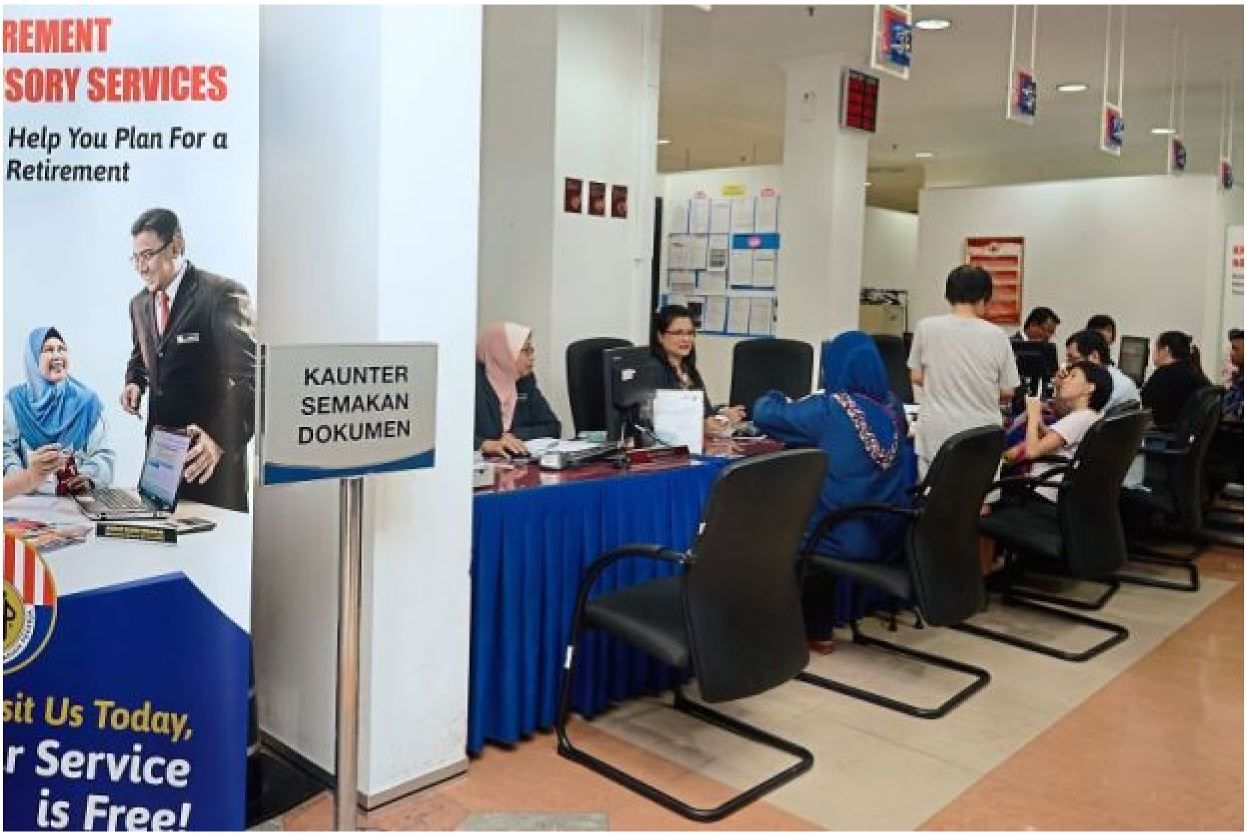
Kenanga Investors

Date: 18 January 2016

7 biggest retirement planning mistakes

The Star – StarBiz Week: Personal Finance (16 January 2016)
The Star online – Business News (16 January 2016)
3age.com.my (15 January 2016)

By: Ismitz Matthew De Alwis



JUST the thought of retirement can cause anxiety and many to feel overwhelmed. A recent global survey showed that 88% of pre-retirees in Malaysia stated they are worried about not having enough money to live on day-to-day at retirement and that goes to show how unprepared some of us are.

