Malaysia Financial Planning Day 2025

From Millennial to Gen Z: The 10 Essentials Financial Planning for the Next Gens

By Phang Kar Yew

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Phang Kar Yew

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- **Deputy President of Malaysian Financial Planning Council**

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1. Budgeting & Cash Flow Management

1. Income – Expense = Saving or
2. Income – Saving = Expense

Big Decision Model ! The Simple Rule is :

DREAM	20 % for long term commitment i.e. Education and Retirement
WANTs	30 % for Lifestyle Expenses
NEEDs	50 % for Necessary and Fixed Expenses

Track income vs. expenses (apps like YNAB, PocketGuard, or even Google Sheets).

2. Build a Solid Financial Base

Step	Why It Matters	Action
Emergency Fund	Covers unexpected costs & prevents debt	Save 3–6 months of living expenses in a high-yield savings account
Basic Insurance	Protects against financial shocks	Health insurance, life insurance (if dependents), disability coverage

3. Debt Management

- **High-interest debt first** (credit cards, payday loans).
- Make at least the minimum on all debts, then snowball or avalanche method.
- For student loans: understand repayment options, interest, and forgiveness rules.

4. Smart Saving & Investing Early

- **Smart Saving & Investing Early**
- Start **as early as possible** (power of compounding).
- **Retirement accounts**: EPF (Malaysia), 401k/IRA (US), PRS or private funds.
- **Low-cost index funds/ETFs**: Diversified, low fees.
- Automate monthly contributions.

5. Set Clear Short- & Long-Term Goals

- Examples:
- Short term (1–3 yrs): travel fund, new laptop, emergency fund.
- Medium (3–5 yrs): down payment for house/car.
- Long term (5+ yrs): retirement, financial independence, business start-up fund.

Financial Goals & Objectives

Long Term

- Retirement
- Children Education
- Legacy/ Health Care
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Mid Term

- Travelling & Living
- Lifestyle Enhancement
- Personal Development

Short Term

- New born/New Family
- Emergency/Liquidity
- Investment Opportunity

Time

Aggressive

- High Growth Equities
- Global Equities
- Global Properties
- Commodities
- Hedge Funds

Balance

- Private Managed Equity Accounts
- Managed Portfolio of Unit Trust Funds
- Global Balance Funds

Conservative

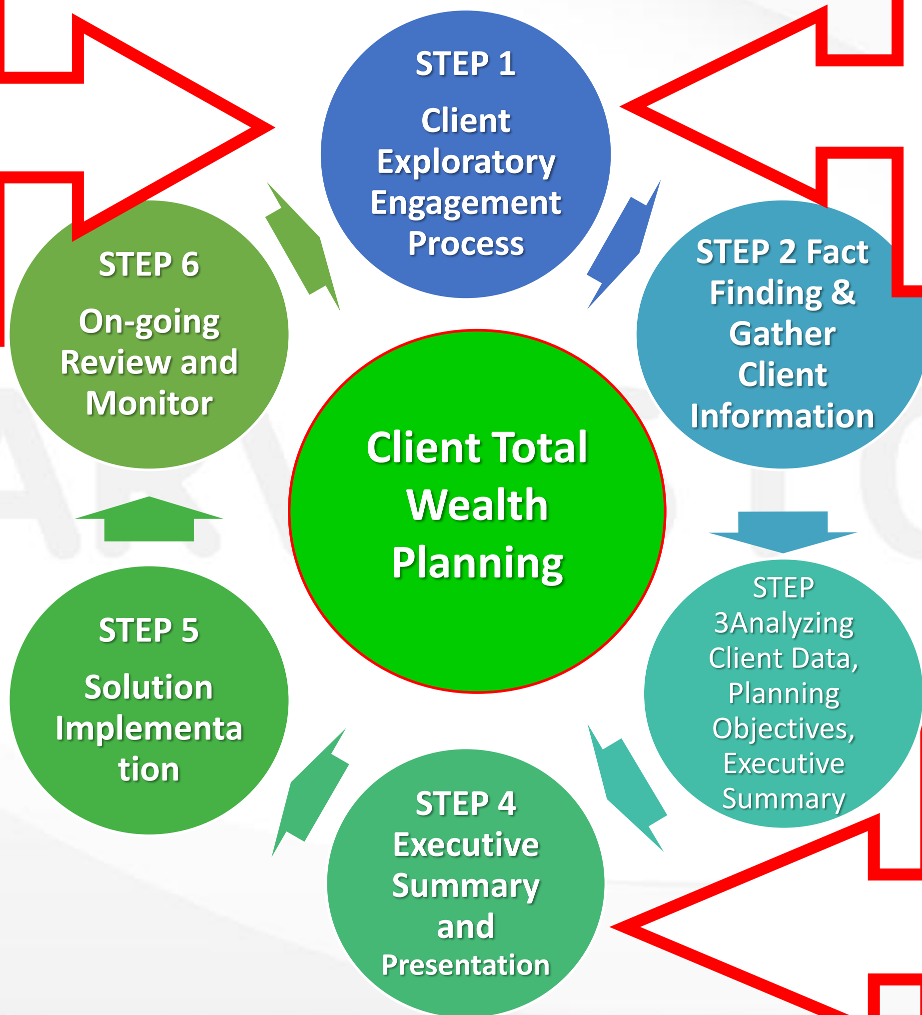
- Multi Fixed Income
- Regional Bonds
- Money Market Funds
- Direct Equities
- Protection/Health Care

