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Preserving the retirement dream amid waves of turmoil.

The Star (28 July 2020)

MALAYSIA'S MCO pushed unemployment rates to its highest this year according to an article titled *Malaysia's jobless shot up to 826,100 in MCO-era in May, most unemployment in 2020 yet* published on a local online news portal. It also impacted retirement savings, and derailed many investors' retirement schedules. Though the relaxed Employees Provident Fund (EPF) and Private Retirement Scheme (PRS) withdrawal policies were initially a welcomed relief, it led to many exhausting their EPF savings within months. According to EPF, by early June, 4.1 million applications were made with RM1.94bil withdrawn while approximately 0.5% of PRS members applied to exercise this option.

By now, many are wearily wondering, "Is the worst of 2020 over?" Alas, I must inform you of the incredibly dull yet extremely relevant fact; saving for retirement is a lifelong task and if possible, we must persevere despite a troubling year.



Review and evaluate

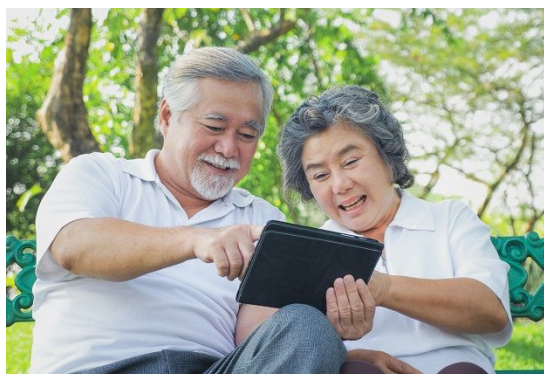
In times of panic we easily stumble in our rush to avoid losses. Though it is hard to be objective when surrounded by a herd mentality, it is absolutely necessary. Retirement savings are often referred to as nests, but I liken it more to a ship. By objectively reviewing your portfolio, you can ensure that your retirement ship is well fuelled, travelling on course, with leaks sealed, and its growing cargo protected.

Even if strong winds emerge, you can adjust your sails to your advantage. This step also prevents you from using your savings immediately to supplement everyday expenses. It forces you to determine your cash position and look for ways to budget. If you

must access your savings, calculate how much you can take without affecting your long-term goal. When you can, return the amount withdrawn. Evaluate your current allocation and your risk tolerance before making a move. A diversified portfolio limits your exposure to a single type of investment, reducing volatility over time.

Reduce debt

Avoid additional debt even if you seem to be in a safe position. Recent events have shown that one should expect nothing and anticipate everything. Look at existing loans and prioritise repayments systematically. Often, debt impedes saving as interest can accumulate rapidly, limiting your ability to devote income to savings or investments. If you are still in your 30s or 40s, focus on paring down your debt while leaving saving on the backburner. Once that is done, make saving a priority again.



Health is wealth

A person's ability to dock at their retirement harbour also depends on whether they have access to healthcare later on. Ensure that your needs are protected against rising healthcare costs with sufficient medical coverage. Presently, though you may be covered by your employer's insurance, it will cease once you are unemployed. Therefore, purchasing your own medical plan offers an additional layer of security. As we enter the third quarter of the year, economic data is showing signs of recovery thanks to local fiscal support and liquidity programmes. However, the threat

of new infections remains, which may mean persisting volatility.

The immediate focus for investors is to ensure their cash flow and savings remain intact. At this juncture, they need to remain fixed on these goals to survive these waves of turmoil. – **By Ismitz Matthew De Alwis, executive director and chief executive officer of Kenanga Investors Berhad**

Kenanga Investors Berhad is one of Malaysia's leading asset management firms. Matthew is the current president of the Financial Planning Association of Malaysia. He is a Certified Financial Planner and Islamic Financial Planner. He holds a Capital Market Services Representative's Licence from the Securities Commission for fund management and investment advice. He is a staunch believer that financial literacy will empower Malaysians to invest wisely in the financial markets.

