

2020 Reflections â?? \$250k saved before 30, and 40% investment gains vs. some leaky buckets

Description

What a year! 2020 has definitely shaped up to be a year that I donâ??t think any of us will forget anytime soon. From surviving lockdowns to an economic recession and the crazy gains in the stock market, there has indeed been some very crazy moments this year and I thought Iâ??d take this time to do a year-end review as I always have.

Sharp-eyed readers may have realised that I forgot to do a 2019 savings reflection â?? my bad! I didnâ??t even realise I had missed it out because I was too busy adapting to my new role as a first-time parent.

But before that, hereâ??s a quick recap of previous years:

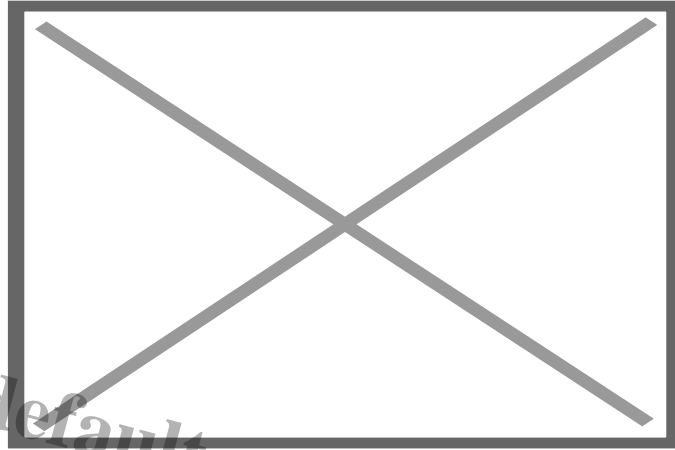
- 2014: [Saved \\$20,000](#)
- 2015: [Saved \\$30,000 and grew income](#)
- 2016: [Saved \\$40,000 and grew income, hit \\$100k in net worth at age 26 including CPF](#)
- 2017: [Saved \\$45,000 and doubled my net worth in a year](#)
- 2018: [Saved \\$50,000](#)
- 2019: Saved \$35,000 (didnâ??t realise I completely missed out on a round-up post, but hereâ??s our [child-related expenses instead](#))

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Savings

With this year's savings, I finally achieved my goal of hitting a quarter of a million (*excludes CPF and house*) before turning 30:



Much of this cash is now sitting in my investment portfolio or our emergency savings fund, if you've been paying attention over the years, you would have realised that my savings have actually trended downwards – especially with the following big-ticket milestones:

- 2017: [Wedding](#)
- 2018: [Pregnancy](#) + [Nate's birth](#)
- 2019: House downpayment
- 2020: Renovation + Nate's education

In that sense, I'm *really* glad I saved so aggressively when I was younger – because that habit of saving before I spend has really served me well over the years, especially with bigger expenses coming our way.

With saving money being so ingrained in my nature, **it has become easier to save more money with lesser effort** as I grew older.

Older and wiser now, my financial goals have changed significantly in recent years. **Prior to marriage and parenthood, I focused largely on increasing my savings, growing my side hustles and maximising rewards on my expenses.**

However, sandwiched between a young toddler and our ageing parents today, **my priorities have now shifted towards greater protection and ramping up our investments.**

Income vs. Expenses

I no longer count every single expense manually – today, I rely on apps to give me an overall idea. However, because of this, I've also realised that there are a lot of **leaky buckets** that aren't being captured!

Examples include the **frequent Grab rides** (or taxi money that I pass my helper whenever she brings my son for his classes on our behalf) which we've spent more on this year because I'm sensitive about taking public transport during a health pandemic, the occasional **food delivery**, the \$50 I give my helper for groceries in between our biweekly NTUC FairPrice runs!

To be frank, I don't know how much has "leaked" out in this sense without my apps capturing these information, especially when a lot of these are in cash. *But then again, I don't have the time to track it either!*



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As for my income, my sources remained the same, but it has definitely gotten much harder to juggle a full-time job with multiple side hustles (tuition, blogging, freelance hosting/writing gigs and dividends from the stock market) while trying my best to be present for my son as well.

It has truly shown me the importance of building up **passive income** instead of hustling so hard for active income, because there'll come a time when you burn out.

Hence, from next year onwards, I'll be reducing the number of General Paper tuition students I accept, and giving priority to the JC1 students who engage me earlier on (*the JC2 gigs are the most stressful, considering the limited time I have to turn their grades around before their A Levels*).

