIREMENT PLANNING FOR YOUTH



← ↻ 🏠 🔒 https://www.greasternlife.com/my/en/personal-insurance/understand-insurance/financial-tools-to-... 🔍 📄 ⭐

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Understand Insurance ▾

Home > Personal Insurance > Understand Insurance > Financial tools to know what you need > Retirement Calculator

## Retirement Plan Calculator

Retirement should be a time of relaxation. But the reality is sometimes not as rosy as we expect it to be. More often than not, we end up underprepared when facing the unforeseeable future.

Retirement is the phase of life that can bring some of us a huge financial and lifestyle change. Hence, it is good to plan early to prepare for the upcoming future and the possibility. Great Eastern provides a handy retirement calculator for you to work out the amount you'll need to ensure that you will be able to comfortably enjoy your golden years without any worry of financial burden.

The calculator is straightforward to use. All you need to do is fill in your gender, age, expected retirement age, the number of years of income you require after retirement, your desired retirement lifestyle, your future expenses, and your existing provision when you retire.

We will help calculate them for you and come out with the expected amount you need to maintain your desired retirement lifestyle when the time comes. You can also use it to refer to your [Life Planning Advisor](#) for any advice on your retirement plan.





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<https://www.prubsn.com.my/en/takaful-articles/the-golden-years-of-retirement/>



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Takaful Tips

## Takaful for Life: The Golden Years of Retirement





# RETIREMENT PLANNING FOR YOUTH



## The freedom of retirement

Assuming life has been kind to you, retirement brings some key essential freedoms:

- You no longer have to work and are able to access and survive on your pensions or retirement fund.
- Your children are old enough to be self-sufficient, and may, in turn, support your finances instead.
- Your financial responsibility is now minimal, with little or no debts to repay apart from regular spending.
- Your assets - such as a piece of property - are there to support you in the event you ever need to liquidate.

## Enjoy a peaceful retirement with PruBSN WarisanPlus

With a maximum subscription age of 70 and coverage expiry of up to 100 years old, PruBSN WarisanPlus is the perfect takaful plan for a retiree as well as those who are already preparing for their retirement years.

With a death and total permanent disability benefit of at least RM350,000<sup>(i)</sup> this plan provides you with a healthy sum to ensure you and your loved ones are well taken care of should anything untoward happens to you. This legacy solution also provides additional benefits and protection in the form of an accidental death payout of up to 300%, a *khairat*<sup>(ii)</sup> benefit of RM3000, and coverage for infectious disease diagnosis or hospitalisation.

Additionally, should you remain in the prime of health when your plan matures, you will receive a maturity payout on top of any additional investment income made through your certificate contributions.

So, whether you're planning for your old age or are already enjoying an exciting retirement, stay protected with PruBSN WarisanPlus. We want you to live your life without having to worry about paying for your medical expenses or providing for yourself and loved ones in the event of an unforeseen circumstance in your retirement years.

To get yourself protected, or to upgrade your current takaful certificate, contact any of our Takaful Agents today for a FREE consultation!

/sp.hsbc.com.my/liquid/903.html



## Takaful Retirement Plan

An assurance for your future



**Takaful Retirement Plans are a popular choice among retirees as they guarantee a regular income for life. A Takaful Retirement Plan is designed to provide you with a stream of regular income for a certain period, in exchange for a sum of payment, otherwise known as paid contribution.**

s://sp.hsbc.com.my/liquid/903.html



## Key facts you should know about Takaful Retirement Plans

- There are many plans in the market. Do check out what is available so that you can select a Takaful Retirement Plan that will best provide for your retirement needs.
- Do ensure that you are able to meet your contribution payments. If you are unable to continue paying for your contribution, you can surrender the policy for its cash surrender value, which may be less than the full contribution that you have paid.
- Most plans offer you the choice of monthly or yearly income payments.
- Some Takaful Retirement Plans may offer a guaranteed period whereby you will receive a fixed regular income throughout the guaranteed period (eg. 20 years). If you do not survive the guaranteed period, the income payments are made to your nominated beneficiary.
- Do bear in mind that there are various retirement instruments in the market and this should be one of them.

