

Managing and Growing Wealth

Why should you plan your finances now?

The key to accomplishing your goal and desired lifestyle is by managing and growing your wealth through smart financial planning and investment. The sooner you map out your financial future the easier it will be for your money to continue to serve you well in an unpredictable economy and help you make your dreams come true, from buying property, preparing for your children's education, to enjoying a financially secure retirement.

Reasons why you should plan your financial future:

- Indonesia's high rate of inflation
 - According to data from Bank Indonesia, the average rate of inflation in 2016 (January – October) was 3,56%, with the inflation at its highest in the month of March at 4,45%, and its lowest at 2,79% in August, before increasing to 3,31% in October. This kind of instability is something that must be considered seriously.
- It is never too late to begin saving and investing. The earlier you begin your investments, the more opportunity you will have to grow your wealth.
- To ensure your family is protected from any unforeseen financial expenses in the future.
- To lift your confidence to face the future, especially upon retirement.

Preparation is Key

If financial planning is the way to prepare for your family's future, then growing your wealth is the key of its success. You can make it happen right away through a good financial plan and smart investment.

Would you like to find out more?

We offer support for your financial planning and investments. We can also help arrange your investment portfolio according to your risk profile, which adds peace of mind while you work toward your financial goals.

How do I make a Financial Plan?

To maximise the potential of your wealth and reach the goals you have set for yourself in life, it is very important to have a financial plan. We often hear of how many people consider financial planning to be a complicated task, but if you break it down into a few easy steps, it becomes the guiding light toward your successful financial future.

Let us support you through the 5 easy steps for financial planning:

Step 1: Set clear goals

Set clear short-term and long-term goals, which may range from:

- Paying for your home.
- Buying property, whether domestic or overseas.
- Starting your investment portfolio, both for your family's future and for the increase your own wealth
- Providing the best education possible for your children.
- Preparing your retirement fund which will allow you to live comfortably in years to come.

It's pretty common to re-consider and talk over your financial goals every 6 months when you create your first financial plan. This is to maintain your focus on what is important and to arrange your priorities and commitments so you can give your best shot at meeting your financial targets.

Step 2: Assess your current financial situation

Before meeting with a financial advisor to discuss your financial plan, it is important to take a look at your current financial situation so that the most appropriate plan can be put together that is tailored to you. It is essential that you make an analysis of the following:

- Household Expenses:**
 - What are your monthly household expenses?
 - How does your household expenditure this month compare with that of last month?
 - How much you can afford to set aside for savings and investment?
- Ownership of Assets:**
 - Do you have savings?
 - Are you investing?
 - Are you covered by insurance?
- Financial Commitment:**
 - Are you prepared to set aside funds for investment each month and make it routine?
 - Will you be able to cover compulsory household expenses on time?
- Family:**
 - How many children do you have now or plan to have in the future?
 - How many grandchildren do you have and do you have any financial commitments to them?
 - Do you have school age children who will one day require a university education?
- Future Plans:**
 - Will you purchase property or add to your property portfolio?
 - Will your children require further education?
 - How will you assist your children when they decide to get married?

Step 3: Draw up your Plan

Now is the time to save and start investing. We have an entire range of savings and investment options to suit your needs from deposit accounts, to shares, to bonds, to property and right through to investment funds. Whichever you choose, please consider the following:

- Understand the Risk of your Investment Choice**

Every investment type has its own character and risk. As an investor, get to know what level of risk you are comfortable with and understand the risk profile associated with your investment choice, including all the factors which bear influence on your investment.

Make sure that the goal of your investment is realistic in terms of your expectations and current financial situation. If you need to, employ the services of a financial advisor to select the type of investment that will work best for you.
- Your Investment Objectives**
 - Capital growth:** Before increasing the value of your original investment, understand the level of risk that you are likely to face.
 - Income:** Investing can be a great way to add a source of continual income, for example when bond dividends are shared or investment interest is paid to you.
 - Capital preservation:** If you are just looking to protect the value your principle investment, choose a deposit account or an investment product where the financial risk or the return tends to be lower.
- Liquidity**

If you were to suddenly need cash at any given moment, does your investment easily allow for you to cash-in?

Consider the pros and cons of each of the points above, and come up with a monthly investment target that is realistic for your situation and lifestyle.

Step 4: Put your Plan into Action

Putting your strategic financial plan down on paper is not enough- you need to put your plan into action. Congratulate yourself for taking the first steps toward investment and if you need to, consult with a financial planner to help guide you toward your investment goals.

Step 5: Review your Financial Plan regularly

Market fluctuations are always bound to occur. With the support of the HSBC financial team, your investment portfolio will be monitored regularly to ensure that it remains in line with your investment goals, and can withstand any market volatility.

Need our Assistance?

One of the best ways to ensure a good investment portfolio is to choose the right financial advisor. Our financial advisors can recommend savings and term deposits, investments, and insurances that are appropriate to your current financial situation while ensuring that your future plans and financial goals are made priority.

Savings Tips

Saving is often said to be compulsory, however many people place it very low on their priority lists. For some people, savings is what keeps their head above water month to month, while for others it is a security net for when unexpected things happen that demand financial expense.

The following are some tips for helping you save:

- When you receive your income, 'pay yourself' first and foremost**

Before using any of the money you receive, be sure to deposit a portion of it into your savings account. In Indonesia, the ideal percentage to take from your income for saving is 15% (Banking Info, 2016).
- Save according to changes in your financial ability**

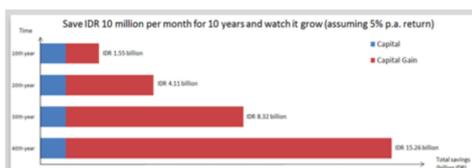
As your income increases, so too should the amount of money you put into the bank.
- If you have enough spare cash, build a source of emergency funds for the unexpected and large purchases**

These savings can be used for holidays, or to cushion you financially in the event of unforeseen financial expenses which may occur as a result of job loss for example. The aim of this approach essentially is to protect you from falling into debt.
- Spread your money out to maximise your returns on interest**

By diversifying your investments you can reduce the risks, provided you are choosing investment products that are appropriate for your goals and financial conditions. A good option is to place a large portion of your income into a long-term account with higher return, while allocating the remainder into short or middle-term accounts so that you still have access to cash when you need it. Don't forget to always have a savings account which allows immediate access to cash for emergencies.
- Make savings a 'Routine'**

By investing smaller amounts and provided you are making regular deposits regardless of market conditions, you reduce the risk of investing a large amount, and also potentially lower the average cost of your investment over time. This will increase the long-term return on your investment.
- Stay invested**

You might feel the urge to cash-in on your investment the moment the market begins to not work in your favour, but history shows that markets recover in the long-term. It is a good idea to set aside at least 6 months worth of your income before you begin investing to see you through any period of market volatility.
- The earlier you start, the earlier you reap the reward**



The earlier and the longer you remain invested, the better your results will be.

- Make smart investment choices**

Each person has a different risk profile, so choosing investments that compliment your lifestyle while also addressing your financial goals needs to be smart. It is also important not to just follow the latest investment trends - think of the investment as a long term commitment. Really consider each and every investment choice that you have available, and only invest staying true to the level of risk that you are most comfortable with.

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How to manage your wealth?

For more information on how we can help you manage and grow wealth with a wide range of market-leading investment and insurance solutions, according to your risk profile.

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