

The Wealth Meta Financial Plan

August 2024





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THE WEALTH META

1. Vision & principles: What is a rich life?

Children's life stage

Toddler ages
Up to 2025 - 2027

Schooling ages
Up to 2040 - 2045

Empty nest
2045 and beyond

Overall rich life goals

- Small to medium expenses are worry-free
- Home chores are on auto pilot
- Home “upgrade” (either rent or buy)
- Children attend the best educational institutions
- Children instilled with family values and financial literacy
- Involved in philanthropy and giving to others
- Potential early retirement
- Retired, no longer working for money. Withdrawing from nest egg as required
- Generational wealth established in trusts
- Strong family bonds with embedded family values and principles that will be passed down
- Significantly contributing to society/community and making an impact

What does this actually mean?

- Age 42, NW of **RM[XX]m by 2027** (RM[YY]m as stretch target)
- Worry-free spending for anything below RM500
- Holidays are worry-free, but still need to plan to save for them
- Age 55, NW of **RM[XX]m by 2040** (RM[YY]m as stretch)
- Children are involved money management (e.g. “trust fund” for own weekly allowance)
- Age 65, NW of **RM[XX]m by 2050** (RM[YY]m as stretch)
- Charity / foundation establishment

2. Budget: Cashflow, income and expense management

Income

Salary	CapitalistStoic	XX	Total
Gross			
EPF Employer			
EPF Employee			
Tax			
Take home pay			

Budget / Spending plan

Breakdown on next page

Allocations (take home pay)

Category	%	Yearly	Monthly
Fixed costs	30%		
Large exp. / savings	19%		
Investments	36%		
Guilt Free	15%		

Bank account allocation

Category	Account	Amount
Fixed costs		
Large exp. / savings		
Investments		
Guilt Free		

2. Budget: Large future expense budgeting

Future savings planning

	Item	Annual Amount	Monthly Amount	Due
Recurring (Annual savings)	Holiday 1			
	Holiday 2			
	Holiday 3			
	Playschool Fees			
	Life insurance			
	SSPN			
	Car insurance / maintenance			
	CNY Ang Pows			
	Financial Planner			
Long term (Up to 3+ years)	Europe vacation			
	House down payment, reno, etc.			
	Car			
	International school fees			

3. Emergency funds: 6 months of expenses as accessible funds

2024 Plan

- **Approach**

- Current **monthly fixed costs** is ~RM[XX]k
- Hold **6 months of fixed costs** in “emergency fund” (RM[YY]k)

- **Accounts for emergency fund**

- Stored in **SSPN and [Bank] savings account** (blended with savings allocation)

- **Methodology**

- Top up RM[XX]k each year into SSPN (equivalent to tax relief) until RM[YY]k is reached
- If ever need to use “emergency fund”, withdraw as needed, then prioritise topping up again (from “Savings” allocation in budget)
- Longer term, **use EPF as “emergency fund”**, once EPF balance is above RM1m