# RETIREMENT PLANNING FOR YOUTH

The chief benefit of a Takaful Retirement Plan is that it reduces the uncertainty of facing the future and silences the question of what would you do should you outlive your financial resources. It may also provide income payment for your loved ones after your demise, depending on the different types of Takaful Retirement Plans. Unlike high-risk investments, a Takaful Retirement Plan provides peace of mind for you as well as your loved ones.

## Start early to save more

In a Takaful Retirement Plan, you may set the age in which you wish to receive the income payments. You can choose to pay a lump sum contribution (premium) or pay in regular instalments up till your desired retirement age. If time is on your side, start your Takaful Retirement Plan as early as possible as your total contribution tends to be cheaper should you buy it at age 35 compared to the contribution you would have to pay at age 54.

*“Takaful Retirement Plan provides peace of mind for you as well as your loved ones.”*





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The plan that maximises your investment allocation while providing coverage

An investment-linked plan that offers you protection at the same time. This product has been designed to maximise your investments.



Provide financial security to you and your family.

Smart Cash Xtra a participating endowment plans that provide you with guaranteed life insurance benefits and a continuous stream of income over 20 years with only a 6 year premium payment term. On top of that, you may also enjoy potential bonuses.



A Shariah-compliant investment-linked Family Takaful plan

One plan that covers medical protection, grows your savings and leaves a legacy for your loved ones with Hibah\*.  
*\*applicable with optional riders*



For the greatest journey in your life



# RETIREMENT PLANNING FOR YOUTH



https://www.sunlifemalaysia.com/plans/protection-needs/retirement/



Explore Sun Life Financial Worldwide

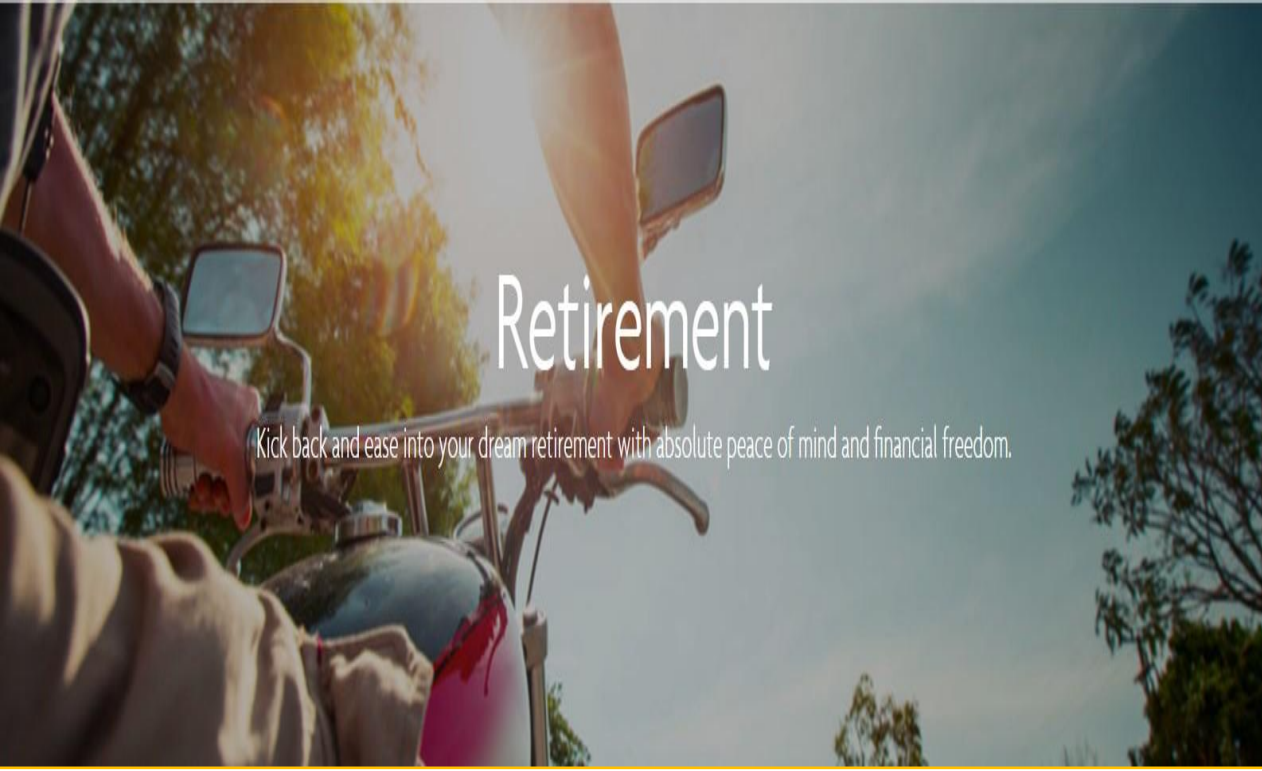
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Home > Plans > Protection Needs > Retirement

