Financial Planning Report

John Tan

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Dear John,

We have completed the first phase of your financial planning journey on MoneyOwl's roboadvisory platform – the discovery of your needs, goals and financial situation.

Based on the results of this discovery phase, we have designed for you this report, which contains your very own Comprehensive Financial Plan. You will find your personalised financial health check results, an analysis of your insurance needs and gaps, and how much income you can expect to have in retirement.

Your Comprehensive Financial Plan is designed by MoneyOwl using an approach that is revolutionary in many ways.

1. **Life begins today and not only in retirement.** Therefore, we project your retirement income based on what you already have now, instead of asking you to forecast your future needs. This new way of financial planning gives you a more realistic grasp on how to balance your current finances with your future lifestyle.

2. We integrate national schemes into retirement planning in a holistic and sophisticated way. **We use CPF LIFE to form your Safe Retirement Income Floor.** Using our proprietary MoneyOwl CPF Analyser, we project your potential CPF LIFE annuity payout, taking into account your contributions and mortgage payments, as well as the complex rules and limits in the CPF system.

3. We have incorporated sophisticated techniques drawn from global financial planning standards to design a way of receiving additional income in retirement while remaining invested, so that you can **build your own sustainable stream of "passive income".**

4. **We use cost-effective financial instruments that are fit for purpose to implement your plan,** rather than expensive financial products. The more you save on insurance, the more you have for wealth accumulation. Likewise, for every dollar you save on investment management fees is one additional dollar for your retirement.

You now have on hand a comprehensive financial plan based on **your** needs. We encourage you to take action on the needs identified. If you wish to further customise your plan and discuss unique concerns, you can consider taking up a two-hour consultation with our fully salaried MoneyOwl Client Adviser.

Thank you again for entrusting your financial plan to MoneyOwl!

Yours sincerely,

Your MoneyOwl Advisory Team

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Your Personal Profile

Current Age: 34

Dependants:

1. Lucas Tan Khai Ray, 4, Child
2. Louie Tan Khai Shuan, 1, Child
3. Gan Shu Han, 32, Spouse

Goals:

- Year 2039 - Support 100% of Lucas Tan Khai Ray's Singapore university education
- Year 2042 - Support 100% of Louie Tan Khai Shuan's Singapore university education
- Year 2053 - Achieve financial independence by age 65

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Your Cash Flow

Here's a breakdown of your cashflow on monthly and annual bases.

	Monthly	Annual
Gross Salary + Other Work Income	$6,000	$72,000
Annual Bonus	-	$15,000
Less: Employee's CPF Contribution	($1,200)	($17,400)
	$4,800	$69,600
Other Income (e.g. rental, dividends, others)	$4,800	$61,600
Take-home Income	$9,600	$131,200
Less:		
Living Expenses	($3,000)	($36,000)
Loan Repayments (cash)	($1,000)	($12,000)
Ad-Hoc Expenses*	($7)	($83)
Bad Mood Fund	($200)	($2,400)
Total Spending	($4,207)	($50,483)
Existing Regular Savings Plans	$0	$0
Your Surplus/ (Shortfall)	$5,393	$80,717

* As a good budgeting discipline, we recommend allocating all your expenses over 12 months of your income. So, we divided your ad-hoc annual expenses (like holidays) by 12 and deducted them from your monthly income.

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Your Net Worth

This is your total net worth based on your current financial situation.

Assets		Liabilities	
$964,750		$450,000	
(What You Own)		(What You Owe)	
	$		$
Cash in Bank	80,000	Home Loan	400,000
Singapore Savings Bonds	0	Investment Property Loan	0
CPF Balances	202,750	Car Loan	50,000
Investments	162,000	Other Loans	0
Home	520,000		
Investment Property	0		
Other Assets	0		

Your Net Worth

$514,750

(Assets minus Liabilities)

Your Financial Health Check

Like a physical health screening, a financial health check highlights potential issues that need your attention. You must be financially healthy before you can run the marathon of growing your wealth.

Basic Liquidity Ratio (Your Emergency Fund)

Your liquidity ratio is 20 months

This ratio tells you how many months you can go on living the same lifestyle if you lose all sources of income. Your emergency fund is made up of cash currently held in savings account, Singapore Savings Bonds and cash management solutions such as WiseSaver. We recommend setting aside an emergency fund of 3 - 6 months of your expenses.

