

Effective Financial Planning: A Study of Comprehensive Retirement Planning for Financial Independence

Authors : Stanley Yap, Chong Wei Ying, Leow Hon Wei

Abstract : Purpose: In Malaysia, an effective financial planning is vital to accumulate wealth and financial independence. However, retirees are required to resume working due to insufficient pension fund. This study examines how the financial decision in retirement planning is being made based on the net worth from the household. Design/methodology/approach: This study uses financial data from a married working couple with children to evaluate their composition of financial position. Numerous financial methods are made pertaining to net worth analysis, insurance needs analysis, investment portfolio rebalancing, estate planning, education planning and retirement planning to enhance the financial decision. Findings: Our results show, firstly, financial planning is essential to achieve financial independence; secondly, insurance needs, education and retirement funding are the most significant for household. Thirdly, current resources are critical to maintain family lifestyle after retirement, emergency funds for critical illness, and the long term children education funding. Practical implications: Refer to the findings, sufficient net worth is priority in financial planning. Different suggestions for household include reduction of unnecessary expenses, re-allocate of cash flow, adequate insurance coverage and re-balancing of investment portfolios to accumulate wealth. It is a challenge to obtain financial independence, hence, there is a need to increase the literature on financial planning. Originality/value: To the best of our knowledge, this is the important paper that uses financial information from household to provide solutions to enhance the efficiency of financial planning industry.

Keywords : net worth, financial planning, wealth and financial independence, retirement planning

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