

eMoney Tips [April 2009 Edition]



**A group writing project by
personal finance blogosphere**

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Creatively Invest Your Money

by Amey

Contrary to what many think, most new businesses are actually created during a recession. If you really think about it, it makes great sense. During hard times people are looking for more efficient methods of doing things, and thus new businesses are born. Eventually entrepreneurs start flooding the market, everybody is experiencing success, and we see a booming market; however, just like all bubbles they will eventually burst. Look at the real estate market. People came out with unique ways to buy more than they could afford, but eventually supply greatly exceeded demand.

It is the revolving world we live in.

So what does all this have to do with investing your money? Get creative with it.

With the stock market in shambles, unless you are actively trading and following the markets, you really will not see much return for a couple years out. With so many opportunities at an all time low, why not try and capitalize on that?

Whether you start some sort of online entity, a product, or service, there are really many options to consider. You do not even have to start it. You could INVEST your money into another start up. Think about it. When you invest in the stock market you are investing in somebody else's company, right? So what is the difference? Sure it can be a risky adventure, but doesn't it take some risk to make money?

While you can still make money on the stock market, you are almost forced to take what the market gives you. You really have no control. When you take your money and invest it directly INTO the business, then you have more say of what happens and how things work out.

How do I know what will work and what won't?

The beauty of floating your own business is that anything can really work. How the plan is executed is where more people fail. This is where your due diligence comes into play.

Just like investing in the stock market, you would not just throw your money at any old stock, right? I hope not! So do your research. Use the Internet and see what is hot right now. What do people need? What can be made more efficient?

Once you think you found your area, then see what are your options. Do you think it is something you can start up yourself, or would you rather take less of a role and just invest some money into somebody else's start up?

Don't constrain yourself.

Too many times when it comes to investing people look for the most used methods. There is really no right or wrong way. Yeah, you can just open a typical savings account, maybe pick up some mutual funds, or give the stock market a try, but do not limit yourself.

Remember if it was so easy to grow your money through investing, then wouldn't there be more rich people in the world? If you can take control of your money, then you can take control of your life. Think outside the box, and be creative.

Featured links:

<http://thewildinvestor.com/are-you-capable-of-making-money/>

<http://thewildinvestor.com/online-stock-broker-comparison/>

<http://thewildinvestor.com/one-mistake-that-will-lose-you-lots-of-money/>

About the Author

Amey (thewild@thewildinvestor.com) is the founder and author of the stock market blog, [The Wild Investor](#). He is also writer of the popular eBook [Guide to Entering the Stock Market](#).

Investment diversification is a genuine financial “free lunch.”

by Larry Russell

Diversified investment funds are key contributors to optimal investment risk management. Diversification has become an axiom of personal investing, because the specific risks of businesses and other investment entities can be reduced or eliminated from a portfolio without reducing expected returns. When you hear that you should diversify your investments, this means that you should diversify your investments completely and globally - now and always. The investment research literature repeatedly demonstrates that a fully diversified, low cost investment strategy is superior. Get diversified. Stay diversified. Be globally and fully diversified all of your life.

Diversification is not an option. When you are less than fully diversified, every day that you wait exposes you to investment risks that the securities markets tend NOT to compensate through better returns. When you are less than fully diversified, your investment portfolio risks are higher than they need to be without getting a reward. When you chose an active management strategy, try to time the markets, buy individual securities, favor certain economic sectors, avoid full domestic and international diversification, etc., then you are much more likely to lose than to win..

Full global investment diversification using the broadest, cheapest, most passive index mutual funds and exchange traded funds (ETFs) is the most optimal strategy for the individual investor.

Few in the industry will tell you this, because a lowest cost, global, and passive diversification strategy is the least profitable to the financial services industry. The securities industry looks upon you as a naive “retail investor.” The industry trains its representatives to sell to you the most profitable products that it can at “retail” prices.

Through visible and hidden fees and other costs, these “retail” prices are heavily marked up to compensate the industry and its very highly paid sales force. Who do you think is paying for all those tall buildings, brass fittings, mahogany tables, woolen suits, and expensive silk ties? Who pays the industry’s huge salaries and bonuses? Does the money just come out of thin air, or does it come out of your investment assets and your investment returns?