Savings Ratio

Your savings from your total income is 50%

This ratio tells you how much of cash you are saving from your gross monthly income. The higher this ratio, the greater the ability to meet your long-term goals. We recommend saving at least 15% of your gross monthly income.

Debt Servicing Ratio

Your Debt Servicing Ratio is 8.5%

This ratio tells you how much of your total monthly income you are using to service all your loans. The higher this ratio, the less you have for daily living and savings. We recommend keeping this below 40%.

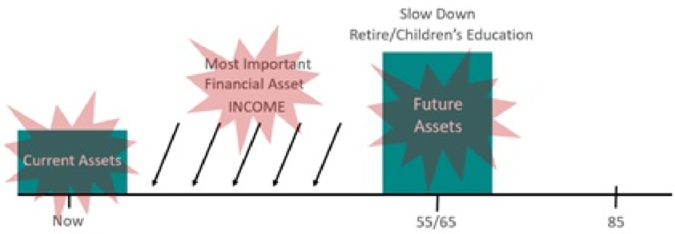
Non-Mortgage Debt Servicing Ratio

Your Non-Mortgage Debt Servicing Ratio is 10.4%

This ratio tells you how much of your take-home income you are using to service loans other than mortgages. These debts are usually used to finance non-essential spending. We recommend keeping this below 15%.

Risk-Proofing Your Journey

You know where you are now and where you want to be in the future. However, unfortunate events like death, disability and medical crises can cause your plan to fail.



Having the right insurance to replace your income in case you cannot work and to pick up large medical bills is essential. This helps you and/or your family to get life back to as normal as possible, as soon as possible. Being adequately protected also enables you to invest with confidence.

As your protection needs differ depending on your current life stage, we analyse your insurance gaps across four different situations after taking into consideration your current needs as well as existing insurance coverage.

Your Current Protection Gaps and Recommended Insurance Coverage

In the event of death

You would want your dependants to avoid financial hardship by replacing the income you would have earned so that life can return to normal as soon as possible. Life insurance pays a lump sum benefit upon death. Your life insurance plan should cover you for as long as you have an income to replace and dependants to support.

Life Insurance Gap: $0

To provide for your loved ones' living expenses ($726,000), children's education needs ($348,147) and to pay off outstanding loans ($450,000)	$1,524,100
Less:	
Existing Assets except residential property	($444,800)
Current Life Insurance Coverage (including Dependants' Protection Scheme and Home Protection Scheme)	($1,470,000)
Additional Coverage Needed	$0

If you are unable to work due to disability

A major concern for people is what they and their family would live on if they cannot work because of disability. Disability income insurance provides you with a monthly replacement income if you are unable to work in your current occupation due to a disability that can result from an illness or injury.

Disability Income Insurance Gap: $0 / month

To replace 75% of your income in the event you are unable to work as a result of disability.	$4,500/month
Less:	
Current Disability Income Coverage	($4,500)/month
Additional Coverage Needed	$0/month

In a medical crisis

You can stop a medical crisis from becoming a financial crisis, by putting together the right insurance so that you can concentrate on getting well. There are two types of financial impact you should insure against - cost of large hospital bills that can deplete your savings and loss of income if you take a break from work to recuperate from critical illness.

Critical Illness Insurance Gap: $0

To replace annual income including bonus for 4 years to allow for rest and recuperation and seeking of alternative treatments	$348,000
Less:	
Current Critical Illness Coverage	($348,000)
Additional Coverage Needed	$0

Preferred Hospitalisation Ward: Private Hospital

Well done! Your current hospitalisation plan with rider provides for this.

If you need long term care

Severe disability in our old age would mean requiring additional expenses for caregiving needs as we will no longer be able to look after ourselves independently. Caregiving expenses can range from a few hundred to few thousand per month depending on your preferred level of care.

Long Term Care Insurance Gap: $0 / month

To provide for hired help, i.e. domestic helper to handle care-giving	$1,200/month
Less:	
Current Long Term Care Coverage (e.g. CareShield Life)	($1,824)/month
Additional Coverage Needed	$0/month

To ensure your loved ones are taken care of, it is not enough just to be fully covered. You should also write a will so that your assets will be distributed according to your wishes and to prevent leaving a financial mess for your loved ones. You can now easily draw up your own will with MoneyOwl's free online will writing service .