2023 Dec status

PTPTN (SSPN) Balance

[Bank] account balance

Total

RM 0.00
RM 0.00
RM 0.00

4. Large savings goals: Planning for long-term savings

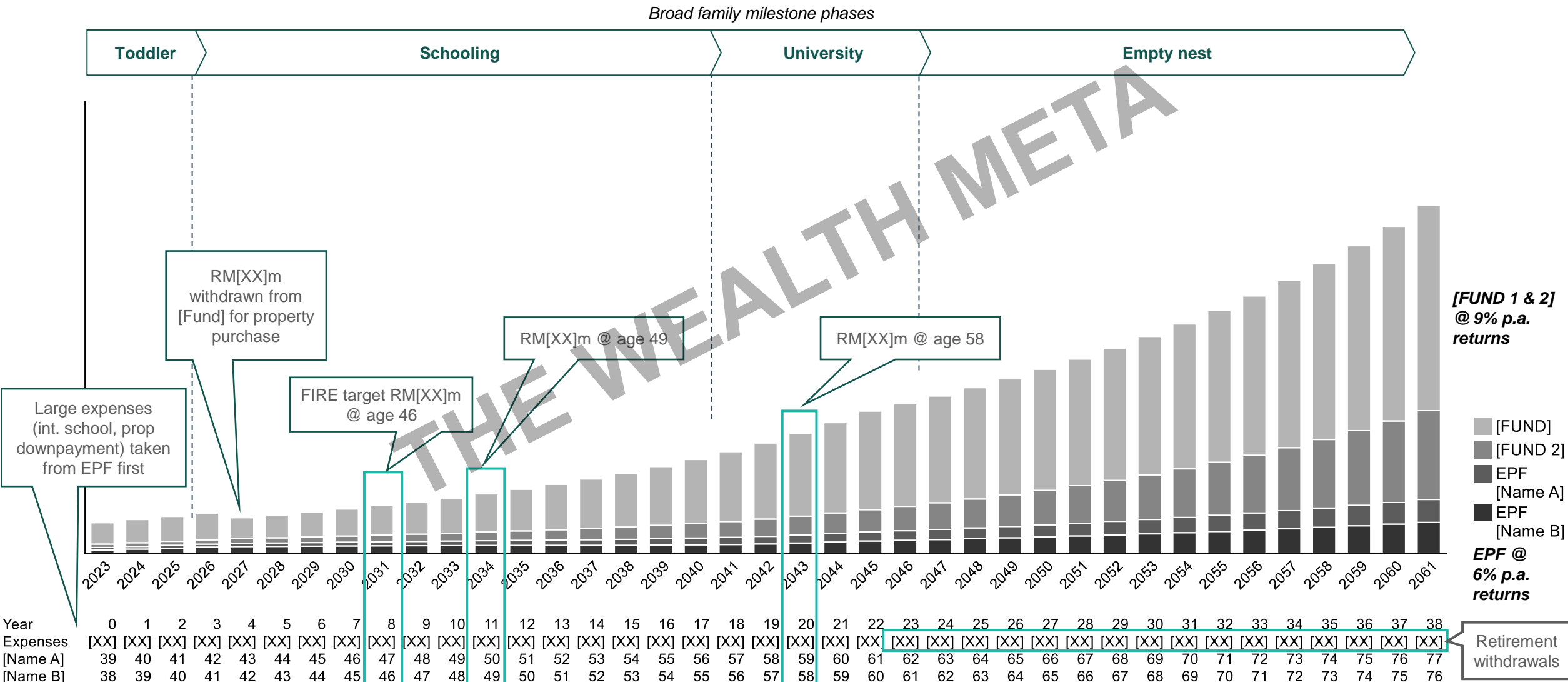
	Description	Comments
House	<ul style="list-style-type: none"> • Purchase Value ~RM[XX]m • Downpayment + Renovations = RM[YY]m • Assumed to be purchased in 2027 	<ul style="list-style-type: none"> • To be funded by selling portion of [ZZ] Fund
International School Fees	<ul style="list-style-type: none"> • 2 Children, estimated RM[XX]m X 2 = RM[YY]m cost including estimated education inflation of 3% - 5% 	<ul style="list-style-type: none"> • Strategy is to fund fee payments above monthly income cashflow from excess EPF funds > RM1m (coming from salary contributions), as [ZZ] Fund is already main “retirement fund”

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5. NW / Retirement forecast: Projections of investment assets based on current income, savings rate and investment allocation

