More women, millennials focusing on growing their wealth

To avoid distress, they invest

The uncertainties from the pandemic have prompted a significant shift towards investments among young Singaporeans, suggests a recent poll

Ms Ng Kok Yin, 24, is among a growing number of millennials who are proactively building up their investment knowledge as they work towards financial independence. PHOTOS: GETTY IMAGES. COURTESY OF NG KOK YIN, COURTESY OF RACHEL TAN

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>
> — Ms Rachel Tan, 30

By AUDREY ANG

At 24, Ms Ng Kok Yin, is already aiming to be financially independent and to retire early.

The analyst remembers how amazed she was when she found out that her friend's father was receiving $5,000 in passive income each month.

"Coming from a family whose parents don't invest at all, it was incredibly surprising to me," says Ms Ng, who lives with her parents and two younger siblings in a five-room HDB flat.

That was two years ago. At that time, she was still a politics, law and economics student in the Singapore Management University and had no financial background.

With advice from a friend studying finance, she opened a Central Depository Account and purchased a corporate bond.

Today, Ms Ng has diversified into blue chip stocks and Reits (real estate investment trusts). She is among a growing number of young women and millennials who are turning to investing.

Women: Growing wealth for themselves

The latest Financial Wellness Index by OCBC, which surveyed 2,051 working adults in Singapore between the ages of 21 and 65 from August to September 2021, revealed that more Singaporeans are keen to make their money work harder for them.

About 82 per cent of Singaporeans have investments, up 13 percentage points from 2020.

Says Ms Tan Siew Lee, head of Wealth Management Singapore, OCBC Bank: "In 2019 (when the Index was first launched), we found that Singaporeans are very good savers, but they lacked in growing their wealth and they were worried about their finances."

Women then were found to be more averse to investing (compared to the men), with a significant number deeming investing as "gambling", she adds.

The investment gender gap has narrowed. This year, 79 per cent of women said they have investments, compared to 86 per cent of men. In 2020, the figures stood at 60 per cent for women and 75 per cent for men.

While the number of investors across all age groups have grown, the highest increase came from young millennials in their 20s — up 22 percentage points from last year.

Their top reason? Growing their personal wealth.

For some, like Ms Rachel Tan, 30, a strategy consultant at a multinational software company, it is a practical move.

Ms Tan, who is single, started her investment journey in 2016 to grow her wealth. She believes that financial literacy and planning is especially important for women.

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In 2020, the life expectancy at birth for men and women are 81.5 years and 86.1 years respectively, according to the Singapore Department of Statistics.

"Knowing how to manage our finances will help us navigate any significant life changes. Investing helps me diversify my income streams and hedge against income loss in other areas of my life," says Ms Tan.

In her quest for financial freedom, she has attended workshops at the Singapore Exchange, read extensively from investment websites, and discussed ideas with other seasoned investors.

"This allowed me to corroborate my analysis and identify new investment opportunities. I also interacted with people working in other industries such as commodities and biotechnology to broaden my understanding of the global economy," she adds.

Starting with an investment outlay of less than $10,000, she grew more confident and now invests half of her salary every month.

Millennials: Making their money work

Ms Tan's proactive approach in doing her own homework seems to be the norm among her fellow millennials.

Unlike older investors who seek advice from experts, these digital natives are often guided by sources such as online articles and forums, video platform YouTube, and friends and family.

"While more millennials in their 20s are starting to invest, fewer are seeking professional financial advice compared to the rest," observes Ms Nicole Foo, vice-president of market research, OCBC Bank.

Speaking to financial advisors, attending seminars by financial institutions and receiving information from bank analysts are defined by the Index as seeking professional financial advice.

This rings true for Ms Ng, who frequently turns to resources such as financial content platform Investopedia, YouTube and online forum Reddit.

With the wealth of information available on the Internet, Ms Ng feels that it is easy for millennials to build up their investment knowledge.

"Your investment strategy does not have to be complex," says Ms Ng. "You can adopt a more conservative strategy. There are also a lot of user-friendly apps such as robo advisors for people to get started," she says.

She also sought advice from financially savvy friends and took the initiative to build up her own knowledge.

"I believe that we can find investment principles online or through our readings and research. It's something we need to learn the hard way — through experience."

"People can tell you not to be emotional, but when the time comes, it's natural instinct to be emotional so only experience can teach you best," she says.

Yet Ms Ng, who expects returns of 4 to 7 per cent yearly from her portfolio, is more conservative than many of her peers.

About 35 per cent of millennials in their 20s hold foreign stocks, while 22 per cent invest in cryptocurrencies; the average across age groups is 29 per cent and 16 per cent respectively.

They are also the group most likely to speculate excessively, with more of them saying they do so in 2021 — increasing 4 percentage points from last year. This habit decreased across the other age groups.

So how can young investors better grow and manage their wealth?

Findings from the Index suggest that professional financial advice could help: 64 per cent of investors in their 20s who couple professional advice with investment tools say they are on track with their investments, compared to 45 per cent for those who use investment tools but do not seek professional advice.

For millennials like Ms Tan and Ms Ng, the key is to also stay invested in their strategy.

"Setting parameters helps me to remain disciplined and consistent in my investment approach. For instance, I apply a cap to the number of tickers I hold in my portfolio and have a stop-loss limit for riskier positions," Ms Tan says.

Ms Ng, too, stresses the importance of having a clear investment philosophy and setting goals. "I am not a day trader. Instead, I am focused on growing my money in the long term."

She advises her peers interested in following in her footsteps to take the initiative to read up more on financial planning and take advantage of the wealth of information online.

"The first step will be difficult, but always remember that a step forward is a step in the right direction."

Scan the QR code for more insights from the OCBC Financial Wellness Index 2021.

Why are some women not investing?

The OCBC Financial Wellness Index found that 79 per cent of women have investments in 2021. Of those who do not, their top five reasons are:

1. Making investments is too risky **(38%)**
2. Not enough knowledge about investing **(33%)**
3. It's too complicated **(32%)**
4. Not enough money left after expenses **(30%)**
5. Not sure where to start **(27%)**

Different folks, different investment strokes

	20s	30s	40-54	55-65
Have investments	86% +22%*	84% +16%*	81% +12%*	79% +16%*
Average number of investment types	3	3.4	2.8	2.6
Excessively speculate Among investors	35% +4%*	31% -12%*	25% -8%*	31% -12%*

*Figures indicate the change in percentage points from 2020.