With term insurance, it doesn't cost you an arm and a leg to protect you and your loved ones from unforeseen situations. When you are adequately protected against life's key risks, you will be more confident to pursue your wealth accumulation aspirations.

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Funding Your Life Goals

You may already have several baskets of resources that can grow towards funding your children's education (if applicable) and retirement goals. These may comprise:

- Cash in bank (available for investment)
- Annual surplus (available for future investment)
- Existing investments
- CPF
- Retirement-related insurance policies

For cash in bank and future annual surpluses, we recommend you invest the following amounts:

Cash in bank to invest (one-time): $42,000

(this is 75% of your cash after setting aside your emergency fund which is 6 months of your monthly living expenses and loan repayments)

Annual surplus to invest (regularly): $56,538

(this is 75% of your 12-months' take-home pay minus monthly living expenses, ad-hoc expenses, loans repayments, regular savings plan, bad mood fund and insurance premiums required to fully close your protection gaps; plus 50% of your take-home annual bonus)

The recommended allocation among your goals and recommended portfolio(s) are in the next section.

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Projecting What You May Have

In the table(s) below, where applicable:

We allocate the recommended amounts of cash investment (one-time and annual) among the various goals, with one recommended portfolio for each goal/ child (if applicable), and project each portfolio's future value.

We project the future value of your existing investments, including monthly regular savings plans (RSPs). We assume these investments are used to fund retirement.

We project your CPF balances, taking into account existing balances, monthly contributions and withdrawals into the future, as well as CPF rules, using our proprietary MoneyOwl CPF Analyser. For CPF projection, your salary and bonuses are assumed to increase at a rate of 2% p.a. until your desired retirement age.

We list the expected payouts, if any, from retirement-related insurance policies as you had stated in the online journey.

See "Explanatory Notes: The MoneyOwl Method" for projection assumptions and a description of the MoneyOwl CPF Analyser at the back of this report.

Projected Funds for Children's Education

Recommended Portfolio(s)	One-Time Investment	Annual Investment	Funding Type	Projected Value @ Child's uni entry age
MoneyOwl - Equity	$42,000	$1,129	Cash	$165,040
MoneyOwl - Equity	$0	$4,274	Cash	$183,100

Projected Funds for Retirement

Recommended Portfolio (accumulation phase before retirement)	One-Time Investment	Annual Investment	Funding Type	Projected Value @ 65 years old
MoneyOwl - Equity	$0	$51,134	Cash	$5,083,270
Your Existing Investments	**Current Market Value**	**Monthly Investment**	**Funding Type**	**Projected Value @ 65 years old**
Alternatives	$162,000	$0	Cash	$939,530

Your CPF	Current Balances	Current Monthly Contribution	Current Monthly Withdrawal for Housing	Projected Value @ 65 years old
Ordinary Account	$202,750	$1,380	$0	$970,580
Special Account	$0	$360	$0	$68,770
MediSave Account	$0	$480	$0	$160,000
Retirement Account (for 55 & above)	$0	$0	$0	$0

Your Children's Education

One of the most precious gifts parents can give their children is a good education. Our approach is to fund university first and then retirement, on the basis that retirement can be deferred, whereas you may not be able to delay your child's education.

The recommended amount to invest is used to fund your children's education before retirement. Where there is more than one child, your resources are used to fund the first child going to university fully, before moving to the next child. We assume that you invest in the recommended portfolio(s), if any, stated in the earlier table. There is a separate portfolio for each child.

Here is what you are likely to be able to provide based on your share of the education costs:

100% of Lucas Tan Khai Ray's Education Cost in 17 Years' Time	$165,040
Funded By:	
Education Endowment Policy	$0
Investing $42,000 lump sum and $1,129 per year in a/an MoneyOwl - Equity portfolio	$165,040
Shortfall / (Excess), if any	$0

100% of Louie Tan Khai Shuan's Education Cost in 20 Years' Time	$183,100
Funded By:	
Education Endowment Policy	$0
Investing $0 lump sum and $4,274 per year in a/an MoneyOwl - Equity portfolio	$183,100
Shortfall / (Excess), if any	$0

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Your Retirement Income

Your Desired Retirement Age is 65

This is your projected retirement income at your desired retirement age:

$28,000 / month

Here is a breakdown of your projected monthly retirement income from the various sources.