No matter how difficult it is, we still must face the music. Retirement planning is one of the most important financial goals one will undertake and the stakes couldn't be higher. Just a couple of missteps can change your joyful golden years to poverty, dependence and penny-pinching years.

One of the key to success is to avoid obvious retirement planning mistakes. You need to get it right the first time because there is no second chance once you hit retirement.

So, let's look at the mistakes that result in this potentially high misstep rate and what you can do to avoid becoming part of the statistics.

Retirement planning mistake #1: No plan

You can't get to where you want to go if you don't even know where the destination is. You must set the goal and then design a plan to achieve it. Failing to plan is the same thing as planning to fail. If you have not already set specific measurable financial objectives and implement a step-by-step plan to achieve them, then you are setting yourself up for disappointment.

Have you calculated your retirement planning goals? Have you committed to regular savings goals? Do you have a step-by-step action plan based on proven principles that will lead to financial success? If not, what is stopping you? Time is working against you every day you wait.

Retirement planning mistake #2: Not saving enough

Let's face it. Nobody likes to be told to save more. You would rather spend money on that five-star vacation, that sports car or that branded monogram bag you've had your eyes on for months – that instant gratification. But the choice you are making today will have profound implications on your retirement. You are either saving for retirement today or consuming your retirement today!

A few inconsequential inconveniences today can compound over time into a comfortable retirement tomorrow. For example, that RM10 fancy coffee you buy each day for 30 years, if saved at 10% annual interest compounds to an astonishing RM600,000 for retirement tomorrow. It takes discipline but nobody should pass on that opportunity of saving adequately for retirement.

Rule of thumb is to set aside about one-third (33%) of your salary for retirement. Your EPF contribution (employer and employee contributions) should give you at least 23% while the remainder 10% can be self-contribution to investments such as the Private Retirement Scheme (PRS), unit trusts, stocks, bonds or a combination of everything that can yield a decent and consistent return without taking too much risks.

Retirement planning mistake #3: Don't start saving early enough

People make the mistake of believing they have plenty of time to plan for retirement once they buy a home, build a family and put children through university and so on. When you are in your 20s you think retirement is 40 years off so you put off till you are in your 30s and 40s but by then you have your home mortgage, car loans and kids' education fund to take care of.

Next thing you know, you're in your 50s and so much time has been lost that your retirement savings is forever handicapped. The most valuable asset you have when saving for retirement is time.

The longer you delay getting started, the harder it will be and the greater risk to your future retirement. The reality is there will never be a right time to start building toward a financially secured retirement. The longer you wait, the harder it gets because there is less time to compound your way to wealth.

Every six years you wait to get started roughly doubles the required monthly savings necessary to reach the same level of retirement income. Procrastination is a very painful and expensive mistake when it comes to retirement planning. So, get started now.

Retirement planning mistake #4: Inaccurate retirement income assumption

How much income do you need to maintain your current lifestyle in retirement? Not surprising that a vast majority of people will answer, "I don't know," or they make an inaccurate assumption. If the assumption is too high, the retirement goal may seem unattainable and discourage the entire planning process. Too low, which is most often the case, you may run into financial difficulty at retirement and having to make drastic and unwilling changes.

The rule of thumb is to figure that you will need about two-third (67%) of your last drawn salary as income in retirement. However, keep in mind that retirees spend more on travel, entertainment and eating out especially earlier on in retirement when they have the time and good health to enjoy those activities. In their later years, health care cost can escalate. Make sure you factor in all aspects of expenditure to ascertain the most accurate retirement income assumption possible.

Retirement planning mistake #5: Disregarding higher healthcare costs

One of the most overlooked areas of retirement planning is estimating what healthcare costs could be in retirement and including this in the calculation of income needs. Healthcare cost is a huge expenditure to plan for on top of normal living expenses. Unlike vacation, hobbies and entertainment expenses, medical expenses are non-discretionary. If you are sick or injured you need treatment.