Independently Advise by Adviser and Professional Managed by Fund Manager

Investment Planning Workflow and Practice

Part 3:
Portfolio Review
1. Ongoing Update/ Review
2. Rebalancing
3. Switch/Profit take
4. Meeting expectation

Part 1:
Client Strategic Plan
1. Goal/Objective
2. Risk Tolerance
3. Target Return
4. Time horizon



Part 2:
Client Tactical Plan
1. Liquidity Needs
2. Strategy/ Preference
3. Initial Lum sum/ Regular Investment
4. Implementation

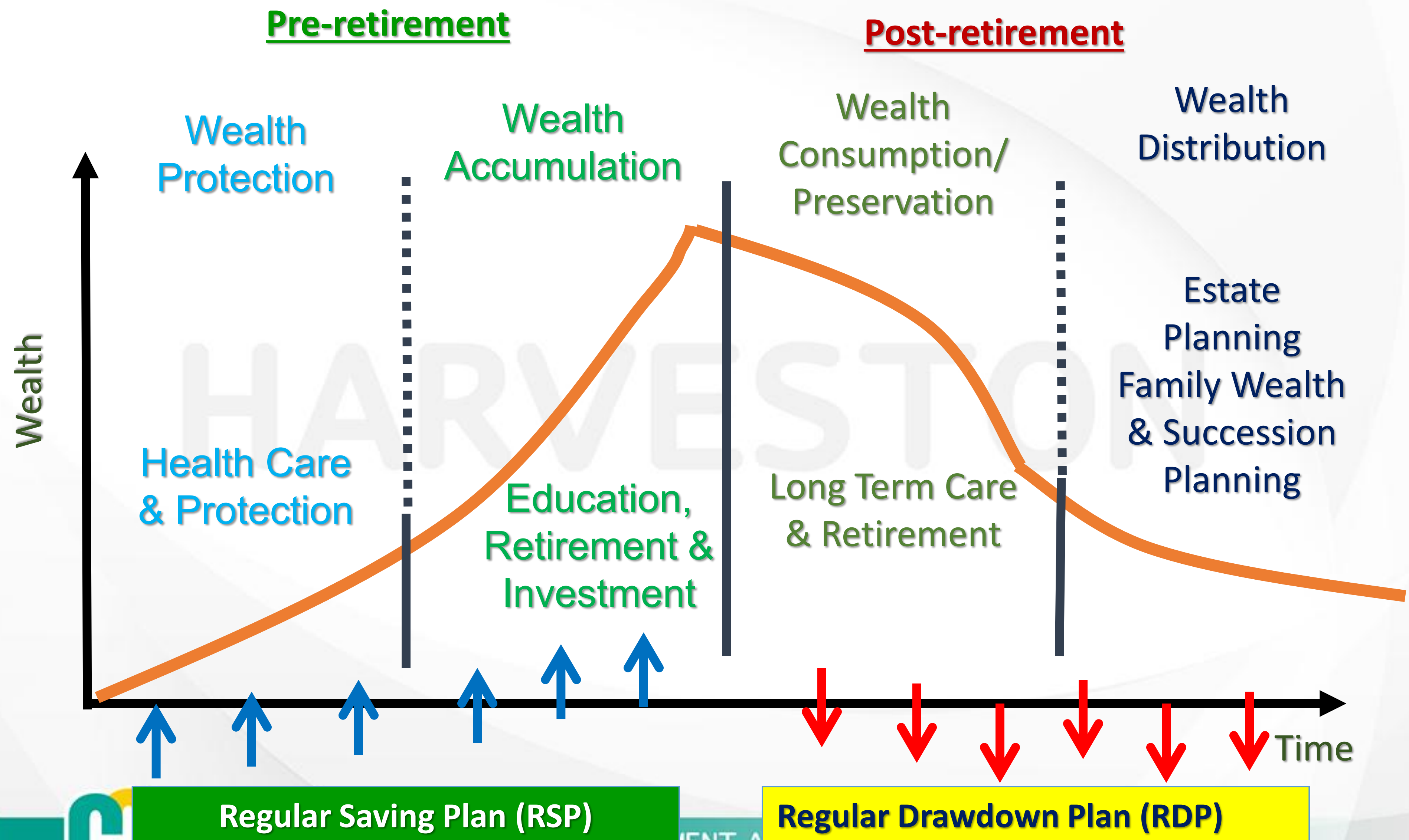
Part 1 :
Client Strategic Plan

1. Goal/Objective
2. Risk Tolerance
3. Target Return
4. Time horizon

6. Total Well-Being Planning

LIFE- STAGE PLANNING
Effectively preparing our major life events such as funding a college education, buying a house, or growing their family