See "Explanatory Notes: The MoneyOwl Method" to understand how your resources are transformed into income at different ages.

	Age 65	Age 95
CPF LIFE[1]	$ 4,460	$ 4,460
CPF OA/SA Withdrawal[2]	$ 0	$ 0
Portfolios/Investments Withdrawal[3]	$ 23,540	$ 0
Retirement Endowment Policies[4]	$ 0	$ 0
Rents and Dividends (as stated)	$ 0	$ 0
Retirement Income Policies (payouts as stated)	$ 0	$ 0
TOTAL MONTHLY INCOME	**$ 28,000**	**$ 4,460**

1. Based on estimated payouts under CPF LIFE Standard Plan, using the MoneyOwl CPF Analyser

2. Based on withdrawals from CPF OA/SA in excess of the Enhanced Retirement Sum, to provide a stream of retirement income between the ages of 55 and 65 up to your projected CPF LIFE payout amount.

3. The monthly income from investments is derived from re-investing the projected future value of both your existing investments and the recommended portfolio(s), if any, into a Balanced Portfolio upon reaching your desired retirement age and applying the 4% withdrawal rule to obtain a monthly income. Based on the "4% p.a. withdrawal rule", by investing in a balanced portfolio comprising of equal weightages in equities and bonds, you can withdraw 4% of your starting portfolio value to last for at least 30 years.

4. The lump-sum proceeds from maturing retirement endowment insurance policies are invested into a Balanced Portfolio upon reaching your desired retirement age. As with investments, a "4% (p.a.) withdrawal rule" is applied to obtain a monthly income.

The part of your projected retirement income comprising your CPF LIFE payout and other CPF-related withdrawals (if applicable) forms your **Safe Retirement Income Floor**, Other income, including withdrawal from your projected cash investment portfolio should you use your available funds to invest in a MoneyOwl - Equity Portfolio forms your **Additional Retirement Income**.

There are other options for Additional Retirement Income. This includes investing in a dividend-paying multi-asset fund, such as Fullerton MoneyOwl WiseIncome which targets to pay a dividend of 4.5% of Net Asset Value every year. More conservative investors may wish to consider a Retirement Income Insurance Policy, which provides regular payouts with a lower yield but is capital guaranteed, usually after a period of accumulation. MoneyOwl provides a 50% adviser's commission rebate for such policies.

If you are keen to optimise your CPF savings for your retirement, speak to our Client Advisers to learn more about the benefits and other considerations such as its impact on your cashflows when you do so.

For a fuller description, please see “Explanatory Notes: The MoneyOwl Method”.

Recommended Portfolio (for accumulation phase prior to retirement)

The portfolio recommended for your retirement considers your need, ability and willingness to take risks.

Equity Portfolio		
Portfolio Description	Asset Type	Asset Allocation
A successful investment experience is one where you can stay invested comfortably regardless of the market fluctuations during your investment period. Your risk appetite suggests that you have a very high ability and very high willingness to stay invested throughout large fluctuations. Therefore, your recommended portfolio is Equity, which has the largest fluctuations of our 5 portfolios and highest potential returns (6.8% p.a.).	Equity Bonds	100% 0%

Summary and Next Steps

Here is a quick recap on what we have covered. In this report, we have done a financial health check to find out how well you are managing your finances, revealed the gaps in your risk-proofing, and projected what you are likely to have at key milestones of your life if you take the recommended investment actions.

1. **Your Financial Health**

   Your financial ratios are healthy. Keep up the good work!

2. **Your Protection Gaps**

   a. Death

      No action required. You are sufficiently covered in this area.

   b. Disability Income

      No action required. You are sufficiently covered in this area.

   c. Medical Crisis

      No action required for hospitalisation coverage. You are sufficiently covered.
      No action required. You are sufficiently covered in this area.

   d. Long-Term Care

      No action required. You are sufficiently covered in this area.

   Estimated Premium to fully address protection gaps $0/month

   Use MoneyOwl's Insurance service and apply the recommended coverage inputs above to get a list of recommended products.

