JustUnitTrust.com
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Part 2
Personal Investment Planning
Need-based
Solution &Value Plans

“Nobody plans to fail”

but

many “Fail to plan”

Always “pay yourself first”

Income – [Savings + Investment] = Expenses

Wealth Accumulation

"money works for you"

"money on holiday"

Wealth Accumulation

Investment

- Higher risk/return potential
- Long-term – allow money to grow
- Growth = capital gains + distribution (div)
- Hedge against inflation

Savings

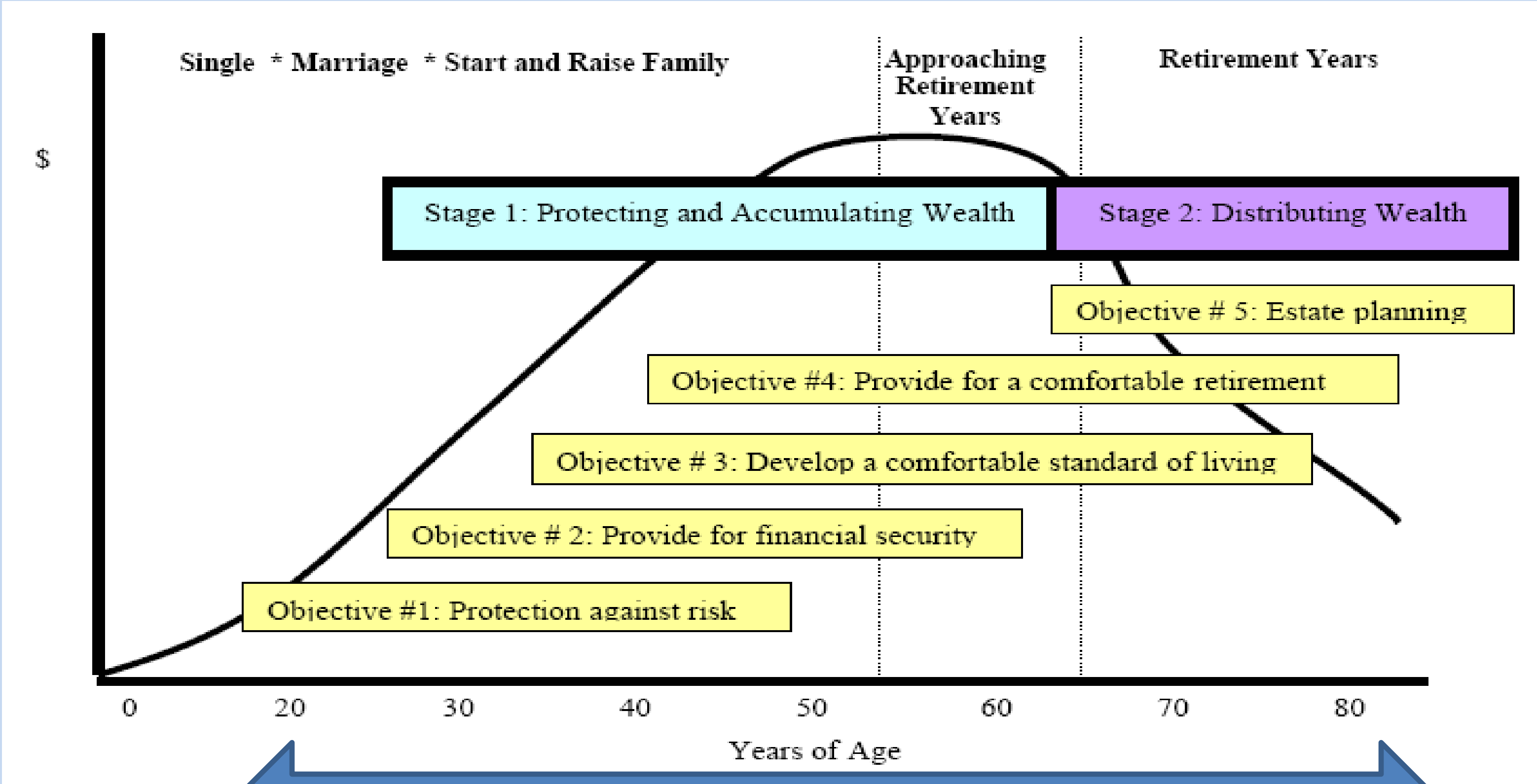
- Lower risk/return
- Short-term & liquid
- Protection & preservation from loss

Wealth Accumulation – WHY ?

