

**OPENING ADDRESS BY MRS JOSEPHINE TEO,
SENIOR MINISTER OF STATE FOR FINANCE AND TRANSPORT,
AT THE SMU FINANCIAL LITERACY FIESTA SYMPOSIUM
– RAISING THE FINANCIAL LITERACY OF SINGAPOREANS,
12 JUNE 2015**

Professor Gerry George, Dean of Lee Kong Chian School of Business, Singapore Management University,

Mr Michael Zink, Head of ASEAN and Citi Country Officer, Singapore,

Mr Liew Heng San, Advisory Board Member, Sim Kee Boon Institute,

SMU staff and students,

Ladies and gentlemen,

1. Good afternoon. Thank you for inviting me to join you for the symposium and the Financial Literacy Fiesta.

Longevity is Opportunity

2. Fifty years ago, at the dawn of Singapore's independence, a newborn child could be expected to live till about 67. Today, as we celebrate 50 years of nation-building, we also celebrate the very significant improvement in life expectancy. That same person born at the dawn of our independence can now be expected to live if he were a man to 81 or a woman to 84.

3 It is, if it can be considered as, one of the great achievements of post-independence Singapore. However, what does it mean to have so many years added to one's life? On average, 17 years, that's a lot. You think about 17 years of your life and how much has changed and what you did in those 17 years. An additional 17 years means possibly time to acquire new hobbies, make new friends,

or start new relationships. In fact, you could start new careers and become very good at them. There is enough time to do that. You could attempt new ventures, not necessarily business-related. You also have time to recover from failures. That's very empowering. On the family front: if you have children, 17 years could see you having the opportunity of observing grandchildren born, graduating from school and even marrying and having great-grandchildren for you.

4. That is why I really like how the Tsao Foundation thinks about it. That is "longevity is opportunity". You see it as a little line below Tsao Foundation's logo - "longevity is opportunity". Living more years means more opportunities for meaningful relationships and pursuits in life. Being able to live more years should inspire us to think quite differently. For example, instead of rushing to finish our academic education with great stress, how about pacing ourselves to learn new things throughout life and enjoying the process of doing so? Instead of compressing all our career and family goals so intensely, how about prioritizing the things that matter at each stage of our lives and giving ourselves the time to realise them?

5. To be clear, I'm not advocating in any way that we slow down. What I'm advocating is that we savour life more fully and take in all the flavours it offers, because longevity enables us to.

6. In case you're beginning to wonder, what has all this got to do with financial literacy?

Financial planning is key

7. In fact, to realise the opportunities longevity offers, we need financial resources. We don't need a lot of money. Many things in life don't cost a lot of money but a certain amount of financial planning will be necessary. As Michael reminds us, we live in a very complex world and we constantly dealing with new challenges on many front. So we need to plan to provide adequate care for the people we love, our parents and our children. We need to plan for big ticket item purchases that can enhance the quality of our lives. We need to plan if we want to spend a couple of years or months learning a new skill or doing something else worthwhile other than paid work.

8. Most of all, we need knowledge to work out achievable financial plans. Knowledge is power. For example, how do we avoid crushing debt that brings us more heartache than the temporary gratification it might have purchased? Also, how can we reasonably grow our resources, without taking on excessive risk?

9. In a nutshell, longevity gives us more time and opportunities; financial literacy helps us build up the resources to take full advantage of them. And, with proper financial knowledge and planning, it is possible to eventually retire from paid work, not that you have to but you can eventually retire from paid work but never have to retire from life and all that it offers.

10. Take the power of compounding and starting early, for example. If you start saving and investing \$2,000 a year from the age of 35, with a modest 3% return you'll have \$98,000 at the age of 65. But if you start 10 years earlier at 25, it is not \$98,000, you'd have gotten \$155,000 or over 50% more.

Everyone can be money-savvy

11. The good news is that, as with many things in life, financial literacy can be taught; everyone can acquire basic knowledge and become savvier with practice.

12. Most of us pick up money management habits and outlook from our parents and friends, emulating the behaviour of those around us. That's not a bad way to start, unless the people around you don't have very sound basics themselves.

13. An alternative is to build up structured educational programmes that cater to the needs of Singaporeans, especially our youths. Beyond the basics of teaching people to budget, save and plan ahead, we need to encourage financial independence and sustainability.

14. One interesting financial management initiative is the Citi-SMU Financial Literacy Student Club, which combines a formalised financial literacy programme with the strengths of peer-to-peer influence.

- Students from SMU have been going down to the Institute of Technical Education (ITE) to teach ITE students the basics of investing and financial management. At the earlier session that we had with some students at ITE, they are beginning to speak a lot of sense on financial matters, and I am very encouraged by that. Apart from learning on issues like daily expenses, they are also thinking of how to plan for family and retirement. That's starting very young.

- Keeping in mind that interactive games and hands-on activities are more engaging and aid learning better than conventional classroom lessons, the SMU trainers have developed games such as a financially-themed Amazing Race to better connect with the ITE students. This is much like how each of us learns to use each new generation of mobile devices, by watching and connecting with one another, exchanging notes and tips.
- Since the launch of the programme in 2012, over 100 SMU student trainers have reached over 7,000 young adults from the ITEs. That's a very commendable achievement.
- I would like to encourage more students to sign up as trainers and help others become more financially literate. If my experience is anything to go by, one of the best ways to learn is try and teach it, you get so much better at it.

15. Alongside such ground-up programmes, the national financial education programme MoneySENSE also extends broad outreach efforts to the general population as well as targeted initiatives for specific segments, including schooling young adults, working adults and vulnerable members of society. This includes the "My Money Seminar Series", which helps investors gain a better understanding about common financial products and educational campaigns to help the public understand their insurance needs and coverage.

16. Working adults with hectic schedules may be delighted to know that the MoneySENSE-Singapore Polytechnic Institute for Financial Literacy (IFL) delivers free talks and workshops at workplaces. So not expecting busy working adults to find

their way to where these programmes are, but bring these seminars to their doorstep. Since inception, close to 45,000 working adults have benefited from learning about basic money management, investments, retirement and estate planning.

17. In closing, let me thank SMU and Citi Singapore, for organising this fiesta. The Citi-SMU Financial Literacy Programme for Young Adults has reached out to thousands of people since 2012 and this would not have been possible without your collaboration.

18. Thank you very much.