3. **What You Are Likely To Have At Your Key Milestones**

Children's Education Funding:

Lucas Tan Khai Ray	Fully Funded
Louie Tan Khai Shuan	Fully Funded

Projected monthly retirement income at age 65	$28,000

This is equivalent to $11,200 in today's dollars

To achieve this outcome, you will need to:

- Make a one-time investment of $42,000 and
- Make annual recurring investment of $56,538 into our recommended portfolio

Use MoneyOwl's Investment service to start investing towards your goals today!

Alternatively, for retirement, you may also wish to consider retirement income insurance policies if you are more conservative and do not mind a lower return but wish to have some capital guarantees. Please reach out to enquiries@moneyowl.com.sg for a follow-up discussion at no charge.

Well done on coming so far – you now have a Comprehensive Financial Plan! But this is just half the battle won. A plan counts for very little without action.

If you are new to many of the terms described in this report, we encourage you to explore our online resources, tools and calculators to gain a deeper appreciation of your financial situation.

If you are ready to act, consider our suite of low-cost solutions that were designed to help our clients plug their protection gaps and achieve their life goals as reliably as possible.

Alternatively, if you wish to have a more detailed and personalised discussion, you can consider taking up our face-to-face consultation service with a fully salaried MoneyOwl Client Adviser.

EXPLANATORY NOTES: THE MONEYOWL METHOD

Your personalised and Comprehensive Financial Plan is presented in a simple format. Behind the report, however, is a powerful, proprietary engine that combines sophisticated financial planning thought with deep technological capability.

This note explains the philosophy, methods and assumptions embedded in this engine.

A. MoneyOwl CPF Analyser

Using our proprietary MoneyOwl CPF Analyser, we project your CPF balances in each of your accounts - Ordinary Account (OA), Special Account (SA) and Medisave Account (MA) - up to age 55, including your monthly contributions and mortgage payments, as well as the complex rules and limits in the CPF system.

Your salary and bonuses are assumed to grow at 2% p.a. and CPF contributions are capped at the prevailing salary ceiling. Monthly contributions to CPF and additional contributions from variable payments such as annual bonuses are allocated among your three CPF accounts based on the prevailing allocation rates and the subsequent changes according to age.

Interest is earned at the prevailing interest rates and includes the extra interest earned on your combined CPF balances up to the first $60,000 - both the extra 1% earned by all CPF members, as well as the additional extra 1% interest earned by those aged 55 and above.

The limits on each account, i.e. the Full Retirement Sum and the Basic Healthcare Sum for SA and MA respectively, are projected to increase at 3% each year, and its effects are applied accordingly, e.g., in the overflow of MA contributions and interest into SA.

When you turn 55 years old, your CPF Retirement Account (RA) is created. CPF Board draws balances from your SA and OA into your RA. We assume that you will set aside up to the maximum allowed amount into your RA to maximise your CPF LIFE payout, which is the projected Enhanced Retirement Sum (ERS) applicable in the year you turn 55 years old.

The ERS is 3x the Basic Retirement Sum (BRS) and 1.5x the Full Retirement Sum (FRS). We assume that the CPF Board will continue to set each year's retirement sum 3% higher than in the year prior.

Based on the projected balances at 55 years (or current balances for those 55 years old and above), we calculate your likely CPF LIFE annuity payout from age 65 for as long as you live, using an actuarially formulated model and based on the Standard Plan. The results are robust, with a margin of error of around 2%.

Your CPF LIFE payout is reflected in the table on Your Retirement Income, starting from age 65 or your desired retirement age, whichever is later.

B. Projecting The Future Value of Your Non-CPF Resources

Cash in Bank and Annual Surpluses You Can Invest

Where you have built up a sufficient emergency fund, we recommend that you invest a portion of your available cash in bank (one-time) now, as well as part of the future surpluses you may generate (monthly or yearly).

For cash in bank (one-time) investment, we recommend that you invest 75% of your cash after setting aside your emergency fund, which is 6 months of your monthly living expenses and loan repayments.

For future surpluses, we recommend that you invest 75% of your 12-months' take-home pay minus monthly living expenses, ad-hoc expenses, loans repayments, regular savings plan, bad mood fund and insurance premiums required to fully close your protection gaps; plus 50% of your take-home annual bonus.