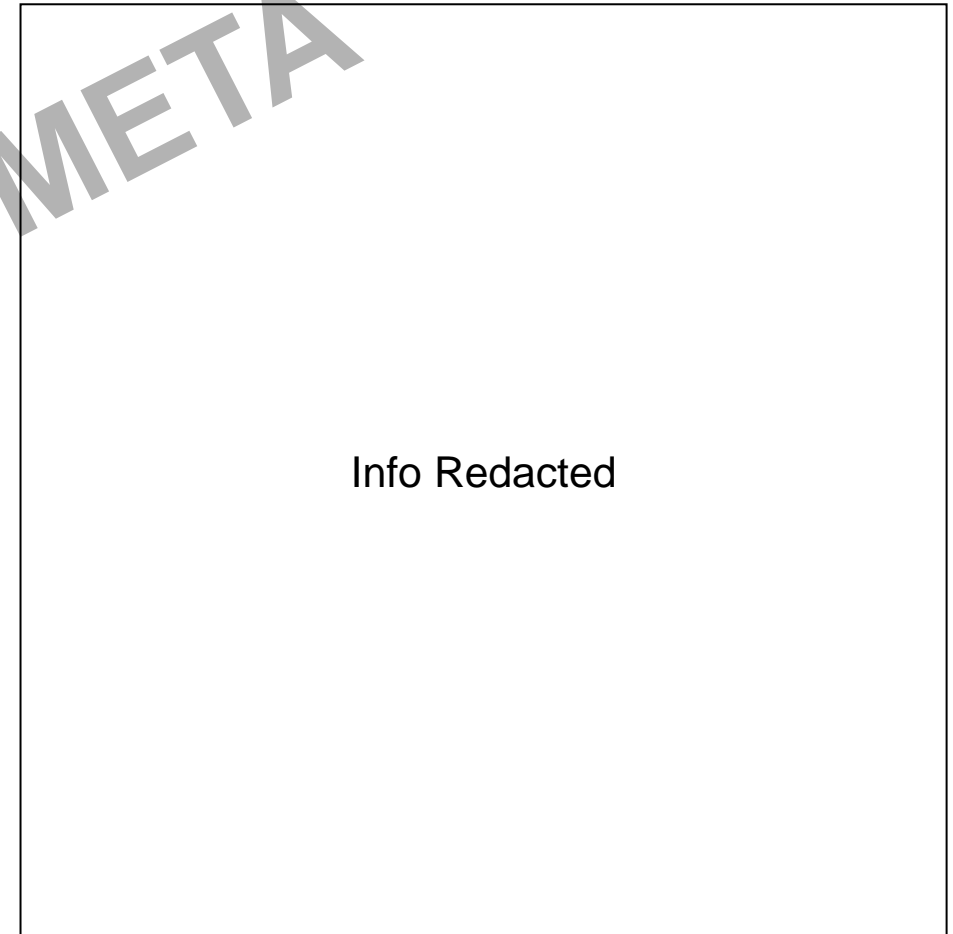


Investment projections, excluding cash, cash equivalents and property (RM'm)






6. Insurance: Strategy for insurance policies

Insurance type	Plan
Medical + Critical Illness (CI)	<ul style="list-style-type: none"> • [Employer] already provides more than sufficient coverage for entire family • Own term medical insurance still required to cover tail risk (e.g. if incur condition during employment no issue, but difficult to purchase own insurance with pre-existing conditions once unemployed) • Action: To purchase high deductible insurance (e.g. >RM50k) to reduce premiums and cover larger expenses
Life	<ul style="list-style-type: none"> • Only required during wealth accumulation stage, for the amount needed to close the gap in achieving our retirement goals + cover all debt obligations (e.g. mortgage) • Current life policies totaling RM[XX]m will suffice to cover shortfall
Personal Accident	<ul style="list-style-type: none"> • N/A



6. Insurance: List of in-force policies

Insurance type	Plan
Group Medical RM[XX]m	<div data-bbox="509 351 705 444" style="border: 1px solid gray; padding: 2px; display: inline-block;">Group Insurer A</div> Covered by employer <ul style="list-style-type: none"> Covers max USD[XX]m per person per year (entire family)
Group Life RM[XX]m	<div data-bbox="509 472 705 565" style="border: 1px solid gray; padding: 2px; display: inline-block;">Group Insurer A</div> Covered by employer <ul style="list-style-type: none"> Life insurance = 36 months salary (total ~RM[XX]m)
Personal Life RM[XX]m	<div data-bbox="428 611 705 772" style="display: flex; flex-direction: column; align-items: center;">    </div> Personal coverage (3 policies) <ul style="list-style-type: none"> FWD (Sum assured RM[YYY]k, policy no. [redacted]) SunLife (Sum assured RM[YYY]k, policy no. [redacted]) Hong Leong Assurance (Sum assured RM[YYY]k, policy no. [redacted])
Group Critical Illness RM[XX]m	<div data-bbox="509 836 705 929" style="border: 1px solid gray; padding: 2px; display: inline-block;">Group Insurer A</div> Covered by employer <ul style="list-style-type: none"> Up to SGD [YYY]k Upon diagnosis of major illness. List includes cardiovascular related illness, organ failure, cancer, neurological diseases
Group Disability ~RM[XX]m	<div data-bbox="509 1058 705 1150" style="border: 1px solid gray; padding: 2px; display: inline-block;">Group Insurer A</div> Covered by employer <ul style="list-style-type: none"> 75% annual salary (max ~RM[YYY]k)
Group Personal Accident ~RM[XX]m	<div data-bbox="509 1179 705 1272" style="border: 1px solid gray; padding: 2px; display: inline-block;">Group Insurer B</div> Covered by employer <ul style="list-style-type: none"> 36 months salary