As much as I wish to increase my income over time, I didn't receive a pay raise (again) this year at my corporate job. In fact, the oddest thing happened because I had initially tendered in December ([remember my announcement here?](#)) but got called back only to see my (higher-paid) colleague in my team get retrenched.

Given how the lockdowns were affecting my husband's income at that time, I decided to play safe and head back, but never expected the heavy workload that was about to come my way, especially as I had to cover for my (retrenched) colleague and also my European teammate who went on an extended maternity leave. In all honesty, having stuck around for so long and not receiving a pay increase (despite asking every year) for the past 4 years is really making me rethink my career options. I used to think that loyalty would pay off, but after 6 years at the same place and seeing how the new blood are always paid higher, it is time I acknowledge that loyalty does *not* pay in the corporate world when it comes to your salary.

If a better opportunity comes along, I won't say no this time.

Insurance

With more dependents (and ageing parents), our insurance costs have definitely gone up significantly as we added on more plans to *stack* our coverage. As much as I'd love to reduce our insurance costs further, there are some things in life that we simply cannot skimp on, given that the risks of being uninsured (or under-insured) in our case would be too high as our income goes towards supporting so many people.

We've tried to keep this as low as we could by opting for [term over whole life plans](#), and [stacked critical illness coverage](#).

Investments

2020 has been a crazy year in the stock markets, and my overall investment portfolio has done better than what I expected, at about ~40% to 70%!

Much of these gains were from my bulk purchases in March, and skewed by the gains in my largest position (Disney) which is up almost 100%. Locally, my positions in iFast and Riverstone (all accumulated prior to the pandemic) performed exceedingly well beyond >200% (*Riverstone was almost 4x at one point, but I didn't sell*), as well as my recovery plays in DBS and SATS, have also done well at 30% to 50%.



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As readers would remember from my [previous webinars](#), I also made the move to go heavily into U.S. technology stocks during the lockdowns, which has served me well given that most of my positions in this sector are now sitting on 20% to 80% gains in just the last few months.

This is the first time in my investing journey that I've seen such crazy gains, and I'm not expecting the same volatility to repeat in the coming years.

Reflections on 2020's finances

As the year finally comes to an end, some key learnings really stood out:

1. Being too conservative with cash.

Given the crazy ride in the equities market, I do wish we hadn't been as conservative as we were and had invested more of our spare cash into the markets this year. However, we were preparing for the possibility that one of us might be out of work, so we scaled up our emergency savings to 24 months worth that didn't turn out to be a wise move in the end because the worst case scenario we envisioned didn't materialize. I consider this to be another "leaky bucket" because given the low interest rates environment that we're in today, it's better to be invested than to stay in cash.

2. The need to grow my income further.

With expenses rising and income not keeping up, my wages cannot afford to remain stagnant anymore. I'll be looking more into this in 2020 to see what else I can do to either ramp up existing income sources, or add new ones.

3. Fix the "leaky buckets" to save more in future years.

Having stopped manually tracking my expenses ever since becoming a mom, I realised these few years have really added up in terms of the "leaking" expenses that I'm not capturing properly.

Case in point we only discovered this year that my husband has been paying subscription fees for a service he hasn't used in 2 years!

Since I've not been able to track as regularly as I used to (in my younger years) because life has gotten busier, I've even ended up missing my credit card bills on a few occasions, which resulted in the bank charging me for late fees + interest. Some I was able to waive, but not all, and [I even ended up paying over \\$700+ in annual fees \(!\)](#) to a bank that refused to waive it off (even though I hadn't even activated the credit card and said I would cancel if they didn't waive it).

If you guys have any good ideas on how to plug these holes (especially when you're not manually tracking them anymore like me), let me know in the comments below!

All in all, 2020 has been a great year for finances if you were prepared. Even though most employees suffered an income hit, for anyone who knew how to invest, there were countless opportunities in the equities and cryptocurrency markets. **It isn't surprising to hear of folks doubling, or even TRIPLING, their net worth during this period** as long as they stayed invested and continued buying during this downturn, and especially more so if they had been more aggressive during the March to July season.

Having seen [what the Asian Financial Crisis did to my parents](#), I count ourselves lucky that we emerged relatively unscathed during [what our government is calling "the crisis of a generation"](#), and in fact managed to still grow our retirement funds sizeably due to our investment practices.

How was 2020 for you guys?

With love,
Budget Babe
Category

1. Investing
2. Savings

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