

Before you invest, know what you're investing for

Your financial goals influence your investment product options



A step-by-step guide for new investors and anyone reviewing their financial plans



Set every financial goal with 3 details

Define what the money is for, how much you need, and when you need it.

1 Name the goal

What are you investing for?

Be specific

2 Set the target amount

How much do you need?

Factor in inflation

3 Fix the deadline

When do you need the money?

This is your investment horizon.

EXAMPLE

Vague: "Retirement"

Clearer: "Enough savings to stop full-time work at 62 and cover living costs of \$2,000 per month."

Your goals change with circumstances

Your needs, risk tolerance, and suitable investment products change as you move through life stages



20s:

Set aside money for large expenses (e.g. downpayment on a first home)

Pick low-risk, liquid options like Singapore Savings Bonds (SSBs) if you need the money within 3 years.

30s:

Build a retirement portfolio and education fund for children

You can consider riskier asset classes, such as equities, because of your long time horizon. Choose investments based on your risk tolerance.

40s:

Grow retirement savings and fund children's education

Invest in a mix of growth and income assets, such as diversified ETFs and SSBs, to capitalise on your higher pay while being ready for short-term contingencies.

50s:

Accumulate enough savings to cover living expenses throughout retirement

Preserve your wealth by reducing exposure to equities gradually and progressively. Ensure sufficient liquidity in your portfolio for sudden needs.

60s+:

Shield savings from inflation to maintain desired lifestyle

Focus on income-generating, low-risk products. Maintain some growth component to keep pace with inflation.

The right investment approach depends on **what the money is for** and **when you need it**.

Factor in government schemes when setting investment approach

1 **CPF Ordinary Account**

Earns **2.5% p.a.** guaranteed

Any investment for goals covered by your OA should offer meaningfully better returns to justify the risk.

2 **CPF Special Account**

Earns **4% p.a.** guaranteed

Voluntary top-ups to your SA can be a powerful, low-risk long-term savings strategy.

3 **CPF LIFE**

Provides monthly payouts from your retirement age

Plan your other savings to supplement these payouts.

4 **Housing Choice**

Be prudent

Aim to clear all debts, including mortgage debt, by your target retirement age.

Watch Out For

- Investing without considering risk appetite and horizon
- Treating CPF as your only retirement savings
- Inflation - future costs may be higher than today's estimates

Start with your top 3 financial goals

Remember

Every investment decision should start with a clear financial goal.

Your goal shapes what you invest in and for how long.

Your goals, risk tolerance, and suitable products change across life stages.

Do Next

Write down your top three financial goals.

Add a target amount and deadline for each goal.

Use CPF's Retirement Payout Planner to estimate how much you need to save per month.

Assess options to close the gap between projected savings and retirement income goals.

Review "Your Financial Basics" rules of thumb for emergency funds, protection, and investments.

Investing becomes clearer when every dollar has a **purpose**.