Few will tell you this fundamental truth about the superiority of cheap, passive, fully diversified broad market investing. Everyone in the industry gets paid somehow, and there is far less profit in promoting a low cost, fully diversified investment strategy. However, there is real money in it for you. In the long run, you will tend to save more money, to save more time, and to save yourself from emotional consternation, when you use a very low cost, fully diversified passive investment strategy.

Complete investment diversification has become an axiom of personal investing, because the specific risks of businesses and other investment entities can be reduced or eliminated with a fully diversified portfolio without reducing your expected returns.

A fully diversified portfolio is an absolute investment necessity. Increased diversification reduces portfolio risk without a corresponding reduction in expected portfolio returns. Diversification is genuinely an investment “free lunch,” and it is a key contributor to improved investment risk management. A very high degree of diversification can be achieved through investing in a variety of low cost passively managed index mutual funds or exchange-traded funds. Such investments are also among the lowest cost investment vehicles available to individual investors in the financial markets. Given that this alternative is easily and cheaply available, the relevant question is never whether a portfolio should be fully diversified.

Through investments in broad-based index mutual funds and exchange-traded funds, diversification is relatively easy and inexpensive to achieve. Attempting to become broadly diversified through the self-assembly of a portfolio of a large number of individual securities is far more difficult and much more costly.

Portfolio self-assembly is much more likely to result in higher risk with returns that lag the market. Buying individual stocks and bonds instead of diversified funds provides you with no advantage whatsoever. The industry likes it, because individual securities trading generates fees and keeps the charade of beating the market going. However, when you buy individual stocks and bonds, you are less than fully diversified, and you are exposed to more risk. Plus, you also get to waste your money and time for nothing. Pay more and get less. What kind of value added is that? You are better off ignoring that kind of investment counseling and financial advice.

A significant portion of a investment portfolio may sometimes become concentrated in a single investment security, which dramatically increases the overall risk of a personal investment portfolio.

While generally undesirable, there sometimes are unavoidable reasons for investment concentration. Unavoidable reasons for lack of diversification can include owning a private business or being a key member of a company management team who is required to own company stock by an employment agreement with the company. In such circumstances, you should seek expert guidance on possible ways to mitigate the risk associated with your concentrated investment position.

Nevertheless, for 99.7+% of investors, there is absolutely no good reason to maintain a high level of concentration in an individual security. Immediate steps should be taken to reduce the exposure. How many failed public companies like Enron, WorldCom, Lehman Brothers, etc. do investors need to see crash and burn, before they realize that excessive concentration does not pay and can lead to very significant personal financial peril?

The Three Article Links – Plus links to the front pages of these two websites.

See these articles for more about the value of diversification: [Why is diversification valuable to individual investors?](#) and [What is the cost to individual investors of sub-optimal portfolio diversification?](#) These articles are published on [The Skilled Investor](#) website, and they summarize important investment research studies about personal asset diversification. For a compendium of our best personal finance and investment management articles across all my financial websites, see [Financial Planning Reading List](#) on the [Pasadena Financial Planner](#) website.

About the Author

The author of this article is Larry Russell, Managing Director of Lawrence Russell and Company, a California Registered Investment Adviser in Pasadena, California. Larry holds a BS from MIT, an MA from Brandeis University, and an MBA from Stanford University. He also has over twenty-five years of management experience with large technology firms and start-ups in the marketing, business development, and corporate development functions.

8 Great Tips to Make Your First Million

by Jacquelyn

The **World Wealth Report 2008** done by Capgemini and Merrill Lynch stated that in 2007, there were 10.1 million individuals having at least US\$1 million in financial assets. This is an increase of 6.0% from the previous year, 2006. India, followed by China and Brazil, recorded the largest growth in high net worth individuals (HNWIs) in 2007. How would you like to be one of the high net worth individuals and where do you start?

Learn and practice the 8 tips below and you would be well on your journey to reach your goal. At the end, you may realize that getting to the millionaire level takes a lot of commitment and persistence and it rarely happens overnight.

1st Tip: Start early to build up your money

Start from young to save a large portion of your income. Generally, young people start working at the age of 23. You work hard and save hard. Let's say you saved \$20,000 by the age of 25. You invest wisely in an investment vehicle that gives a return of 10% per annum. You never touch the money but continue to put in \$300 every month for the next 30 years. At the age of 55 (25 + 30), you would have about \$1 million to your name. You can thank the magic of compounding interest in helping your money grow. It is certainly not a bad way to get your first million and to ensure a tidy sum for your eventual retirement.