We allocate the recommended cash and cash surpluses to portfolios to fund your various life goals. We fund children's education before retirement, as you can retire later but children cannot easily delay their education. Where there is more than one child, we allocate portfolio values to fund the first child to go to university fully first, before moving on to the next. There is a separate portfolio for each child and a separate portfolio for retirement.

For children's education funding, the recommended portfolio is one that will give you the best probability of a positive investment experience, based on the years between now and until your child enters university, moderated by your willingness to take market risk if you have completed the online risk questionnaire.

Available Portfolios

Portfolio Name	Portfolio Description	Asset Type	Asset Allocation
Conservative	This portfolio is recommended for those who have a time horizon of 4 to 5 years and/or have minimal willingness to take risk in their investments. It has the smallest fluctuations of our 5 portfolios and lowest potential returns (3.2% p.a.).	Equity	20%
		Bonds	80%
Moderate	This portfolio is recommended for those who have a time horizon of 6 to 7 years and/or have some willingness to take risk in their investments. It has the second lowest fluctuations of our 5 portfolios and second lowest potential returns (4.5% p.a.).	Equity	40%
		Bonds	60%
Balanced	This portfolio is recommended for those who have a time horizon of 8 to 11 years and/or have moderate willingness to take risk in their investments. It sits at the midlevel of our 5 portfolios in terms of fluctuations and potential returns (5.6% p.a.).	Equity	60%
		Bonds	40%
Growth	This portfolio is recommended for those who have a time horizon of 12 to 14 years and/or have greater willingness to take risk in their investments. It has the second largest fluctuations of our 5 portfolios and second highest potential returns (6.5% p.a.).	Equity	80%
		Bonds	20%
Equity	This portfolio is recommended for those who have a time horizon of 15 or more years and/or have the greatest willingness to take risk in their investments. It has the largest fluctuations of our 5 portfolios and highest potential returns (6.8% p.a.).	Equity	100%
		Bonds	0%

Portfolio Recommendation

For the period of accumulation up to desired retirement age, you will be recommended a portfolio with a minimum equity allocation of 60%, i.e., a Balanced portfolio. While we have asked you to complete a risk questionnaire, we will not recommend a Conservative or Moderate Portfolio. This is to avoid your having to switch up into a riskier portfolio upon retirement – as our methodology for retirement income withdrawal requires an investment upon retirement age into a Balanced portfolio (see below).

For those with a longer accumulation period until retirement and higher willingness to take risk, we may recommend a Growth or Equity portfolio. You will then switch down, risk wise, into a Balanced portfolio upon retirement.

Existing Investments

Existing investments in MoneyOwl portfolios, including existing Regular Savings Plans (RSPs), are projected at their respective projected return.

Other existing investments are projected with the assumptions below.However, it is likely that your investments have a different level of risk, fees, and performance so our projections are only an estimate.

- Alternatives & Equities - 6.5% p.a.
- Multi-Assets - 5.0% p.a.
- Balanced - 5.0% p.a.
- Bonds - 2.5% p.a.

Others

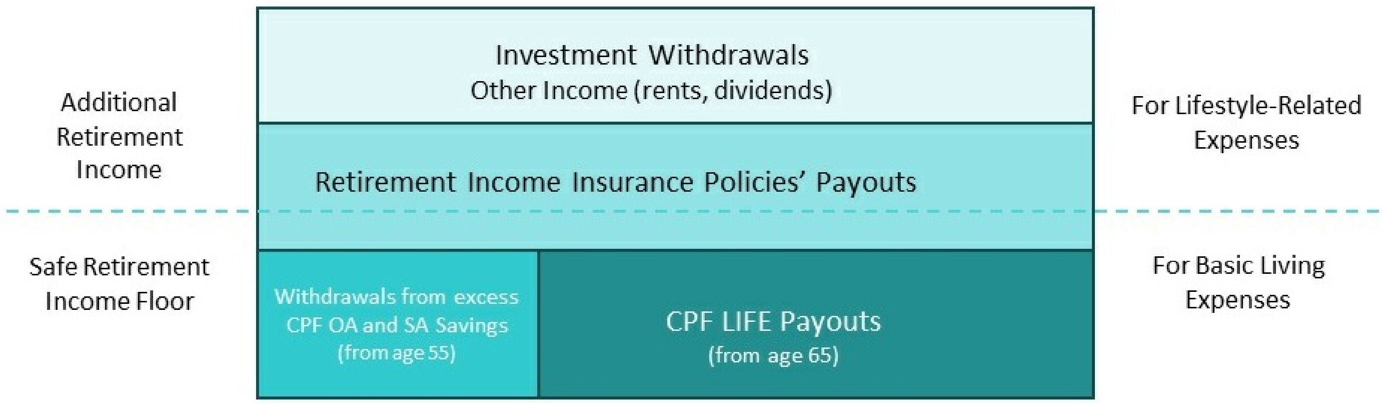
We reflect the expected maturity amounts of existing retirement endowment policies and payouts from existing retirement income insurance policies as you have stated in the online journey. If your retirement endowment policies mature more than 5 years prior to your retirement age, the proceeds will be invested in your recommended investment portfolio so that it can continue to grow towards your retirement.