- Accumulation Wealth for ?

1. Increase networth – achieve critical mass, more money, legacy
2. Retirement fund – steady income when not earning
3. Education fund - love ones
4. Lifestyle – holidays, umrah & haj, passion & hobby

Financial needs & objectives change throughout life.



Cashflow & Debt Management Planning

Protect against risk – Insurance & Takaful Planning

Purification –Tax & Zakat Planning

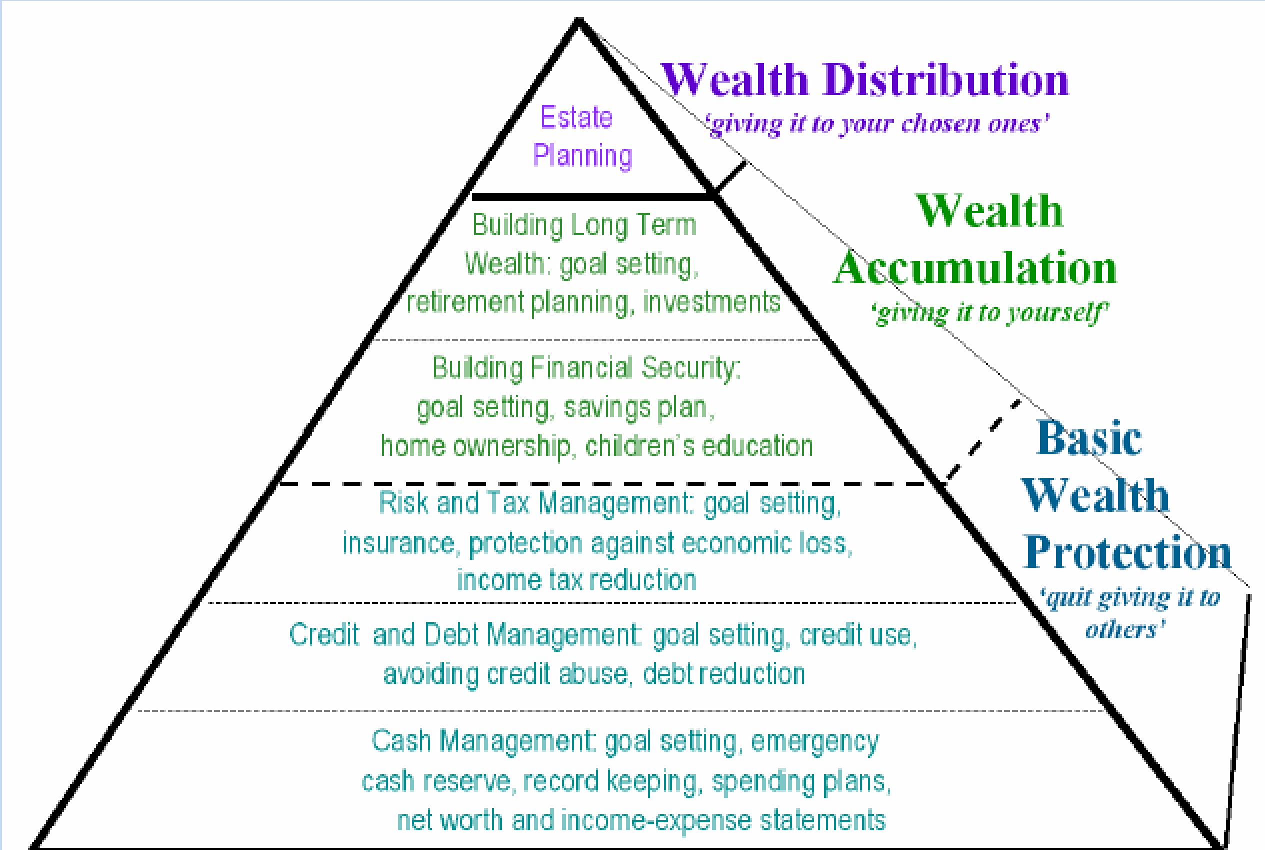
Accumulation of Wealth – Investment Planning

Distribution of Wealth – Estate Planning

Financial Planning - Objectives

- Investment Plans are common tools in “Wealth Accumulation” & “Wealth Distribution” stages. It is easier to implement once the “Basic Wealth Protection” is established.