2nd Tip: Learn ideas or skills to establish several income streams

Smart people would always find ways to ensure that there are several sources of money going into their various funds. They do not wait for opportunities to come to them but seek them out actively. It is up to you to find the things that you can do in your spare time to increase your income level. Popular methods like direct selling, network marketing, MLM business and selling insurance are all still going strong. There have been cases where people have quit their normal desk jobs to do full time what is supposed to be their part-time work. Like these people, you never know until you give it a try.

3rd Tip: Work smart

You may have a desire to be the top person in your field. Why not be the top person and command a huge salary at the same time? If you have accumulated sufficient know-how to become an expert in your field, you can command a high fee to share your

knowledge. People will seek you out for consultations in your area of expertise. Since you have worked hard for the money, remember to invest it wisely to let it work hard for you.

4th Tip: Invest in properties

Good examples of successful people in Malaysia are Azizi Ali, Milan Doshi, Renesial Leong and Dr. Peter Yee. This does not mean that you simply go out to buy any property that you fancy and expect to immediately make money from it. Like most things, you need to have sufficient knowledge in the area before you take the leap. Knowing when to invest and when not to is equally important as one wrong investment may affect your equity reserve. Hence, learn from the experts first and only then apply your knowledge.

5th Tip: Learn the ways to become a millionaire

You can either borrow or purchase books that teach you the ideas or methods to become a millionaire. Practice the ideas or methods correctly as recommended in those books and you have a greater chance of becoming a millionaire. There are so many books available and to name just a few of the popular titles are **The Millionaire Next Door** by Thomas J. Stanley and William D. Danko, **The Automatic Millionaire** by David Bach, **The Smart Couples Finish Rich** also by David Bach, **365 Ways to Live Cheap** by Trent Hamm and **Your Money or Your Life: 9 Steps to Transforming Your Relationship With Money and Achieving Financial Freedom** by Vicki Robin, Joe Dominguez and Monique Tilford.

6th Tip: Control your spending and debt level

If you go to any financial website or blog, the idea of controlling your spending and level of debt is always emphasized. Even books on finance never forget to mention this idea. Do you know why? If you have gone through tip No. 5 above, you would have learned that this is one of the important habits practiced by millionaires. Therefore, adapt this habit as well as the other habits of a millionaire and you cannot go wrong.

7th Tip: Start a business

It is common to hear people going bankrupt due to a failed business venture. On the other hand, you also hear and read stories about people who have made it big through their successful businesses. A lot of times, these people actually failed initially but eventually through perseverance and because they have faith in their businesses, they become successful. The initial business idea can be crucial to whether it can be profitable or not. Just because you like to cook does not mean you can run a lucrative restaurant

business. Finding the correct type of business to run is equally important where there should be a strong demand and big market for it. It takes a lot of skills to do well in business. Having one type of skill only may not be adequate to ensure that you can run your business well. You either have to learn the skills or source the work out. Doing everything right means your business has a higher chance of flourishing and making you a millionaire in the process.

8th Tip: Avoid making big money mistakes

Making the right investment moves can move you forward and up very fast but making huge mistakes can also push you right back to the bottom. Expand your knowledge and learn from other people's mistakes to ensure that you do not make the same costly mistakes. It is normal to make small mistakes once in awhile from bad decision making but it is not acceptable to make serious ones that can wipe you out. It is good to be opened to new ideas and to try out opportunities but at the same time it is wise to be prudent as well.

There you have it, the ideas that can assist you in your journey to make your first million. If done successfully, you may reach your millionaire status sooner than you expected.

Featured articles:

Easy Ways to Save Money

<http://wparent.com/save-money/>

The Wise Parent & Child Money Guide

<http://wparent.com/parent-child-money-guide/>

The Top 10 Criteria to be a Wise & Successful Parent

<http://wparent.com/wise-successful-parent/>

About the Author

Jacquelyn is first and foremost a mother of three active children. She blogs about topics relating to parenting and raising kids at WParent.com. She practices frugal living and regularly contributes articles to KCLau.com

Renting a Property

by Mohd Fauzi Puniran

Renting a house is not as easy as ABC. Couples of things to consider. First, you have to think who do you want to rent to. Who is your targeted tenant? Are you looking for a families, college students, single, expatriate or company.. The best tenant target would be company or expatriate as rest assured, the payment timing is sharp as normally company or expatriate via hiring company will do a standing instruction to your bank account at the pre determined date every month. So, less hassle for you to chase your tenant should there be any delay. Renting to a company and expatriate will normally expose to potential higher rental rate. Some of my friend who owned condominiums in Hartamas fetched a reasonable above market value for fully furnish units.