In Malaysia, medical cost is increasing at the rate of between 10% and 15% every year and treatments of diseases and injuries that are usually inflicted on elderly patients don't come cheap. So, having adequate reserves and a good medical coverage can be the difference between a comfortable retirement and one filled with challenges. Don't wait till you are sick to get medical insurance coverage. It is also cheaper to get medical insurance at an early age.

Retirement planning mistake #6: No long-term care plan

Anyone who has cared for an aging parent would know the toll it can take on their loved ones and their savings. The time, energy and money needed to provide quality care can be staggering.

As life expectancy increases, Malaysians will likely be needing a stretched out period of long-term nursing care at the last stage of their lives. To avoid burdening family members with the hassle of caring for them, set aside additional provision for care facilities that can include nursing home, home care, dementia care and hospice care which can cost between RM1,000 and RM5,000 a month.

Retirement planning mistake #7: Not updating your retirement plan

As you journey through life to retirement, you will experience different events in different stages of your life be it in your 20s, 30s, 40s or 50s. These life events will impact your income and expenses, so it is imperative that your retirement plan is revisited every few years to take this into account. If your last retirement plan was done five years ago, prior to your child being born, your promotion, and your father needing nursing care, chances are your retirement is based on a lifestyle that is no longer relevant.

You should revisit your plan every three to five years, or as your life changes with a marriage or children, so adjustments can be made accordingly. By making these adjustments often, you'll stay on track for a better retirement.

Conclusion

There's no doubt that many people make the mistake of not taking retirement planning seriously enough. They are likely to spend more time and interest planning and researching on a vacation, buying a new house or funding their children's education. However, they say there are three things you can't avoid in life – taxes, death and retirement. Hence, getting educated and securing your retirement plan is not an option.

You are betting a lifetime of work and savings with every decision you make so hopefully learning these retirement planning mistakes can help you to avoid missteps and able you to navigate these waters effectively and with confidence.

\- End -

Ismitz Matthew De Alwis is the executive director and CEO of Kenanga Investors Bhd. He is a Certified Financial Planner ("CFP") and holds a Capital Market Services Representative's Licence ("CMSRL") from the Securities Commission for fund management and investment advice. He is a staunch believer that financial literacy will empower Malaysians to prepare adequately for their retirement.

Article Source: The Star – StarBiz Week: Personal Finance

7 biggest retirement planning mistakes

By ISMITZ MATTHEW DE ALWIS

JUST the thought of retirement can cause anxiety and many to feel overwhelmed. A recent global survey showed that 88% of pre-retirees in Malaysia stated they are worried about not having enough money to live on day-to-day at retirement and that goes to show how unprepared some of us are.

No matter how difficult it is, we still must face the music. Retirement planning is one of the most important financial goals one will undertake and the stakes couldn't be higher. Just a couple of missteps can change your joyful golden years to poverty, dependence and penny-pinching years.

One of the key to success is to avoid obvious retirement planning mistakes. You need to get it right the first time because there is no second chance once you hit retirement.

So, let's look at the mistakes that result in this potentially high misstep rate and what you can do to avoid becoming part of the statistics.

Retirement planning mistake #1: No plan

You can't get to where you want to go if you don't even know where the destination is. You must set the goal and then design a plan to achieve it. Failing to plan is the same thing as planning to fail. If you have not already set specific measurable financial objectives and implement a step-by-step plan to achieve them, then you are setting yourself up for disappointment.

