

2021 Financial Review â?? Income Growth But a Reduced Investment Performance

Description

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As the year comes to an end, I typically do an annual review of my finances to check how my progress has been, and where we currently stand. I examine my income growth, expenses, savings, insurance coverage, and investment performance â?? which helps me to better strategize for the new year.

2021 feels like it passed very quickly, as I spent the first half being pregnant and the second half breastfeeding my newborn. With two kids in tow, Iâ??ve been running low on sleep, but I know that this is merely a season of my life and will come to pass as my children grow up.

Before I go into this yearâ??s review, 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)
- 2020: Saved $30,000 and achieved crazy (abnormal) investment returns

Savings & Income

Although I left my 7-year career this year after giving birth, Iâ??m thankful that my income did not take a big hit as (i) I was able to find a flexible part-time role in the media industry and (ii) my social media earnings started to ramp up.

As the blog crossed 15 million views and my follower count on Instagram went past 10 thousand, I was finally being engaged on more events and social media postings. It was incredibly rewarding to be able to teach and get paid for it! My research service on Patreon also started getting more traction as my

subscribers saw huge returns in their investments, and started spreading the word to their spouse and friends. All these helped to cushion against the income loss from my original job, and coupled with my tuition earnings, my total annual income came in to be 10% higher than last year!

This was unexpected as many of you may recall I started Budget Babe as a mere side hustle, so to see the brand grow to where it is today is a huge blessing. I am beyond thankful to where life has brought me to, and that you guys find enough value in the work that I do which allows me to continue my content creation work while being paid for it.

As a result, I was able to save $40,000 this year, even though we incurred higher expenses as we welcomed our second child.

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Cash savings	
2014	$20,000
2015	$30,000
2016	$40,000
2017	$45,000
2018	$50,000
2019	$35,000
2020	$30,000
2021	$40,000
Total	$290,000

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Moving into 2022, I will be cutting down on teaching tuition (for General Paper), as I now have lesser time on my hands as I ramp up work on my Patreon and start on Nateâ??s education at home as well.

Expenses

Our expenses have definitely shot up now that we have two kids, but Iâ??m glad that in terms of baby expenses, my choice of formula milk (NatureOne Dairy â?? see why here) and diapers (Peekapoo â?? see why here) has helped to ensure weâ??re not overpaying. We also reused a lot of the baby furniture and clothes from Nateâ??s time, which helped to save even more.

The biggest items this year were the hospital delivery bill, my confinement, and the increased electricity + water bills during this period. We also went on two cruise trips, which amounted to a total of $4,000. Other large-expense items were Nateâ??s education fees, insurance for the whole family (including my parents and in-laws) and my helper.

Iâ??ve yet to do a detailed calculation of how much we spent this year as parents to a baby and a toddler, but will try to do that in the coming months.

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Oh, and remember the leaky buckets I talked about last year (which I resolved to fix)? Iâ??ve since stopped ordering food delivery (except as gifts for friends) and snacking this year, so that was another small achievement!

Insurance

We topped up our ECI and CI coverage this year before I gave birth, and bought new insurance policies for critical illness and personal accident protection for Finn.

But the most painful increase came from our integrated shield plans, so weâ??ve downgraded mine and my husbandâ??s policy to Plan B (panel doctors) in order to try and mitigate the rising premiums for now.

Investments

2021 was a very memorable year in the stock and crypto markets as the tides started to turn.

With Chinaâ??s regulatory crackdowns, all of my HK positions are officially in the red. Obviously, Alibaba is probably the worst-performing of the lot, but since it is only 20% of my HK portfolio, Iâ??m not too worried. I also intend to continue adding more to my positions in the coming months as I feel many of these counters have been oversold, so it will take a huge test of my investing psychology to hold firm.

My Singapore portfolio did fairly well thanks to iFast, whereas I cut loss on some of my other local plays in order to redirect the funds into US equities and crypto instead.

My US portfolio did the best among all 3 markets, but of course, some of my stocks are either flat or in the red right now due to the Fedâ??s tapering announcement(s), but Iâ??m not too bothered because I expected this volatility. On the whole, Iâ??m up by about 10% here.

I adopt the same approach in my crypto portfolio, and this has served me well as I added heavily to my crypto portfolio this year by loading up on Layer 1 alts, which helped to boost my returns.

Conclusion

All in all, Iâ??m pretty pleased with the state of our finances this year. Although we didnâ??t have the extraordinarily good returns of last year, this is expected and whatâ??s more important is that our savings and investment portfolio has continued to grow year on year.

As I mentioned last year, I donâ??t expect the crazy investments returns of 2020 to continue, and weâ??re starting to see that play out now. As much as I wish I had taken profits at the top, reality is more nuanced and difficult to predict, so I will continue to focus on the long-term goal and stick to winning companies.

I foresee that 2022 will be a much harder year to invest, but am ready to tackle it with all Iâ??ve got.

How about you?

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With love,
Budget Babe

Category

1. Savings