Thereâ??s A Better Proposal Gift Than A Diamond Ring

Description



It seems like proposal season is here again â?? you know, that time of the year when your Facebook newsfeed gets filled up with photos of happy couple facesâ?¦and their shiny diamond engagement ring.

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A market study of Singaporeâ??s bridal jewellery market points to a growing trend of couples purchasing â??premiumâ?• diamonds, which are premised on better diamond cuts (like â??hearts & arrowsâ?• and quality certifications (i.e AGS or GIA)). For example, a decent Destinee diamond ring would set you back to the tune of more than $8,000.

But you know what was the first thing my boyfriend and I talked about while discussing marriage plans? NOT getting a diamond proposal ring.



Because, you know, the only acceptable symbol of his love for me would obviously be in an overpriced, cartel-controlled rock.

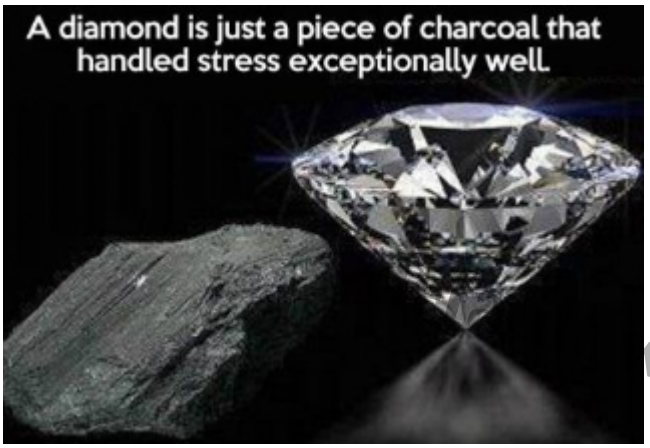
Do You Really Need A Diamond Ring To Get Married?

One of the biggest lies the wedding industry will tell you is that you need a diamond ring to show your love, and that it is concurrently a good investment because â??diamonds are foreverâ?•. The bigger it is, the better. Thatâ??s what they say.

Thatâ??s one of the most laughable piece of advice Iâ??ve ever heard.

If I want an investment, Iâ??ll put my money into the stock market and invest in a decent ETF. Absolutely not on a diamond ring, which loses a large portion of its value the second I step out of the retail store. Unlike gold or silver (*which, by the way, requires a lot of knowledge as well before you consider investing*), the resale market for diamonds is highly illiquid. If youâ??ve ever tried to sell your diamond ring, youâ??ll know what Iâ??m talking about.

And you know who came up with this brilliant phrase? De Beers. The same company who owns most of the diamond industry.



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Diamonds: A Marketing Gimmick?

You see, in the 1870s after large diamond mines were discovered, the minesâ?? major investors consolidated and formed De Beers. They recognised a key problem â?? due to diamonds having little intrinsic value, they needed to somehow make the public believe diamonds were valuable so that they would be willing to pay a premium price for it.

Thus began one of the most successful marketing campaigns of the 20th century â?? â??a diamond is foreverâ?•. De Beers and its marketers managed to convince men all over the world that their love is measured by how much they spend on the diamond ring, while convincing women to expect love in the form of a diamond. Theyâ??ve made us want what we never needed in the first place for a happy marriage.

The Power of Compounding Interest

Yet, diamonds, like most other items such as a car, are a depreciating asset. In fact, the numbers show that if youâ??re willing to forgo the conveniences a car offers, you could become a multi-millionaire in 30 years. This is all thanks to the magic called compound interest.

Guys, if youâ??re still happy to blow 1 â?? 2 months of your salary on a shiny rock for your girl, go ahead. But if youâ??re like me, and think it is silly to spend so much money on what is basically an accessory, there are better alternatives. In fact, a smarter financial decision could be to buy a cheaper engagement ring (*like zirconia)* and invest that remaining $8,000 you originally planned to spend into an ETF with an annual return of 6% instead, as a gift for your to-be wife.





	Budget Babe	Material SG Girl
Decision	Happy with a $500 ring and parks the rest of her fiancé's budget into investments	Insists on her man buying that $8,500 diamond ring
10 years later	$17,000 (investments' value)	$500 (ring's resale value)
40 years later	**$174,000** (investments' value)	$100 (ring's resale value)

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That money can grow over the course of your marriage into a tidy retirement sum for your golden years as a couple. Talk about living happily ever after!
Wouldnâ??t that be a much better engagement gift?

The power of compounded opportunity cost can be really scary, or rewarding, depending on the decision you make. But not all of us recognize that the cost of that major purchase we made today isnâ??t just in its price tag alone. Thereâ??s a â??future price valueâ?• that we are paying and missing out on.

Well, now you know.

#BeMoneySensible Contest

It can be easy to fall into such money traps, especially when most of us are not trained in finance. Thankfully, we can learn how to make smarter financial decisions thanks to online portals like MoneySense, and independent organizations like the **Institute for Financial Literacy (IFL).**

The best part? These knowledge are provided completely FREE and unbiased, thanks to it being a national

financial education programme.

I know that the rewards of learning and making smarter financial decisions may not always be visible immediately, but in the long run, trust me, youâ??ll be glad you didnâ??t splurge that money on a diamond ring you canâ??t even live on.

Right now, hereâ??s a chance to see that reward almost immediately. IFL is running a **#BeMoneySensible contest** where you can win an **iPhone 6s 64GB or an iPad Air 2** simply by sharing what you do to manage your own personal finances.



Taking part is really easy:

Step 1: Follow IFL on Instagram @finlit.sg or â??Likeâ?• them on Facebook.
Step 2: Leave a comment or post to tell them how youâ??re MoneySensible.
Step 3: Hashtag #BeMoneySensible and #FinLitSG

It took me all but 3 minutes to submit my entry, and you should definitely join me in this simple contest!
(If youâ??re stuck on ideas, feel free to use any of the tips youâ??ve picked up from my weekly blog posts over the year. I honestly donâ??t mind!)

With love,

Budget Babe

This post is written in collaboration with the Institute for Financial Literacy, who provides free e-books and videos on personal finance to help Singaporeans become smarter with their money. What I like about them is that they are completely unbiased and do not sell any financial products at all, so thereâ??s no conflict of interests and youâ??re free to make your own decisions. Do check them out!

Category

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3. Savings

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