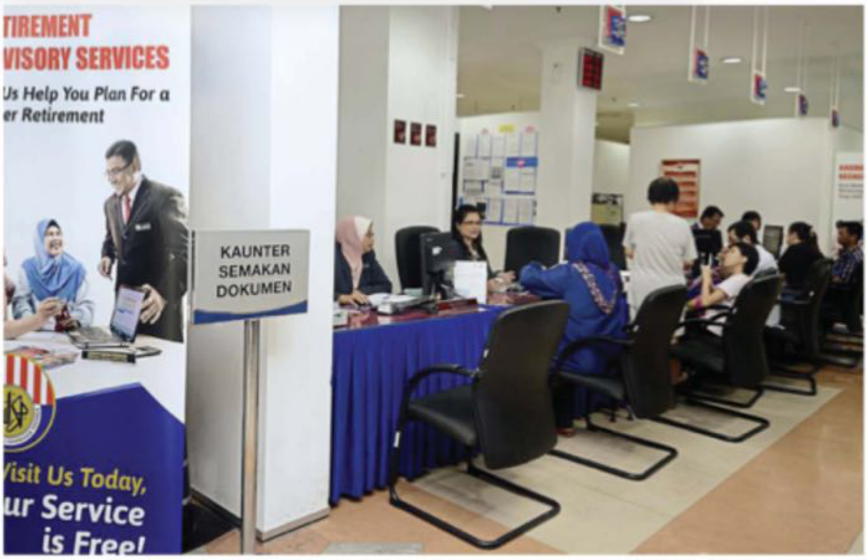
Have you calculated your retirement planning goals? Have you committed to regular savings goals? Do you have a step-by-step action plan based on proven principles that will lead to financial success? If not, what is stopping you? Time is working against you every day you wait.

Retirement planning mistake #2: Not saving enough

Let's face it. Nobody likes to be told to save more. You would rather spend money on that five-star vacation, that sports car or that branded monogram bag you've had your eyes on for months – that instant gratification. But the choice you are making today will have profound implications on your retirement. You are either saving for retirement today or consuming your retirement today!

A few inconsequential inconveniences today can compound over time into a comfortable retirement tomorrow. For example, that RM10 fancy coffee you buy each day for 30 years, if saved at 10% annual interest compounds to an astonishing RM600,000 for retirement tomorrow. It takes discipline but nobody should pass on that opportunity of saving adequately for retirement.

Rule of thumb is to set aside about one-third (33%) of your salary for retirement. Your EPF contribution (employer and employee contributions) should give you at least 23% while the remainder 10% can be self-contribution to investments such as the Private Retirement Scheme (PRS), unit trusts, stocks, bonds or a combination of everything that can yield a decent and consistent return without taking too much risks.



Save more: The EPF contribution gives at least 23% of retirement income while the remainder 10% can be self-contribution to investments such as the Private Retirement Scheme, unit trusts, stocks, bonds or a combination of everything that can yield a decent and consistent return.

Retirement planning mistake #3: Don't start saving early enough

People make the mistake of believing they have plenty of time to plan for retirement once they buy a home, build a family and put children through university and so on. When you are in your 20s you think retirement is 40 years off so you put off till you are in your 30s and 40s but by then you have your home mortgage, car loans and kids' education fund to take care of.

Next thing you know, you're in your 50s and so much time has been lost that your retirement savings is forever handicapped. The most valuable asset you have when saving for retirement is time.

The longer you delay getting started, the harder it will be and the greater risk to your future retirement. The reality is there will never be a right time to start building toward a financially secured retirement. The longer you wait, the harder it gets because there is less time to compound your way to wealth.

Every six years you wait to get started roughly doubles the required monthly savings necessary to reach the same level of retirement income. Procrastination is a very painful and expensive mistake when it comes to retirement planning. So, get started now.

Retirement planning mistake #4: Inaccurate retirement income assumption

How much income do you need to maintain your current lifestyle in retirement? Not surprising that a vast majority of people will answer, "I don't know," or they make an inaccurate assumption. If the assumption is too high, the retirement goal may seem unattainable and discourage the entire planning process. Too low, which is most often the case, you may run into financial difficulty at retirement and having to make drastic and unwilling changes.

The rule of thumb is to figure that you will need about two-third (67%) of your last drawn salary as income in retirement. However, keep in mind that retirees spend more on travel, entertainment and eating out especially earlier on in retirement when they have the time and good health to enjoy those activities. In their later years, health care cost can escalate. Make sure you factor in all aspects of expenditure to ascertain the most accurate retirement income assumption possible.