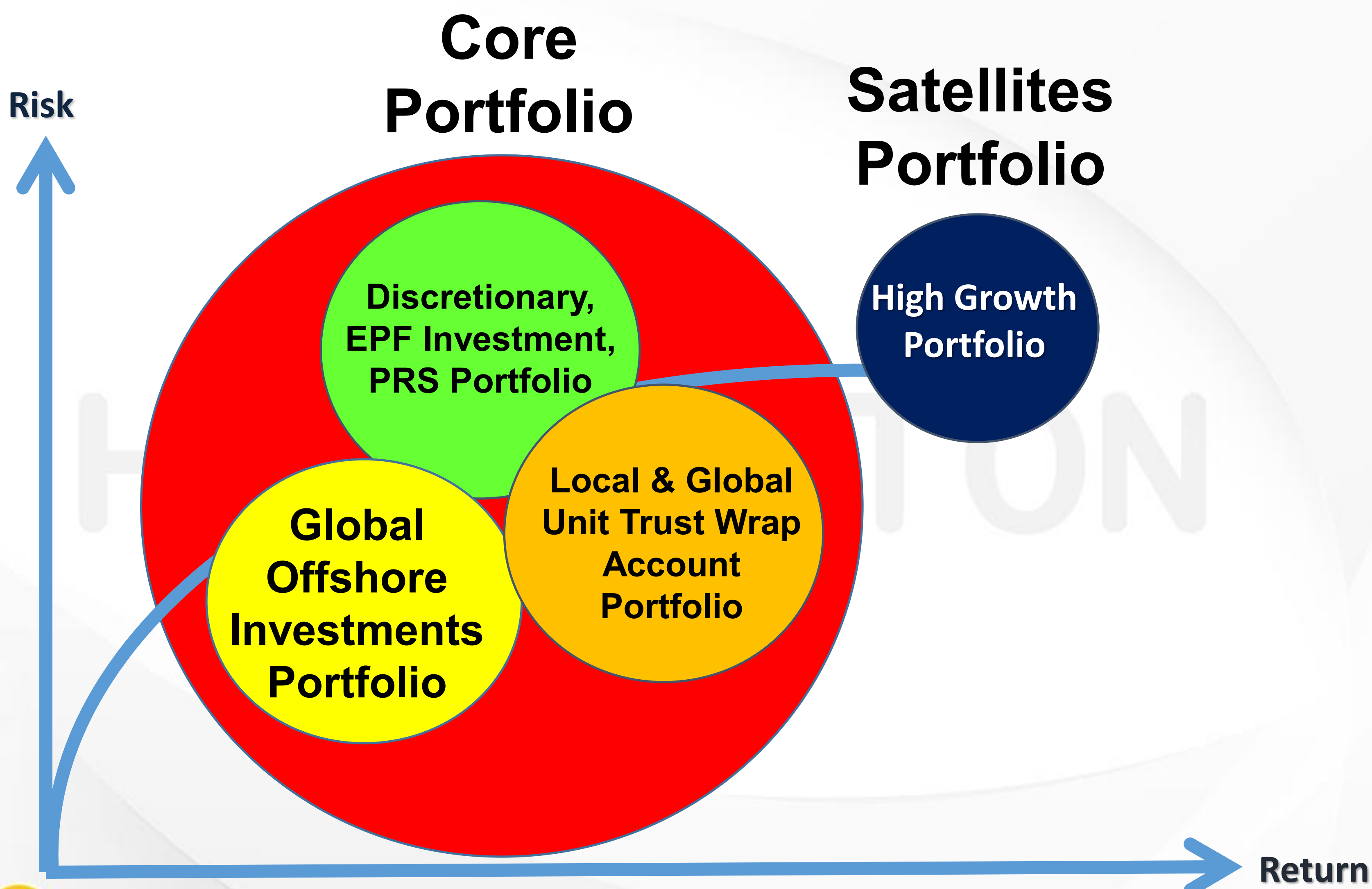
Personal Financial Needs Life Cycle



Risk Profile = Know Your Own Risk

Suggested GLAD Portfolios/ Profiles	Conservative	Moderate Conservative	Moderate	Moderate Aggressive	Aggressive
Growth (Equity/ Balanced Assets- 10%)	25%	35%	55%	60%	60%
Liquidity (Short term Cash/ Money Market- 3%)	35%	25%	10%	10%	5%
Alternative (Short term Growth & Diversification- 12%)	5%	10%	15%	20%	30%
Defensive (Fixed Income/ Annuity Income- 5%)	35%	30%	20%	10%	5%
Risk/ Returns	Low	Low/ Moderate	Moderate	Moderate High	High
Objectives	Income/ Low Growth	Income/ Growth	Growth/ Income	Accumulate Growth	High Growth
Strategy	Preservation	Inflation Hedged	Balance	Growth	High Growth
Time Horizon	> 3 years	> 5 years	>7 years	>10 years	>12 years
Target Return	>5%-6%	6%-7%	7% -9%	9% -10%	10% to 12%