Related with targeted tenant, you may want to consider to rent it as basic (without any furnitures), partly furnished (with some nessecities furnitures, normally, kitchen cabinet with hud and hob as well as 1 unit airconditioner at master bedroom) or fully furnished (with completed furnitures in all bedrooms, living hall, dining hall and kitchen). Anyway, the rental may be differ base on the criteria. If you invested RM10000 for fully furnished, advisable to add another RM400 to RM500 into rental considering 2 years rental contract.

Second, how to advertise your unit. Nowadays, with speedy technological and informative environment, we could have an access to couples of free website like rumahsewa.com or the best is mudah.com.my. I experienced a very good moment using mudah.com.my when I advertised my condo unit in JB. The unit has been rented out within less than 2 weeks from the advert date. And to my liking it was free.. :)

Third, how you choose your tenant. This is a real head ache. You do not know anyone so to speak when you first met them while viewing your property. Anyway, we could base on few tips. By appearances... When you talk to people, try to judge the way they speak, their professionalism and their appearances, whether neat and tidy. Ask their profession, ask their company contact number and business card. And how long they want to rent the property..? Who will they bring to stay with..? If you deal with an agent, let the agent bring the potential tenant together. Interview your potential tenant. Ask where they rent before and ask for previous landlord contact number. If possible, call the company they work to confirm their job designation. So you don't have to worry their

capability to pay the rent. Call their previous landlord to make sure their rental payment pattern before. This is just a basic process to make sure you choose the right tenant... :). And don't forget to politely negotiate with them the rental rate. Do not fall in the trap of loose negotiation. Remember, we, as a landlord are doing business. Our property is our business and business must be profitable. Do not rush to close the deal. Don't worry, give them a fair statement by saying, you want to finalize all potential tenant first. Give a time line to finalize who you choose. At the end of selection, notify the rest of interested tenant with nice comfort word, so that you are not burning the bridge with them. Who knows they will be your tenant in your next property..

Forth, after you choosed your tenant, now it is time to get the deposit. Normally, the deposit consisted of 2 months rental deposit + first month rental. Then, request for utilities deposit as well, normally a month rental. The deposit will make you sleep in sound, in case there will be any delay in future monthly payment along the way and when the contract ends, should be any outstanding utilities amount, could be settle using the deposit.. And hey, the deposit will be good enough for you to start thinking to find another quality property.. :)

Fifth, legal side.. You may want to make it as formal agreement with adviced from appointed lawyer, and make an agreement to be stamped as well. This is good as if there is any breach of contract, you are protected by law. Get a lawyer won't cost you a bomb. It could be as low as couple of hundreds ringgit only depending on your property type and rental. Some more, make it look like a professional dealing.. :) Remember, renting a property is a serious business.. ;-)

About the Author

Mohd Fauzi Puniran, graduated from UTM in Mechanical Engineering yr 1999. Now working as Senior Engineer in Hewlett Packard Malaysia. Married with 2 kids. Interested in self improvement, financial subjects, property investment and anything which generates money. Besides pretty much loving to share experiences with others. In spare time, love to spend time with families and travel to new places together. He also blogs at fauzi-lifeinme.blogspot.com

10 tips to stay poor (or things to avoid)

By Bob

1. Spend more than you make

Actually if you only do #1, you won't have to worry about the other 9. This is the easiest way for anyone to become poor. It doesn't matter if you make millions or hundreds each month, the same principle applies.

2. Lust after what you don't have

Desiring something better is not a bad thing, but lusting after it is. Buying things you can't afford, because you are not content to wait until you can afford it is a great way to stay poor.

3. Never give to anyone

It seems counter-intuitive, but keeping everything to yourself only causes you to have less. Proverbs 11:25 says "The generous man will be prosperous, And he who waters will himself be watered."

4. Don't pay attention to where you money goes

From talking to people about budgeting I find that most of them say they that when they started budgeting it seemed like they had a whole lot more money. The reason being that they didn't know where it was all going before they were budgeting. I had a similar experience myself. I said, and really believed, I knew where my money was going, but once I started a budget, I was amazed at how much more money was available.