Retirement planning mistake #5: Disregarding higher healthcare costs

One of the most overlooked areas of retirement planning is estimating what healthcare costs could be in retirement and including this in the calculation of income needs. Healthcare cost is a huge expenditure to plan for on top of normal living expenses. Unlike vacation, hobbies and entertainment expenses, medical expenses are non-discretionary. If you are sick or injured you need treatment.

In Malaysia, medical cost is increasing at the rate of between 10% and 15% every year and treatments of diseases and injuries that are usually inflicted on elderly patients don't come cheap. So, having adequate reserves and a good medical coverage can be the difference between a comfortable retirement and one filled with challenges. Don't wait till you are sick to get medical insurance coverage. It is also cheaper to get medical insurance at an early age.

Retirement planning mistake #6: No long-term care plan

Anyone who has cared for an aging parent would know the toll it can take on their loved ones and their savings. The time, energy and money needed to provide quality care can be staggering.

As life expectancy increases, Malaysians will likely be needing a stretched out period of long-term nursing care at the last stage of their lives. To avoid burdening family members with the hassle of caring for them, set aside additional provision for care facilities that can include nursing home, home care, dementia care and hospice care which can cost between RM1,000 and RM5,000 a month.

Retirement planning mistake #7:

Not updating your retirement plan

As you journey through life to retirement, you will experience different events in different stages of your life be it in your 20s, 30s, 40s or 50s. These life events will impact your income and expenses, so it is imperative that your retirement plan is revisited every few years to take this into account. If your last retirement plan was done five years ago, prior to your child being born, your promotion, and your father needing nursing care, chances are your retirement is based on a lifestyle that is no longer relevant.

You should revisit your plan every three to five years, or as your life changes with a marriage or children, so adjustments can be made accordingly. By making these adjustments often, you'll stay on track for a better retirement.

Conclusion

There's no doubt that many people make the mistake of not taking retirement planning seriously enough. They are likely to spend more time and interest planning and researching on a vacation, buying a new house or funding their children's education. However, they say there are three things you can't avoid in life – taxes, death and retirement. Hence, getting educated and securing your retirement plan is not an option.

You are betting a lifetime of work and savings with every decision you make so hopefully learning these retirement planning missteps can help you to avoid missteps and able you to navigate these waters effectively and with confidence.

Matthew De Alwis is the executive director and CEO of Kenanga Investors Bhd. Matthew is a Certified Financial Planner (CFP) and holds a Capital Market Services Representative's Licence (CMSRL) from the Securities Commission for fund management and investment advice.

Article Source: ***The Star Online - Business News***
http://www.thestar.com.my/business/business-news/2016/01/16/7-biggest-retirement-planning-mistakes/

THE STAR ONLINE

Business News

Saturday, 16 January 2016

7 biggest retirement planning mistakes

BY MATTHEW DE ALWIS

JUST the thought of retirement can cause anxiety and many to feel overwhelmed. A recent global survey showed that 88% of pre-retirees in Malaysia stated they are worried about not having enough money to live on day-to-day at retirement and that goes to show how unprepared some of us are.

No matter how difficult it is, we still must face the music. Retirement planning is one of the most important financial goals one will undertake and the stakes couldn't be higher. Just a couple of missteps can change your joyful golden years to poverty, dependence and penny-pinching years.

One of the key to success is to avoid obvious retirement planning mistakes. You need to get it right the first time because there is no second chance once you hit retirement.

So, let's look at the mistakes that result in this potentially high misstep rate and what you can do to avoid becoming part of the statistics.

Retirement planning mistake #1: No plan

You can't get to where you want to go if you don't even know where the destination is. You must set the goal and then design a plan to achieve it. Failing to plan is the same thing as planning to fail. If you have not already set specific measurable financial objectives and implement a step-by-step plan to achieve them, then you are setting yourself up for disappointment.

Have you calculated your retirement planning goals? Have you committed to regular savings goals? Do you have a step-by-step action plan based on proven principles that will lead to financial success? If not, what is stopping you? Time is working against you every day you wait.

