

It's time to start managing your money

Ask any student what the terms amortisation, asset bubble or a business cycle mean, and you are almost guaranteed to be greeted with expressions of profound bafflement.

Unfortunately, this is the reaction of both the business and non-business students. Wealth management is not a learning programme suited only for those in the financial faculty. It is a perennial tool that grows in significance as one goes through the up's and down's in life.

Whether it is having the funds to take advantage of an opportunity, the capital to start your own business, or simply enough money for a rainy day, wealth management is the heart and soul of every decision that concerns money.

Yet, it would seem that many NP students believe that one of the best ways to maintain one's wealth is to have it deposited in a bank. This is simplistic thinking.

A quick glance at OCBC's website shows that the interest rate on the first \$100,000 placed in a basic bank account, draws a measly return of only 0.125 per cent a year, i.e. \$125. This is a ridiculous figure considering that a student working over two weekends can easily earn \$140.

Inflation in economics is a measurement of price levels, and

when prices are inflated, it means that there has been an increase in the prices of goods and services across the board.

According to TradingEconomics.com, Singapore's inflation rate stands at 1.6 percent. This means that the cost of the Crumpler bag that every other NP student is carrying is actually, 1.6 per cent higher than its base price.

Weighing the prevailing inflation rate (1.6 per cent) against the interest yield from the bank (0.125 per cent), it is inevitable that you would see an erosion of your wealth and purchasing power if you were to manage your money in such a cavalier manner.

The point is, there are many students who receive income from their businesses (blogshops etc), part-time jobs or even through their allowances. However, unless you know how to manage this income, its value (relative to inflation) will only continue to depreciate over the years.

But if depositing your money in the bank is not the way to go, then the obvious question is: What should you do with your money?

This is where wealth management information and knowledge comes into play.

The Wealth Creation Information Centre located at level 3 of the Lien Ying Chow

Library offers a plethora of resources with which students can hone their financial management skills. From stock market investments to portfolio management, the information centre is a must-visit facility that staff and students should fully use to learn how to better manage and grow their assets.

It is better to start now and exercise the discipline that is mandatory in managing one's finances so that it becomes habitual over time.

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3 BOOKS TO GET YOU STARTED

1. **Financial Literacy for Schools**
By Christian TT Chua
2. **Make Money Make Sense with the 3 Bears and Goldilocks**
By Colin Cheong
3. **Rich dad, poor dad for teens: The secrets about money - that you don't learn in school!**
By Robert T. Kiyosaki

NP students do not seem to understand what financial literacy entails P4