



# GET STARTED WITH THESE GOOD MONEY HABITS TODAY!

Want to get your personal finances in shape, but not really sure how or where to start?

Money management may appear to be a big word and hard concept for many people, but if we start smart and break it down to smaller, simple steps, then achieving better control over how you spend and save is within your reach!

So, let's get started with these simple steps that anyone can try.

# BEGIN WITH A FINANCIAL HEALTH CHECK

Before you can take steps to manage your money better, you need to know where you stand financially. The easiest way to find this out is by getting your credit report.

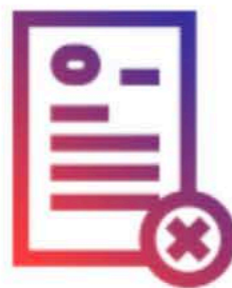
Banks will want to know what is in your credit report to help decide whether to approve your loan application and the interest rate you will be charged.

# WHAT WILL YOUR CREDIT REPORT REVEAL?



The outstanding balance you have in your name from existing credit facilities, including the date you took the loan, your monthly payment amount, and your payment history.

Credit application inquiries for any credit facility in the last 12 months, and if they have been approved or rejected.



Red-flagged credit facilities where the repayment has turned problematic or become non-performing loans.

Another reason to check your credit report is to be on guard against fraudsters and scammers. Their illegal activity will show up in your credit report, whether it is a credit card you never had or a bank loan you never applied.

**Checking your CreditScore is the first step you can take towards managing your money better with these simple money management tips**

**CHECK YOUR CREDIT SCORE**



# KEEP AN EYE ON YOUR MONEY... WITH FREE APPS

If you are reading this, it's likely you have your smartphone nearby, so managing money better is literally at your fingertips.

Many of these apps are free to use, especially if you use it for basic tracking purposes with the aim to avoid spending more than you earn.

## What Can An App Help You To Do?



Find out how much you have left to spend after your monthly commitments



Keep track of every ringgit that goes in and out of your wallet



Remind you of your saving goals and inspire you to stay on track



Monitor your overall progress by week, month and year.

Among the more popular user-friendly apps are My Tabung (a budgeting app launched by Bank Negara), Money Lover (which has a wide option of features like setting a budget, factoring in events etc. for those who want to go into greater detail) and Wally (which tracks your daily/monthly expenses).

# **PAY YOUR BILLS ON TIME... AUTOMATICALLY!**

We all know how easy it is to automate spending. Online shopping retailers are constantly sending out notifications to your phone about offers and with just one click, your purchase is done and the item is on the way to you. Imagine if you can flip this around to automate your bill payments instead.

Here's how to get started:

Use automated payment services like a standing instruction for your credit cards payments.





Your bank account has payment features where you can also set up standing instructions to streamline your utility bills and autopay them. For example, [Hong Leong Connect Online Banking](#) allows you to manage your everyday banking anytime and from anywhere.

Make sure your big-ticket debt repayments like car loan, house mortgage or even student or personal loan instalments are put on standing instructions to avoid late payment penalties.





Auto-paying what you owe each month might seem daunting at first but once you set it up, you'll also free up your own time to pursue longer-term financial goals.

# DON'T OVERPAY FOR INSURANCE

A simple guide to see if you have enough life insurance coverage is to have at least 10 times of your annual income to cover the family expenses for the next 10 years.

However, this is just a general guideline. The Life Insurance Association of Malaysia (LIAM) advocates the Needs Analysis Method.

Here is how it works in 3 steps:

Determine the cash and income needs of the dependents if the person dies. Don't leave out items such as funeral expenses, loan repayments, the family's daily income needs and education costs for the kids.

Know how much your assets are worth upon death and the liabilities payable. Bank deposits, shares, properties and EPF balances are common types of assets while liabilities include housing loans, hire purchases and credit card balances.

Calculate the difference between the available sources of funds and the outstanding needs. The gap is the amount that require insurance.



## **ONLY BORROW WHAT YOU CAN AFFORD TO REPAY**

According to Bank Negara's Financial Stability and Payments Report for 2018, Malaysian household debt-to-gross domestic product (GDP) ratio is at 83% last year. While this is an improvement compared to 84.3% in 2017, the percentage is still higher than our Southeast Asian neighbours.

We can all do more to reduce our own household debt by following these steps:



Borrow what you can afford to repay with your current income. Never borrow money based on what you expect to earn in future.

Choose interest-free, easy payment schemes if you take on debt when making big household purchases that you can lock in and automate for 6 or 12 months while making it a priority to pay off your entire credit card balance at the end of each month to avoid interest charges.



Find ways to reduce your monthly credit card fees, whether it is to avoid interest payment altogether by paying off the entire credit card balance or channelling any extra funds to pay it off faster



Another way is to use a personal loan to consolidate your debt commitments and enjoy savings too.

Here's how much you will pay in total interest charges before and after consolidating your debts with a Hong Leong Personal Loan or Hong Leong Personal Loan/Financing-i at \*6% p.a.

*\*promotional rate valid until 31 October 2019*

Before consolidating debts:

Debts/Loans	Interest rate	Repayment	Duration	Total interest
<b>Credit Card A - RM10,000</b>	15% p.a.	RM500	2 years	RM1,579
<b>Credit Card B - RM5,000</b>	15% p.a.	RM250	1 year 11 months	RM790
<b>Personal Loan - RM50,000</b>	13.09% p.a.	RM1,140	7 years	RM45,760
<b>Total</b>		RM1,890		RM48,129

After consolidating debts with a personal loan:

Total Debts	Interest rate	Repayment	Duration	Total interest
RM65,000	*6% p.a.	RM1,257	5 years	RM10,398

# SAVE UP TO 20% CASH VALUE OF YOUR DREAM HOME

Becoming a homeowner is what many Malaysians aspire to be, but it is also a huge financial undertaking. Besides knowing where you want to live, to truly afford a house, you need to have enough money for more than just the down payment.

While the down payment is usually 10% if it's your first home, setting a margin of 20% of the average price of a home in your dream neighbourhood gives you a ballpark figure to cover all the major upfront costs beyond the down payment.

Let's break down the real costs you will have to pay.

Purchase Price	Down Payment (10%)	SPA Legal Fees	Stamp Duty on MOT	Loan Agreement Legal Fees	Stamp Duty For Loan Agreement	Total
RM500,000	RM50,000	RM5,000	RM9,000	RM4,500	RM2,250	RM70,750

While the down payment of a RM500,000 property might amount to RM50,000, the figure jumps another RM20,000 once you total up all the upfront costs. So, if you had set your target savings at only 10% of the property price, you will find yourself short of your goal.

You can get a headstart on saving your 20% goal with a Hong Leong Pay&Save account that earns you interest on your savings, debit card's spending and bill payment.

**CHECK OUT OUR JARGON BUSTER GUIDE**

For more ways to DuitSmart and get in better financial shape, go to  
[www.hlb.com.my/duitsmart](http://www.hlb.com.my/duitsmart)

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