7. Investment policy statement: Embrace Boglehead philosophy of investing in index funds



Category	Description
Philosophy	<i>"Buy-and-hold, long-term, all-market-index strategies, implemented at rock-bottom cost, are the surest of all routes to the accumulation of wealth" - John C. Bogle</i>
Objectives	<ul style="list-style-type: none"> • Objective 1: To build sufficient wealth to retire comfortably (current expenses ~RM[XX]k p.m. in 2023) • Objective 2: To build wealth to pay for large expenses, e.g. downpayment for house, children's education, etc. • Objective 2: To minimize potential tax liabilities • Objective 3: To monitor portfolio allocation against holding limits, to benchmark returns, and to consider revisions to portfolio as personal situation may dictate
Risk tolerance	<p>My ability to tolerate the uncertainties, complexities and volatility inherent in the investment markets has been considered in the development of this investment program. The main factors that have influenced my risk tolerance and asset allocation are: age, present financial condition, specific financial goals, discretionary income and its variability, past investment experience.</p> <p>I have a relatively high-risk tolerance to keep a concentrated risk in equities, so long as there are sufficient buffers in cash reserves to maintain our current lifestyle</p>
Target asset allocations and limits	<p>My portfolio was developed subject to certain holding limitations. These are limitations on the minimum and maximum percentage investment in each asset class:</p> <ul style="list-style-type: none"> • Large Equities (>75% percent) • Bonds & Equivalent (<20% percent) • Cash (<10%) <p>Target diversification is World index. No intent to allocate capital into property or even other asset classes/types (even REITS)</p>
Selection criteria	<ul style="list-style-type: none"> • Expense ratio: Never more than 0.5%, as low as possible, ideally < 0.2% • Index type: Must be at least developed country level, preferably total world market index (no thematic funds, etc.)
Current Funds, Accounts and purpose / strategy	<p>Strategy:</p> <ul style="list-style-type: none"> • Main wealth generation & retirement funds will reside within [Fund] and [Retirement Fund] (this is already sizeable, and can grow on its own) • Treat EPF as a "high interest savings account" by: <ul style="list-style-type: none"> – Focusing additional investments into [Name A] EPF until RM1m is reached (targeted ~2025) – As all additional funds post RM1m can be withdrawn at any time with no implications, use funds from here to support additional expenses, e.g. school fees – This allows us to "limit" amount of asset allocation into EPF (by withdrawing additional above RM1m), and it can be reallocated to [Fund] which has better long-term returns – Increase employer contribution to 19% to maximum tax efficiency
Review process	Annual review and rebalancing
Rebalancing	Taxation considerations: As long as non-resident of [country], no CGT implications for buying / selling funds in my [Fund] account

8. Estate / will: Embrace Boglehead philosophy of investing in index funds



Category	Description
Will	<p>Wills for drafted and signed, last updated in 2021. Contains</p> <ul style="list-style-type: none">• Distribution of estate• Guardianship for children <p>Action: Requires revision for updated personal family situation (In progress)</p>
Declaration of Trust	<p>To ensure assets are accessible by spouse / children in the event of coma, missing persons, TPD, etc.</p> <ul style="list-style-type: none">• Transfer of assets into trust upon trigger event• [Trustee] to manage assets in trust• Guardian / protector to overlook [Trustee] managing Trust <p>Action: To draft and execute with lawyers (In progress)</p>

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