Retirement planning mistake #2: Not saving enough

Let's face it. Nobody likes to be told to save more. You would rather spend money on that five-star vacation, that sports car or that branded monogram bag you've had your eyes on for months – that instant gratification. But the choice you are making today will have profound implications on your retirement. You are either saving for retirement today or consuming your retirement today!

A few inconsequential inconveniences today can compound over time into a comfortable retirement tomorrow. For example, that RM10 fancy coffee you buy each day for 30 years, if saved at 10% annual interest compounds to an astonishing RM600,000 for retirement tomorrow. It takes discipline but nobody should pass on that opportunity of saving adequately for retirement.

Rule of thumb is to set aside about one-third (33%) of your salary for retirement. Your EPF contribution (employer and employee contributions) should give you at least 23% while the remainder 10% can be self-contribution to investments such as the Private Retirement Scheme (PRS), unit trusts, stocks, bonds or a combination of everything that can yield a decent and consistent return without taking too much risks.

Retirement planning mistake #3: Don't start saving early enough

People make the mistake of believing they have plenty of time to plan for retirement once they buy a home, build a family and put children through university and so on. When you are in your 20s you think retirement is 40 years off so you put off till you are in your 30s and 40s but by then you have your home mortgage, car loans and kids' education fund to take care of.

Next thing you know, you're in your 50s and so much time has been lost that your retirement savings is forever handicapped. The most valuable asset you have when saving for retirement is time.

The longer you delay getting started, the harder it will be and the greater risk to your future retirement. The reality is there will never be a right time to start building toward a financially secured retirement. The longer you wait, the harder it gets because there is less time to compound your way to wealth.

Every six years you wait to get started roughly doubles the required monthly savings necessary to reach the same level of retirement income. Procrastination is a very painful and expensive mistake when it comes to retirement planning. So, get started now.

Retirement planning mistake #4: Inaccurate retirement income assumption

How much income do you need to maintain your current lifestyle in retirement? Not surprising that a vast majority of people will answer, "I don't know," or they make an inaccurate assumption. If the assumption is too high, the retirement goal may seem unattainable and discourage the entire planning process. Too low, which is most often the case, you may run into financial difficulty at retirement and having to make drastic and unwilling changes.

The rule of thumb is to figure that you will need about two-third (67%) of your last drawn salary as income in retirement. However, keep in mind that retirees spend more on travel, entertainment and eating out especially earlier on in retirement when they have the time and good health to enjoy those activities. In their later years, health care cost can escalate. Make sure you factor in all aspects of expenditure to ascertain the most accurate retirement income assumption possible.

Retirement planning mistake #5: Disregarding higher healthcare costs

One of the most overlooked areas of retirement planning is estimating what healthcare costs could be in retirement and including this in the calculation of income needs. Healthcare cost is a huge expenditure to plan for on top of normal living expenses. Unlike vacation, hobbies and entertainment expenses, medical expenses are non-discretionary. If you are sick or injured you need treatment.

In Malaysia, medical cost is increasing at the rate of between 10% and 15% every year and treatments of diseases and injuries that are usually inflicted on elderly patients don't come cheap. So, having adequate reserves and a good medical coverage can be the difference between a comfortable retirement and one filled with challenges. Don't wait till you are sick to get medical insurance coverage. It is also cheaper to get medical insurance at an early age.

Retirement planning mistake #6: No long-term care plan

Anyone who has cared for an aging parent would know the toll it can take on their loved ones and their savings. The time, energy and money needed to provide quality care can be staggering.

As life expectancy increases, Malaysians will likely be needing a stretched out period of long-term nursing care at the last stage of their lives. To avoid burdening family members with the hassle of caring for them, set aside additional provision for care facilities that can include nursing home, home care, dementia care and hospice care which can cost between RM1,000 and RM5,000 a month.

Retirement planning mistake #7: Not updating your retirement plan

As you journey through life to retirement, you will experience different events in different stages of your life be it in your 20s, 30s, 40s or 50s. These life events will impact your income and expenses, so it is imperative that your retirement plan is revisited every few years to take this into account. If your last retirement plan was done five years ago, prior to your child being born, your promotion, and your father needing nursing care, chances are your retirement is based on a lifestyle that is no longer relevant.