Dedicated and Diversified Investment Portfolio



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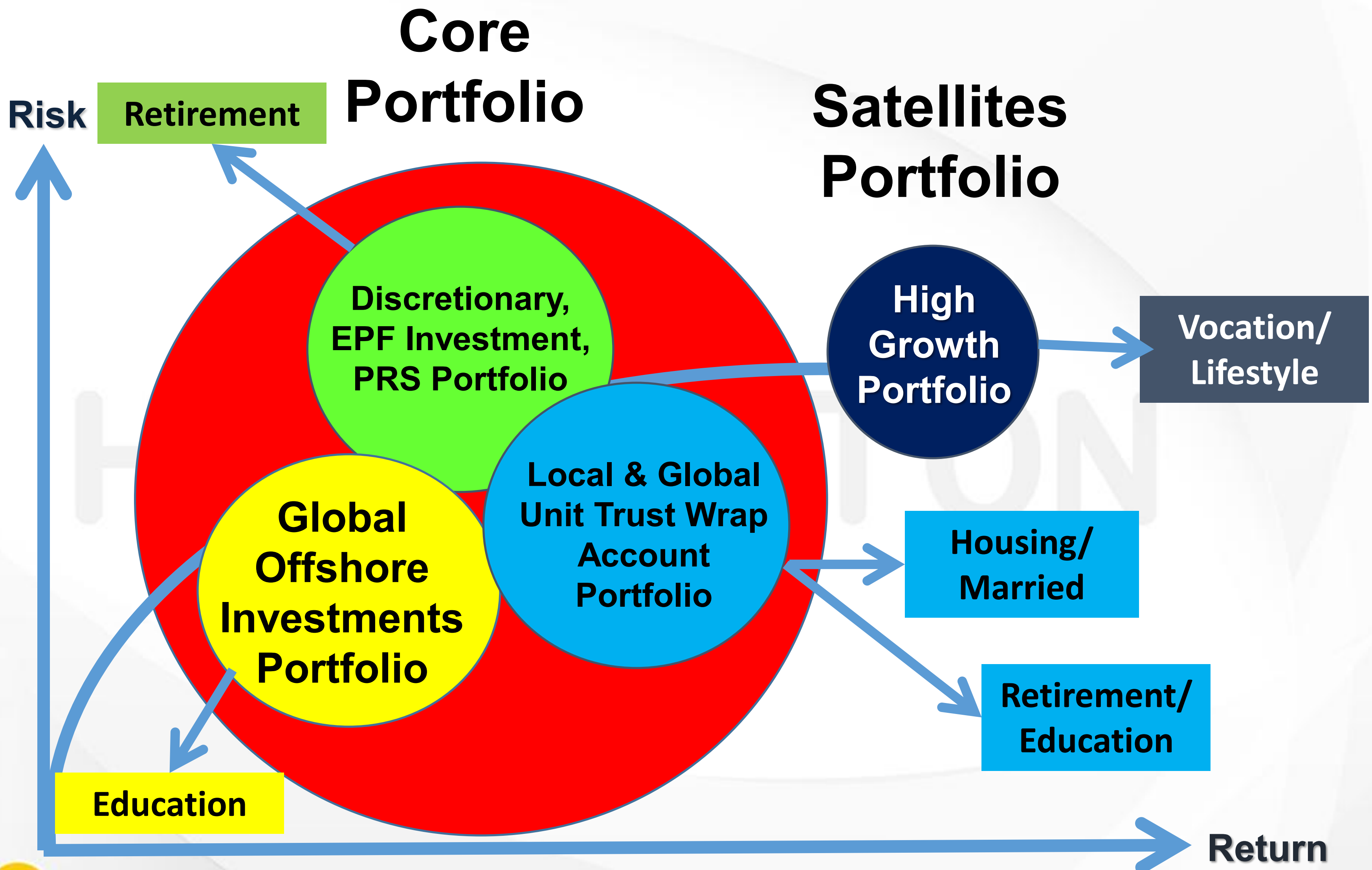

7. Protect & Grow Your Career Capital

- Upskilling increases your productivity and income potential.

(Pursue professional qualification and certification to enhance skillset)

- Networking and continuous learning reduce financial vulnerability.

8.Estate & Digital Planning (Often Overlooked)

- Even young adults should nominate EPF/insurance beneficiaries.
- Keep a secure list of digital assets/passwords for your family or executor.
- Simple will or trust if you have assets.

9. Sustainable & Values-Based Money Habits

- Consider ESG investing or ethical banking if it matters to you.
- Align spending with personal values for long-term happiness.
- Embrace technology and digitisation transformation by staying connected to the latest insights financial and investment information seamlessly.

10. Regular Checkups

- Review your budget, savings rate, and goals at least annually.
- Adjust for changes in income, lifestyle, and inflation.
- Revisit and review milestone and financial road map.

In summary :
The Essence of Successful Financial Wellbeing for New Gens :-

- Spend less than you earn
- Protect with insurance
- Save & invest automatically
- Grow your earning power
- Setting milestone/ road map
- Review regularly

Building Financial Discipline towards Purposeful Planning and Living