C. Understanding Your Retirement Income

You may have multiple sources of retirement income, each derived from a different basket of assets.

In our retirement philosophy, income that is stable and reliable provide a **Safe Retirement Income Floor** for our basic living expenses. This includes income derived from CPF, as well as the guaranteed portion of retirement income insurance policies' payout.

Income derived from an investment portfolio drawdown, the non-guaranteed portion of retirement income insurance policies, as well as rental and dividends, are subject to some volatility and/or market risk. They constitute a further layer **Additional Retirement Income** for lifestyle-related expenses.



For some types of retirement income, the payout and its timing are determined by the rules of a scheme, e.g., CPF LIFE and Retirement Income Insurance Policies. For others, income is derived from applying a withdrawal method on that bucket.

Your **CPF LIFE payout** is available from age 65, until the end of your life. See above section on MoneyOwl CPF Analyser.

CPF OA/SA in excess of ERS is a source of income from age 55 in our methodology. If your desired retirement age is 55 or 60 years old, we spread your excess OA/SA balances across the number of months between then and age 65 (i.e., 120 months or 60 months respectively). We assume these CPF balances continue to earn interest of 2.5% p.a. throughout the period, and then solve for the monthly withdrawal amount that would fully draw down this excess amount, capped at the future projected CPF LIFE payout.

If there are still excess CPF OA/SA above what is needed to produce this maximum monthly income, this amount is assumed to be invested into a Balanced portfolio to which the investment withdrawal method below would apply.

The sum of your investment portfolio value and proceeds from the maturity of retirement endowment insurance policies will be invested into a Balanced portfolio. We use the 4% withdrawal rule method – estimating a monthly withdrawal amount which, when multiplied by 12, is 4% of the sum invested into the Balanced portfolio upon reaching your retirement age.

Extensive research by academics globally, verified by MoneyOwl's Solutions Team, has demonstrated that a 4% annual withdrawal from a diversified Balanced portfolio, even with subsequent inflation adjustments year-on-year, can be sustained for 30 years or longer across multiple simulations of different sequences of returns.

A retiree faces sequence of returns risk, namely, the risk of depleting one's retirement nest egg more quickly because he or she starts to sell down investments in a market downturn to obtain a certain quantum of proceeds year after year. MoneyOwl uses the 4% p.a. withdrawal without inflation adjustments and presents just 30 years of drawdown, as a conservative approach of estimating income derived from investments.

MoneyOwl also offers two alternatives to the 4% withdrawal method.

One, the Fullerton MoneyOwl WiseIncome fund, a dividend, multi-asset fund that aims to pay out 4.5% of Net Asset Value (NAV) every year in a sustainable way without depleting capital; however, it is not capital guaranteed as such. This ensures that the fund can sustain payouts for at least 30 years regardless of market conditions. However, the 4.5% is applied to the value of the fund, so it does not translate into a fixed quantum of income.

Two, for conservative investors, a retirement income insurance plan provides regular payouts after a period of accumulation, generally at a lower yield than investments, but it can be capital guaranteed. MoneyOwl provides a 50% adviser's commission rebate for retirement income insurance plans. Please reach out to enquiries@moneyowl.com.sg for a discussion at no charge.

Income from **existing retirement income insurance plans, dividends and rental** are reflected in the retirement income table as you have stated in your online journey.