

MIND YOUR MONEY: ACHIEVING FINANCIAL WELLBEING AMIDST RISING COST OF LIVING

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On 16 February 2023, about 45 youths shared their concerns about the rising cost of living issues and how they were coping with it, and sought advice on how to better manage their finances from experts in the field. The session was jointly organised by the National Youth Council in partnership with Moneysense and the Institute for Financial Literacy, and involved the following panellists:

- Mr He Ruiming, Council Member (National Youth Council) & Co-Founder of The Woke Salaryman
- Ms Jasmine Ang, Associate Trainer, Institute for Financial Literacy
- Mr Jeremy Huang, MoneySense Representative & Director, Financial Planning Programme (Ministry of Manpower)
- [Moderator] Shubaashini D/O Vijayamohan, INSPIRIT member & Senior Designer, ThinkPlace Singapore.



Here are the key insights from the session:

Breakout Discussions

Youths were concerned about rising costs of housing, healthcare, education, and daily expenses

- Participants said that individuals getting married and starting a family have an advantage in homeownership due to priority given to them and singles may face limitations in terms of adequate housing subsidies and accessibility to home ownership.
- Participants said that healthcare was an area of concern where older youths face significant strain in supporting the increased healthcare needs and costs of their ageing parents. They also highlighted the high cost of mental healthcare services and the need for more subsidies to ensure affordability.
- Participants were concerned about the rising costs of pursuing tertiary and postgraduate education and the need for upskilling to remain relevant in the job market.
- Participants said they were concerned with rising costs of daily essentials such as food and transport as their income did not increase proportionately with inflation. They highlighted that the costs of private hire cars have increased, along with longer waiting times.
- Other cost of living concerns raised by youths include: salary increments, utilities bills, and the cost of having a car in Singapore.
- More information on cost of living concerns of youths: See Annex A for specific concern areas of youths with regard to rising cost of living, and Annex B for youth sentiments on the source of their cost of living concerns and what they think they can do to alleviate the pressures of higher costs.

Youths raised several factors that helped manage their finances effectively to cope with the rising cost of living

- Participants said that resource pooling with family was a key factor in managing their finances effectively and emphasised having open discussions and reaching consensus among family members to share responsibilities and costs. Participants also said that living with family until they could afford to own a house was a preferred option, as this living arrangement helped them reduce their expenses and financial stress.
- Participants said that financial planning and budgeting could help reduce unnecessary expenditure, optimise resources, and build financial stability. Participants shared personal tips, such as using inexpensive tools like excel sheets, financial planning apps, or hiring a financial advisor to manage their finances effectively.
- Participants said that diversifying income sources helped them cope with the rising cost of living. They recommended investments and side hustles as possible ways to generate additional income, which could provide more financial stability alongside their primary income sources.

Challenges and barriers in accessing financial knowledge and information for low-income families and the need for simplified financial education

- Participants said that financial knowledge was often only accessible to those who have access to networks of people who could provide them with financial advice, which created barriers for low-income families to improve their financial situation. Participants added that the lack of compulsory financial education in schools further exacerbated this issue, restricting opportunities for people to learn essential money management skills.
- Participants discussed the challenges of obtaining accurate financial information from the Internet due to the overwhelming amount of information available. They emphasised the importance of providing easy-to-understand financial information to the public to help people make informed financial decisions.

Panellists' Key Messages

Establish clear financial goals and start financial planning early

- Ms Ang encouraged youths to establish both long and short-term goals to help them stay motivated and achieve financial stability. For example, short-term goals include saving for a holiday, while long-term goals involve planning for retirement.
- Mr He recommended the 4% rule for retirement planning, which involved saving a retirement fund equal to at least 25 times the estimated annual living expenses.
- Mr Huang encouraged youths to personalise their goals based on their financial needs and situation. He shared that youths should save more than the recommended emergency savings amount (3-6 months of monthly income) if they have to provide support for their ageing parents.
- Mr Huang encouraged parents to use MoneySense resources to teach their children effective budgeting and financial management skills. He said that good financial habits should be instilled in children from a young age and that such habits would be especially helpful in times of economic downturn.
- Mr Huang said that having good financial habits and being able to differentiate between wants and needs, even for wealthy individuals, could help ensure a healthy relationship with money and help them avoid falling into debt.

Adjust spending habits to manage inflationary pressures

- Mr. He said it was important to avoid overspending, resist the temptation to increase spending as income grew, and suggested that young people prioritise key aspects of their lives and spend their money accordingly.
- Ms. Ang added that young people could consider spending more on specific areas of their life that were important to them, instead of increasing their spending across all areas, to ensure that any increase in spending was within their means.
- Mr He acknowledged the societal pressures to follow the trends and advised individuals to establish clear financial goals and values and regularly evaluate spending habits to ensure they were aligned with those goals. He added that by making financial decisions that align with personal goals and values, individuals could avoid overspending and improve their financial standing.
- Mr Huang said youths should always look for more affordable options and compare prices before purchasing. For example, purchases such as subscription-based streaming services like Netflix and Disney+ should be considered over expensive options like watching movies in the cinema. Mr He encouraged youths to participate in low-cost hobbies, such as hiking, photography, and cooking healthy meals, to combat the rising cost of living.