Personal Financial Management Pyramid



Financial Planning – Wealth Mastery by Anthony Robbins

Bucket #1

Security/protection – beat inflation

- basic needs
- 2-6 months expenses
- fixed income investments
  - cash, bonds, Insurance, epf

Bucket #2

Growth – build Critical Mass

- maximize (optimize) returns
- non-guaranteed investments

Buy & Hold - investor

- Critical mass
- Long-term
- UT, property

Trading - trading

- short-term
- liquidity
- stocks

Bucket #3

Dream Capital

- planes, boats, jewelry, fun things, sports
- may not make money
- money you can afford to spend on fun things

Pause & Think..

"Need Based Selling" requires you to start with identifying ones needs.

So… How do you identify ones needs ?

Answer :

- Guess
- Fact Finding Questionnaire (ref sample)

Typical "Needs" (Guess)

1. Buy car, house
2. Getting married
3. Education fund
4. Retirement fund
5. Pilgrimage fund
6. Emergency fund
7. Legacy

Pause & Think..

"People don't buy ***price/cost***, they buy ***value***"

exc : mercedez, bmw

exc : unit truts (company C vs company P)

"People don't buy ***products*** (features), they buy ***benefits***. They buy ***solutions*** to their problem"

exc : unit trust - C vs P

History of selling :

- Push product
- Flaunt features
- Selling benefits
- Create value for customers

Promoting Unit Trust for Financial Plans

Find/create NEED

Design & Develop SOLUTIONS
Distinguish the BENEFITS & VALUE

- **Financial plans**
- **UT funds**
- **Risk Profiling**
- **Rebalancing strategies**
- **Diversification**
- **Value-add**

The 6-steps

- Establish Relationship
- Gather information
- Analyse
- Develop Plan
- Implement Plan
- Monitor & review

Kita minum dulu !