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## Retirement

Kick back and ease into your dream retirement with absolute peace of mind and financial freedom.

https://www.sunlifemalaysia.com/plans/protection-needs/retirement/agency-sun-secure-saver-i



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Home > Plans > Protection Needs > Retirement > Sun Secure Saver-i

## Sun Secure Saver-i



### Secure and grow your financial future

We all strive for a brighter future, the ultimate goal in life. Life is full of surprises and we wish to celebrate every milestone, free from financial worries.

Introducing Sun Secure Saver-i, an all-in-one takaful plan that combines savings, investments and protection to help you safeguard your future. You can enjoy both staying protected and receiving potential profits through the reinvestment of cash payout received every year with Sun Secure Saver-i. What's more, this plan offers a short payment term with the flexibility to choose the contribution payment term and coverage term that is best suited to your savings needs.

Plan ahead for a brighter and financially secured future with Sun Secure Saver-i.



# RETIREMENT PLANNING FOR YOUTH



Explore Sun Life Fin

**Sun Life**

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Home > Plans > Protection Needs > Retirement > Sun Legacy-i

## Sun Legacy-i



## The best memory for your loved ones

You've worked hard for years to provide the best for your loved ones and to support and protect them always, be it physically or in memory. With Sun Legacy-i, you will be able to leave them a financial legacy to help them live a better life.

It is crucial to plan ahead by preparing a will to ensure your estate is distributed according to your wishes. This plan encourages you to do so, by reimbursing your 'wasiat'/will writing starting from the 6th contract year. Furthermore, it lets you contribute to zakat so you can fulfil your obligation as a Muslim.

<https://www.sunlifemalaysia.com/plans/protection-needs/retirement/sun-legacy-i/>

## Benefits & Features



### Financial legacy support for your loved ones

- This plan provides high coverage upon death or total and permanent disability (TPD).
- The basic sum covered or total account value, whichever is higher will be payable upon death or TPD.
- An additional 100% of the basic sum covered will be payable upon death or TPD due to accident.
- If the death or TPD is due to accident while in public conveyance, elevator or burning public building, an additional 100% of the basic sum covered will be payable.



### Wasiat/will writing benefit

- As complement to your legacy planning, Sun Legacy-i will reimburse you the cost of wasiat/will writing up to 0.5% of your initial sum covered, capped at RM10,000.
- Multiple claims are allowed at any time starting from the 6th contract year. That means, you will be reimbursed for the cost incurred when you make any amendment to your wasiat/will in the future.



### Fulfilling your zakat obligation (only applicable to Muslim)

- 2.5% of the total account value less the deferred wakalah fee (if any) will be payable to zakat body on behalf of the person covered, if the total account value is equal to or exceeds Nisab.
- This benefit is only applicable in the event of surrender or when the maturity benefit is paid.



### Flexible contribution and coverage term

- You can customise your own plan, by choosing the protection amount, commitment period and coverage period, to best suit your affordability, commitment level and needs.



### High non-medical limit

- You can get covered for up to RM2.0 million with no medical check-up required.



### Maturity benefit

- Upon maturity, you will receive the total account value after the deduction of 2.5% of total account value as zakat payout (if any).

# RETIREMENT PLANNING FOR YOUTH



## Q & A







# RETIREMENT PLANNING FOR YOUTH



# THANK YOU

## **RAFIE OMAR & ASSOCIATES**

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