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Source:

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6 Planning Your Retirement

THE STAR, TUESDAY 28 JULY 2020

Preserving the retirement dream amid waves of turmoil

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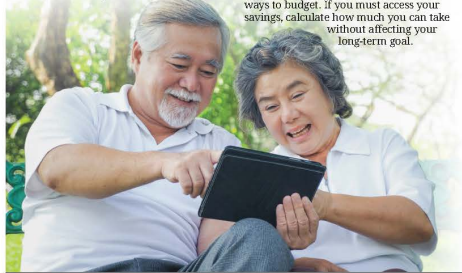
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Easing into the best time of your life

AFTER toiling for years at your job, you are finally able to retire! However, the question "now what?" begs to be answered. For many, our identity is shaped by the social responsibilities we have, especially in the areas of work and family. When you have retired and your children have down the nest, you feel like you have lost this crucial part of your life and start wondering what to do with your time.

Adjusting to retirement is a transition everyone needs to go through. However, you will find yourself pleasantly surprised once you have found your footing. Here are several tips to help you ease into retirement.

● **Expect to go through a few emotional stages** – Any big transition in life, such as moving away from home or starting a new job, requires some emotional processing. It is the same for retirement. You would generally first feel the sense of freedom, but after a while, you may find yourself reaching the point of boredom and anxiety as you ponder what comes next.

Suppressing these emotions can bring about negativity, where some may resort to coping mechanisms such as alcohol or food to fill the void. Hence, it is better for you to be aware of your emotions and share them with people you trust. Visiting a counsellor or therapist during this time may be a good first step, too.

● **Create a routine to follow** – We are shaped to live in routine when we enter nine-to-five jobs. When you lose this, you may feel confused about how to spend your days. If you thrived on a schedule before retirement, there is no question that you should stick to a routine afterwards. Having a flexible schedule to guide you throughout your day can give you a sense of productivity and purpose.

● **Aim small first** – Similar to your sense of accomplishment and pride when you

While you may no longer be in the workforce, there are still situations that remain the same in your life, such as friends and family, hobbies and other leisure activities. When we maintain continuity in certain aspects of our lives, we are less affected by a drastic change in our lifestyle. It is easier for us to carry on with life with familiar patterns and routines.

complete milestones at work, achieve your goals or tick things off your bucket list during retirement. However, setting lofty goals may leave you disappointed if you cannot reach them. While there is no harm in setting big goals such as climbing Mount Everest, you can start out with smaller goals by hiking up smaller hills and later mountains before setting your sights on Everest.

● **Grow and tend to your social circle** – You may find it difficult to keep up with your different social circles as a retiree as you no longer live the same pace as your still-working peers. However, the free time you have provides opportunities to rekindle old friendships, tend to current relationships and make new ones. You can host gatherings at your house, participate in activities at your local community centre or share your hobbies

and interests with a group of like-minded people.

● **Give back to the community** – With work commitments out of the way, one way to regain your sense of purpose can be through charitable activities. Helping people does not just expand your social circle, but also boosts your physical and psychological well-being as you become more active in the community. You can sign up to volunteer at soup kitchens, shelters or hospitals, and even teach classes.

● **Allow yourself some adjusting time** – The period of transitioning into retirement comes with many changes and thus may need some trial and error to reach the right balance. Hence, it is okay to give yourself some leeway if things do not work out as expected. The joy of retirement is that you now have the flexibility to carve your own path in this new stage of life.



Use the extra time you have with retirement to build stronger relationships with your loved ones through shared activities and interests.

Security blanket for new ventures

In the end, adjusting well to retirement boils down to the continuity of your lifestyle rather than making a big switch after you stop working. Forbes published an article earlier this year titled *Adjusting to retirement: The value of maintaining continuity*, which touches on the continuity theory. The article suggests that consistent patterns play a role in our ability to adapt to change.

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