Coffee Break

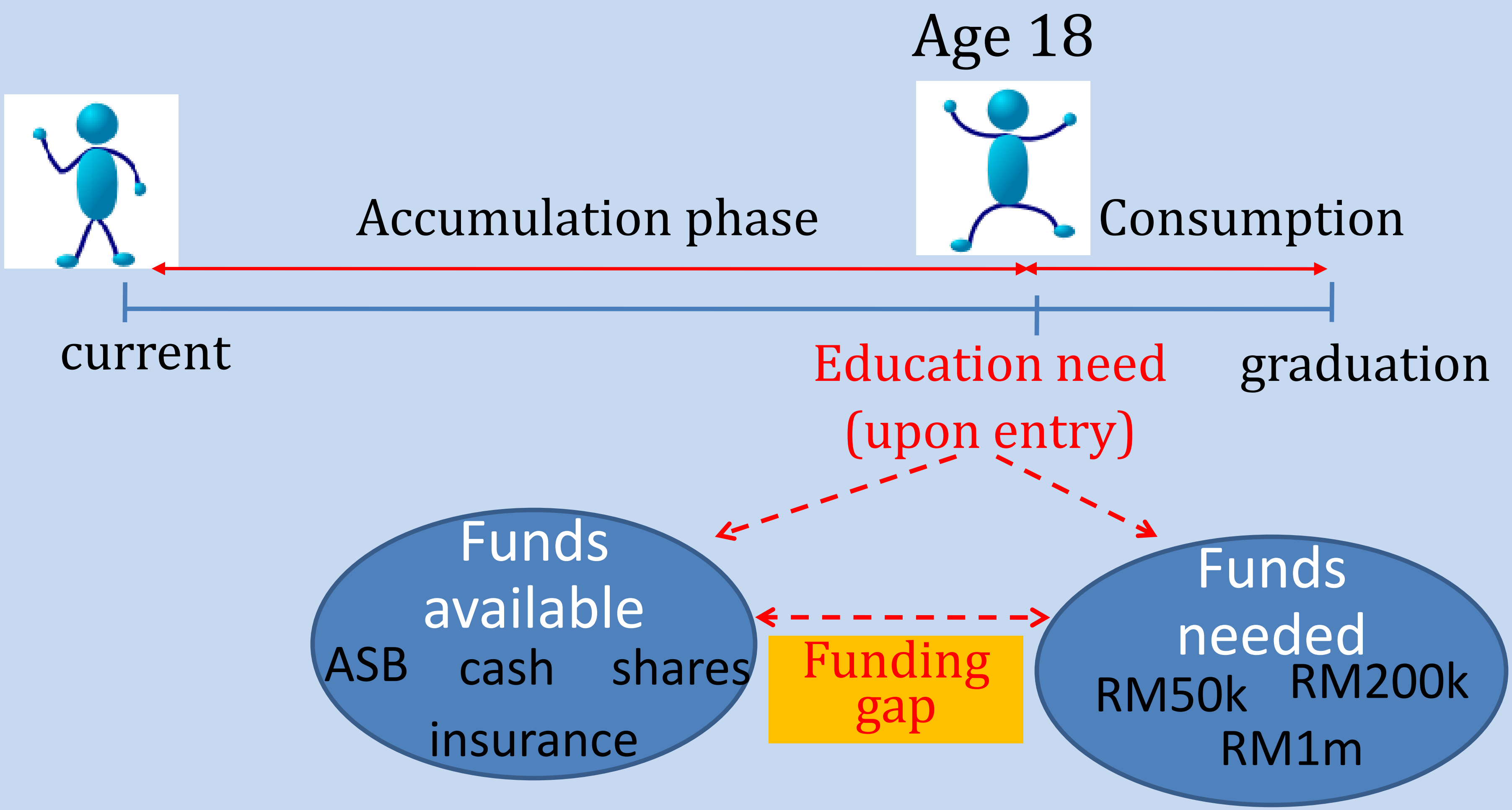
Plan 1 : Education Fund

Education Fund planning – options

1. Insurance plan only (usually Investment-linked)
2. Investment plan only (Unit Trust, Equity/stocks, Property)
3. Insurance plan + Investment plan

Discuss (ref articles)

