

Millennials Want Financial Security But Don't Know How To Get There?

Description

Sometimes, it really amazes me at how so many people talk so much about wanting to get rich / become financially-independent, but yet are not willing to do the work required to get there.



06/04/2016 Wed 10:45 in All markets by Elodie Tiang

3 in 4 Millennials want bosses to take care of their finances

Credits: [Human Resources Online](#)

Didn't their parents teach them that you can't have your cake and eat it too?

The spotlight for the past few weeks have been on expats grouching that Singapore is one of the most expensive cities for expats to live in. One follow-up article by AsiaOne featured an American family who spends a whopping \$10,650 a month, while [Mothership followed a 20-something-year-old expat and found that she spent \\$820 within a single week](#) (working out to be about \$3,280 a month).

US couple learn to find ways to adjust to life in Singapore



Credits: [AsiaOne](#)

I try to save a minimum of \$20,000 a year if I can afford to, in lieu for upcoming life changes and retirement in my golden years. It isn't an easy feat, but neither is it too difficult.

Essentially, the Letzelters spend in 2 months what [I take to save up for an entire year](#). I reviewed their expenses as stated by AsiaOne and here's what I think:

THE LETZELTERS' AVERAGE MONTHLY EXPENSES

RENT: \$4,400 —> *definitely could be cheaper, even for a whole apartment housing an entire family. The question is, are they willing to downsize?*

GROCERIES: \$2,400 —> *definitely excessive IMO. Try cutting out the imported foodstuffs and this figure should go down drastically.* **PUBLIC TRANSPORT AND TAXIS:** \$800 **EATING OUT:** \$500 **EDUCATION:**

\$1,000 —> *I can't fault against this. International schools do charge higher fees, and I would suppose even if they went to a local school, tuition fees might set them back by quite a bit too.* **HELPER:** \$1,000 —> *The families I know can get their helpers for \$800 a month. Minimal cutbacks.* **UTILITIES:** \$350 **ENTERTAINMENT:** \$200

TOTAL: \$10,650 (all in Singapore dollars)

***Also spends \$15,000 a year for travel back to the US** —> *fair enough.*

Mrs Letzelter said: "Grocery shopping is shockingly expensive. We try to shop at FairPrice because it's cheaper, but oftentimes we pay a lot of extra money to get products that make us comfortable."

If one has chosen to make expensive lifestyle decisions, then one should take responsibility for the extra finances needed to maintain that lifestyle. Don't simply push the blame on the country being expensive if you're not maximizing cheaper alternatives.

A colleague also sent me [a link](#) this morning showing that apparently up to 75% of Millennial workers expect their employers to take responsibility for their financial well-being.



The survey found that new-gen employees are more reliant on employers for help in achieving financial security through employee benefits, feeling that their employers ought to help them solve their financial concerns.

My employer isn't my mom or dad, so I would never expect them to take care of my finances.

The same article mentioned that **many younger employees are confused about which employee benefits can help them reach financial security. It really isn't that complex.** Many of us define financial security as the stage of wealth where we no longer need to worry about our daily living expenses. If we're unable to reach this stage, we have to carry on working in order to earn the income needed to eat, live and survive.

To reach such a stage is not that difficult, but of course it still requires effort and isn't something anyone can achieve overnight (unless we strike 4D or some other windfall). To summarize:

Step 1. Save (and invest) your income for a better tomorrow.

If you prefer to spend money and YOLO i.e. live in the now, then don't complain if your tomorrow / retirement years suck.

Step 2. Spend within your means.

Never spend more than your wages, and maintain spending even if you receive a bonus or pay increment if possible so that you can reach financial security sooner.

Step 3. Buy insurance to protect yourself from unexpected financial incidents.

Such as hospitalization, car accident, etc. Insurance is important to protect your retirement savings so they don't get eaten up by unexpected incidents and derail your retirement.

Step 4. Build up passive income.

Either build up your passive income (consider investments or rental income), or save enough to give yourself sufficient money each month after you've stopped working. Insurance agents selling endowment or ILPs typically recommend 2 million as a sufficient sum – assuming you retire at 60 and live until 90, this averages to be \$5,500 a month!

Consider that even if you save \$20,000 a year *consistently*, it'll take you 100 years of work to reach \$2M by your own efforts. So how about either cutting down that sum and living more frugally, or opt to make your money grow money for you?



The same study also showed that 48% of Millennials don't understand life insurance – [I've written the answer here before](#) – and 62% had no clue about long-term disability insurance.

I personally don't own disability insurance (yet), but am intending to get it either 1 – 2 years after I'm married.

Too many workers (not just Millennials) are also over-reliant on their employee benefits when it comes to covering their healthcare bills. [Read this on whether you need to purchase health insurance now that almost every one of us has MediShield Life and employee health insurance.](#)

Thereafter, [read more about the different health insurance options available in Singapore here](#) and decide which ones you need / want to get.



It really isn't that difficult. The question is, are you willing to work for it?

With love,
Budget Babe

P.S. I haven't had time to write because work has been exceedingly busy, but I've been sharing updates and tips on my [Facebook page here](#), such as my recommendation NOT to buy Aspiial bonds and more. Follow for updates if you haven't already!

Category

1. Family

default watermark