You should revisit your plan every three to five years, or as your life changes with a marriage or children, so adjustments can be made accordingly. By making these adjustments often, you'll stay on track for a better retirement.

Conclusion

There's no doubt that many people make the mistake of not taking retirement planning seriously enough. They are likely to spend more time and interest planning and researching on a vacation, buying a new house or funding their children's education. However, they say there are three things you can't avoid in life – taxes, death and retirement. Hence, getting educated and securing your retirement plan is not an option.

You are betting a lifetime of work and savings with every decision you make so hopefully learning these retirement planning mistakes can help you to avoid missteps and able you to navigate these waters effectively and with confidence.

Matthew De Alwis is the executive director and CEO of Kenanga Investors Bhd. Matthew is a Certified Financial Planner (CFP) and holds a Capital Market Services Representative's Licence (CMSRL) from the Securities Commission for fund management and investment advice.

TAGS / KEYWORDS:

Business , Business News , Banking , personal finance

Kenanga Investors

Article Source: 3age.com.my
http://3age.com.my/2016/01/15/5415/

FINANCES MONEY | JANUARY 15, 2016

The 7 Biggest Retirement Planning Mistakes to Avoid

By Ismitz Matthew De Alwis

Just the thought of retirement can cause anxiety and many to feel overwhelmed. A recent global survey showed that 88% of pre-retirees in Malaysia stated they are worried about not having enough money to live on day-to-day at retirement and that goes to show how unprepared some of us are.

No matter how difficult it is, we still must face the music. Retirement planning is one of the most important financial goals one will undertake and the stakes couldn't be higher. Just a couple of missteps can change your joyful golden years to poverty, dependence and penny-pinching years.

One of the key to success is to avoid obvious retirement planning mistakes. You need to get it right the first time because there is no second chance once you hit retirement.

So, let's look at the mistakes that result in this potentially high misstep rate and what you can do to avoid becoming part of the statistics.

Retirement Planning Mistake #1: No Plan

You can't get to where you want to go if you don't even know where the destination is. You must set the goal and then design a plan to achieve it. Failing to plan is the same thing as planning to fail. If you have not already set specific measurable financial objectives and implement a step-by-step plan to achieve them, then you are setting yourself up for disappointment.

Have you calculated your retirement planning goals? Have you committed to regular savings goals? Do you have a step-by-step action plan based on proven principles that will lead to financial success? If not, what is stopping you? Time is working against you every day you wait.

Retirement Planning Mistake #2: Not Saving Enough

Let's face it. Nobody likes to be told to save more. You would rather spend money on that five-star vacation, that sports car or that branded monogram bag you've had your eyes on for months – that instant gratification. But the choice you are making today will have profound implications on your retirement. You are either saving for retirement today or consuming your retirement today!

A few inconsequential inconveniences today can compound over time into a comfortable retirement tomorrow. For example, that RM10.00 fancy coffee you buy each day for 30 years, if saved at 10% annual interest compounds to an astonishing RM600,000 for retirement tomorrow. It takes discipline but nobody should pass on that opportunity of saving adequately for retirement.

Rule of thumb is to set aside about one-third (33%) of your salary for retirement. Your EPF contribution (employer and employee contributions) should give you at least 23% while the remainder 10% can be self-contribution to investments such as the Private Retirement Scheme (PRS), unit trusts, stocks, bonds or a combination of everything that can yield a decent and consistent return without taking too much risks.

Retirement Planning Mistake #3: Don't Start Saving Early Enough

People make the mistake of believing they have plenty of time to plan for retirement once they buy a home, build a family and put children through university and so on. When you are in your 20s you think retirement is 40 years off so you put off till you are in your 30s and 40s but by then you have your home mortgage, car loans and kids' education fund to take care of. Next thing you know, you're in your 50s and so much time has been lost that your retirement savings is forever handicapped.