5. Get a loan for everything... cars, a new bedroom set, a vacation ***BONUS: use credit cards with a 25% interest rate!

Using cash to buy things (especially items that depreciate in value) is the key to breaking out of the "poor" cycle. Ever notice what part of town you typically find the rent-a-centers? It isn't where the wealthy people live. As Kiyosaki said in his famous book, "Rich

Dad, Poor Dad" the poor (and middle class) buy their luxuries immediately and on credit. The wealthy wait, save up and buy it with cash.

6. Wait for the perfect time to start saving

As with most positive life changes we can make, there never seems to be a perfect time. Now is always better than later.

7. Follow the crowd

The older I get, the more I realize that the crowd is often wrong. The crowd is also mediocre. I often have to remind myself the reason I am driving an old (paid off) car, while some of my friends are driving brand new (borrowed) cars is because I am patiently waiting for the reward of avoiding debt. As [Dave Ramsey](#) says, "you have to live like no one else today, so you can live like no one else tomorrow."

8. Don't worry about the little things, they don't really add up

God seems to be into the little things. I think that is why the Bible says He uses the simple things to confound the wise. Everyone looks to the big things and the flash-in-the-pan, but it seems to be the little things that make the biggest changes. I don't think it is any different in our financial lives. I mean how else could a family making \$35,000 each year retire with millions and a \$10 million lottery winner end up bankrupt?

9. Invest your money in things that you know nothing about

We should know where our money is going and why it is going there. Don't just buy a stock because you got a "hot tip". Buy a stock in a company that you understand how they make money, who their customers are, and if there is evidence suggesting that the business will continue to thrive.

I have invested in things I absolutely didn't understand and I will just say it is a bad idea all the way around. It is always a better idea to hold your cash in a money market account until you understand the investment. Then, once you understand, pull the trigger.

10. Waste stuff - money, food, time.

I remember hearing that “someone who is wasteful, is not really thankful.” I am not sure if that is always the case, but as stewards we have a responsibility to minimize our wastefulness. Jesus even had the disciples pick up the scraps after He miraculously fed 5000 so that none was wasted (John 6:12).

Featured Links

16 ways to save money by NOT being normal

<http://www.christianpf.com/16-ways-to-save-money-by-not-being-normal/>

7 steps to getting out of debt

<http://www.christianpf.com/getting-out-of-debt-series-7-steps-to-getting-out-of-debt/>

15 ways to make \$200 in 2 weeks

<http://www.christianpf.com/15-ways-to-make-200-in-2-weeks/>

About the Author

Bob writes about getting out of debt, budgeting, making money and other personal finance topics from a Christian perspective at ChristianPersonalFinance.com.

Turbo Charging your Financial Transformation

by Father Sez

You know your financial life is in a mess. You have now obtained a good understanding of what you should do to get out of this mess. You now know the steps you should take in order to straighten your financial life out. You set SMART financial goals and have also developed plans to achieve these goals. You are sure that if you keep plodding at your plans you'll eventually reach your goals.

Life is not often this simple. There will be obstacles. Old and bad financial habits may be a little hard to break.

Having a turbo charger will help. And what would that turbo charger be?

Simple, start your own personal finance blog!

A blog that would chronicle your past, your goals to transform yourself, and your journey to achieve these goals.

a) The Dumb Little Man wrote a great article on the [7 common reasons why people fail to achieve their goals](http://www.dumblittleman.com/2008/01/fail-to-achieve-new-year-resolutions.html). Prominent amongst them was the failure to write down the goals, failing to review them periodically and not having a support group.

<http://www.dumblittleman.com/2008/01/fail-to-achieve-new-year-resolutions.html>

Your blog by its very nature will overcome these. This happens by the very process of you writing up your posts, doing the research that may be needed for the post and the comments that your readers would be making. And most importantly, doing these on a regular basis.

b) Having a goal buddy is accepted as a powerful aid to achieving goals. They provide us with motivation, accountability and preserve our determination. I am sure you'll agree that it's not easy to find a goal buddy. With your blog, the readers in the community you build become your buddies. They'll give you continuous motivation, accountability and determination.