Illustration : Education funding



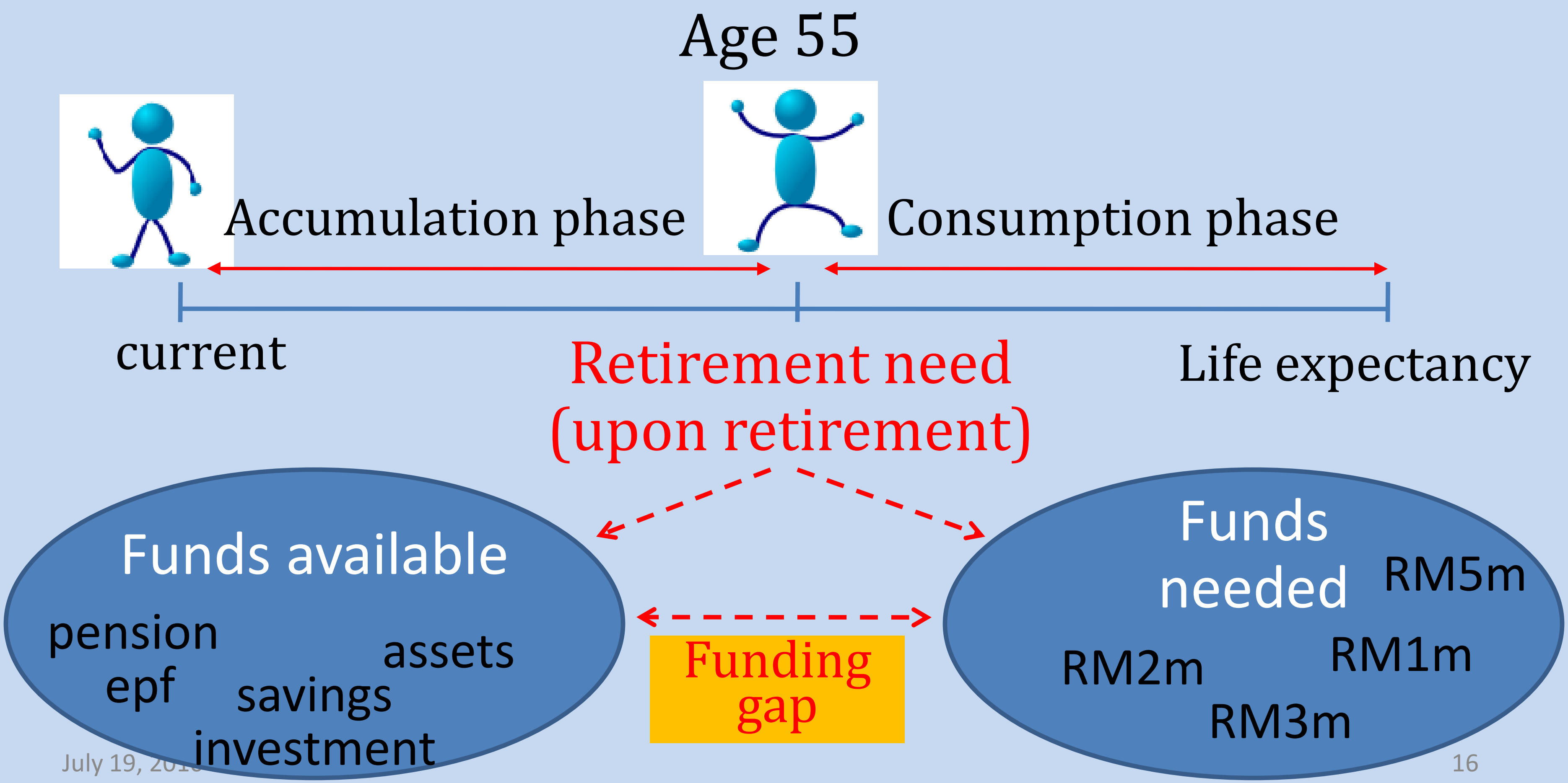
Plan 2 : Retirement Fund

Retirement Fund planning – options

1. Insurance policies – endowment, annuity
2. EPF funds
3. Share Option Schemes
4. Investment – Shares, unit trust
5. Savings – cash at bank
6. Property – capital gain, rental

Discuss (ref articles)

Illustration : Retirement funding



Plan 2b : Retirement Fund for Woman

Woman Retirement Funds

Discuss (ref articles) – some facts :

1.

2.

3.

Plan 3 : Post Retirement Investment Plan

Senior citizen financial planning scope includes :

1. Medical plans
2. Investment Plans
3. Distribution Plans – estate planning, business succession plans

Key considerations when investing in unit trust :

1. At age 55 – not really considered “over the hill”. Remaining life span allows them to go through few more economic cycles.
2. Suggest portfolio which are defensive, fundamentally strong, consistent and with dividend payouts.
3. Suggest asset allocation & diversification in portfolio especially if have appetite for aggressive funds.

Some useful formulas

Tool : Financial Calculator

1. Hire Purchase – Car
   Rule 78
2. Credit card
3. Housing Loan
4. Cashflow with growth (adjusted I)

Asset Allocation – Equity vs Fixed Income

- Simple Rule of Thumb

  equity % = 100 less “your age”
  (balance in fixed income)

- reduce portfolio risk - invest in low beta (less volatile) stocks/equity with high dividend payout (independent power producers, cigarette companies, some consumer products)

Asset Allocation – Risk Profile

- What it means is “how much can you stomach? – your pain threshold”
  1. Aggressive – loss 15% - 20% (or more)
  2. Moderate – 8% - 15%
  3. Conservative – below 6%

  (net of service charges ?)

- Volatility measures risk.
  1. FD volatility 0 – 4%
  2. Bonds funds volatility about 4%
  3. Equity funds volatility 8% - 14% (developed markets) to 20% (emerging markets).
  4. Commodities funds volatility above 14%.

Terima kasih