

Have you had your financial health check-up done lately?

Meet regularly with your financial adviser to update your plans

Your personal goals, lifestyle or circumstances may change. So do your needs for protection, savings and investment. It is therefore important that you review and update your financial plans regularly to make sure that they are aligned with your present and long-term goals and needs.

Refresh your insurance policy

Most insurance policies offer some degree of flexibility, which means that they can be revised as your needs change. Depending on the change – perhaps a new addition to the family or a change in job status – you may decide that you need to increase the amount of insurance protection (that is, the sum assured) or attach some ‘riders’.

A ‘rider’ is a provision to an existing insurance policy that provides additional coverage and benefits. For example, you can take up a rider that offers a disability waiver of premium, which allows you to stop paying premiums for a policy if you become disabled for a sustained period of time. Or you can take up a rider for an accidental death benefit, which pays additional benefit in the event of death resulting from an accident. You can also consider riders that pay for medical benefits or upon diagnosis of a critical illness; or term riders to increase the death benefit protection.

Determine what’s appropriate

To figure out if the policy rider meets your needs, it is advisable to consult a professional financial adviser. He or she will be able to conduct a needs analysis, which involves analysing and calculating your current and future financial obligations. He will then recommend an appropriate plan or plans.

This assessment is systematic and looks at your overall financial situation, in terms of your income and expenses, as well as your assets and liabilities. It helps you to identify and assess the gaps in your insurance policy or policies. You can then revise your coverage to close up these gaps.

Your financial adviser relies on the information you gave him to access your financial needs. To



assist him in giving you the best advice, it is important that you share as much information as possible regarding your financial circumstance and needs.

Since January 2001, all financial advisers have to go through a needs analysis process before recommending and selling an insurance policy to their clients.

Based on the information provided, the needs analysis helps your financial adviser make particular recommendations, including the types of riders and policies that are most suitable for you.

He should also give you a detailed explanation of the costs or expenses involved and the features of the recommended products.

Note, however, that does not mean your adviser should act alone in the decision-making process. As the prospective customer, you have to play an active role in determining your own financial needs.

Evaluating whether the life insurance product meets your needs and what additional costs you will have to bear are largely your responsibility and decision.

For any financial planning session to be effective, you should communicate your goals and objectives clearly. When in doubt, seek clarification from your financial adviser. Do not buy a product when you are uncertain of its features and how they can work to your benefit.

Think long-term

A life insurance policy is a long-term commitment, so you have to be sure that it fits your long-term needs.

Once you have selected and purchased a suitable policy, you will have the peace of mind in knowing that you have paved the way towards your financial goals.

All insurance companies grant a “14-day free-look period”. If you decide within 14 days of the application of the policy that it does not meet your needs, you can request for a refund of your premium. Note, however, that you may be charged for fees incurred, such as medical examination expenses. If you have bought an investment-linked plan, you may have to bear the investment losses if the price of the units has fallen.

Seek a good financial adviser

Ask the financial adviser to provide three client references so that you can check with them and ask them about their quality of service and the advice rendered. Likewise, you can also seek recommendations from friends and professionals, such as lawyers and accountants.

If you need advice on financial planning, visit the Life Insurance Association website at www.lia.org.sg for the list of insurance companies in Singapore and tell them you want to speak to one of their representatives. If you wish to receive advice from a financial adviser, visit the Monetary Authority of Singapore at www.mas.gov.sg for a list of authorised financial advisers. They will be able to guide you in financial planning so that you can enjoy the benefits in the future.



Rajan Chettiar, Lawyer, in his 40s

I bought a traditional life policy when I turned 30. Back then, I was still single but thought that it was necessary to have a life insurance policy in place to protect my family against financial burden should something unfortunate happen to me.

When I got married at 39, my financial adviser reviewed my policy using the needs analysis. He recommended that I buy a hospital and surgical plan so that my wife will not be burdened by huge medical costs in the event that I am unable to work. This benefit is not provided at my workplace as I am self-employed.

After the review, my financial adviser also found out that my wife was underinsured. So she increased her life insurance coverage as well as bought an endowment plan. Although the latter is intended to provide some form of savings for our retirement, it can also be used to fund our children’s education in the future, should we decide to have children.

My financial adviser is in regular contact with me — we meet every 6 to 8 months to review my policy. This way, I am assured that my insurance and savings plans are constantly aligned with my needs.