The most valuable asset you have when saving for retirement is time. The longer you delay getting started, the harder it will be and the greater risk to your future retirement. The reality is there will never be a right time to start building toward a financially secured retirement. The longer you wait, the harder it gets because there is less time to compound your way to wealth. Every 6 years you wait to get started roughly doubles the required monthly savings necessary to reach the same level of retirement income. Procrastination is a very painful and expensive mistake when it comes to retirement planning. So, get started now.

Retirement Planning Mistake #4: Inaccurate Retirement Income Assumption

How much income do you need to maintain your current lifestyle in retirement? Not surprising that a vast majority of people will answer, "I don't know," or they make an inaccurate assumption. If the assumption is too high, the retirement goal may seem unattainable and discourage the entire planning process. Too low, which is most often the case, you may run into financial difficulty at retirement and having to make drastic and unwilling changes.

The rule of thumb is to figure that you will need about two-third (67%) of your last drawn salary as income in retirement. However, keep in mind that retirees spend more on travel, entertainment and eating out especially earlier on in retirement when they have the time and good health to enjoy those activities. In their later years, health care cost can escalate. Make sure you factor in all aspects of expenditure to ascertain the most accurate retirement income assumption possible.

Retirement Planning Mistake #5: Disregarding Higher Healthcare Costs

One of the most overlooked areas of retirement planning is estimating what healthcare costs could be in retirement and including this in the calculation of income needs. Healthcare cost is a huge expenditure to plan for on top of normal living expenses. Unlike vacation, hobbies and entertainment expenses, medical expenses are non-discretionary. If you are sick or injured you need treatment.

In Malaysia, medical cost is increasing at the rate of between 10% and 15% every year and treatments of diseases and injuries that are usually inflicted on elderly patients don't come cheap. So, having adequate reserves and a good medical coverage can be the difference between a comfortable retirement and one filled with challenges. Don't wait till you are sick to get medical insurance coverage. It is also cheaper to get medical insurance at an early age.

Retirement Planning Mistake #6: No Long-term Care Plan

Anyone who has cared for an aging parent would know the toll it can take on their loved ones and their savings. The time, energy and money needed to provide quality care can be staggering.

As life expectancy increases, Malaysians will likely be needing a stretched out period of long-term nursing care at the last stage of their lives. To avoid burdening family members with the hassle of caring for them, set aside additional provision for care facilities that can include nursing home, home care, dementia care and hospice care which can cost between RM1,000 and RM5,000 a month.

Retirement Planning Mistake #7: Not Updating Your Retirement Plan

As you journey through life to retirement, you will experience different events in different stages of your life be it in your 20s, 30s, 40s or 50s. These life events will impact your income and expenses, so it is imperative that your retirement plan is revisited every few years to take this into account. If your last retirement plan was done five years ago, prior to your child being born, your promotion, and your father needing nursing care, chances are your retirement is based on a lifestyle that is no longer relevant.

You should revisit your plan every 3 to 5 years, or as your life changes with a marriage or children, so adjustments can be made accordingly. By making these adjustments often, you'll stay on track for a better retirement.

Conclusion

There's no doubt that many people make the mistake of not taking retirement planning seriously enough. They are likely to spend more time and interest planning and researching on a vacation, buying a new house or funding their children's education. However, they say there are 3 things you can't avoid in life – taxes, death and retirement. Hence, getting educated and securing your retirement plan is not an option.

You are betting a lifetime of work and savings with every decision you make so hopefully learning these retirement planning mistakes can help you to avoid missteps and able you to navigate these waters effectively and with confidence.

Ismitz Matthew De Alwis is the Executive Director and CEO of Kenanga Investors Berhad, one of Malaysia's top investment management firms. Matthew is a Certified Financial Planner (CFP) and holds a Capital Market Services Representative's Licence (CMSRL) from the Securities Commission for fund management and investment advice. He is a staunch believer that financial literacy will empower Malaysians to prepare adequately for their retirement.