<http://sbinfocanada.about.com/od/goalsetting/a/goalbuddy.htm>

c) Once you have started your blog and announced its supporting mission statement, you'll start feeling that you have a duty to perform—a duty to studiously and strenuously work to achieve your goals. You'll feel that you are a role model to your readers. An internal motivation builds and turbo charges you forward on your path to implement your plans and achieve your goals.

Read how the act of not following his own suggestions for a mere two months affects Gbl Guy. He confesses this slip up to his readers, whom he calls his accountability partners.

<http://www.gatherlittlebylittle.com/2008/01/keeping-it-real-confessions-of-a-personal-finance-blogger/>

Incidentally, he received a whopping number of comments, every one of them supporting and encouraging him and to overlook the lapses as just being human. You cannot get a better community of goal buddies than this!

d) Receive continuous guidance, tips and resources on improvements that can be made in your plans. The blogosphere is incredibly generous when it comes to sharing information and tips. As you proceed on your blogging journey, you'll find yourself reading a lot of other blogs. And you'll find tons and tons of advice and help.

You can get solutions to almost every obstacle that you may meet in your own journey of financial transformation. Tips on frugality, 100 ways to reduce your energy bills, how to prepare your budget, financial calculators, or understanding risk, all are answered in other blogs.

Many of the blogs I read and respect were set up for this very reason.

For example, Flexo created Consumerism Commentary to “hold himself accountable for his finances.” KC Lau writes regularly on personal finance tips from a Malaysian's point of view, to help you achieve a better and more balanced life.

<http://www.consumerismcommentary.com/>

<http://kclau.com/>

Starting a blog

Not knowing how to set up a blog is no excuse, when even a technology dummy like me can set up one. There is abundant free help and resources available online. You can look up:

- i) WordPress.com, which practically hand holds you through the process of registering and setting up a blog.
www.wordpress.com
- ii) Cash Money Life has just started a series on setting up and maintaining a blog, and
<http://cashmoneylife.com/2009/02/06/how-to-start-a-blog-for-fun-or-profit/>
- iii) Nearer home, KCLau even helps you with ideas and methods to make some extra money from your blog.
<http://kclau.com/make-money-tips/generate-income-blog/>

So what are you waiting for?

Just starting a blog for the sake of having a blog will not be of much use. You must first have a will, a strong will to transform your life.

When you have this will, your blog will turbo charge your journey to transformation.

About the Author

I started www.fathersez.com, principally to straighten myself out from an unhealthy financial position and secondly to help communicate to my children lessons to be learnt from the mistakes I have made in life.

As a father of 5 children, I am very concerned about the lack of teaching of “living skills”, and in particular “personal financial management skills” in schools. I am looking to share with and to learn from other parents, as I try to equip our children with as much preparation as I can for them to face the world on their own.

I also have set up and maintain two other blogs, one about my goat farm in Malacca and another one on my MLM business.

www.ladangfatima.com

<https://moreincome4malaysian.wordpress.com/>

10 Ways How to Make the Recession Works for You

by Yow Chuan



Before we engage the enemy, we must first understand as much as we can about the enemy. Otherwise, it will be difficult to decide on the best tactics to neutralize the enemy. So, what's this recession monster that's being portrayed to sound like Armageddon itself?

Investopedia defines recession as...

“A significant decline in activity across the economy, lasting longer than a few months. It is visible in industrial production, employment, real income and wholesale-retail trade. The technical indicator of a recession is two consecutive quarters of negative economic growth as measured by a country’s gross domestic product (GDP); although the National Bureau of Economic Research (NBER) does not necessarily need to see this occur to call a recession.”

In other words, it’s the downward spiral of everything the economy holds dear, an inevitable part of the economic cycle. Like a strict diet regime for an obese individual, the recession is nature’s way of correcting the mal-investments and artificial booms that has occurred in the course of the business cycle.

Impact of a Recession

So, on the global geopolitical level, we are going to see countries pumping cash into the system in the name of economic stimulus. We will probably see some major tax reforms, revising of the National Budgets, and even Finance Ministers changing hands. Some strategies are aimed at prolonging the inevitable, while some measures are meant to ensure the governing Administration ‘looks good’ in the public’s perception.

On the corporate level, where the impact of the recession is much more pronounced, we are looking at companies filing for bankruptcies, restructuring their business models, and retrenching employees like a slaughterhouse. As for the politically linked corporations - we might begin seeing trend where they start receiving taxpayer’s donation in the name of government handouts.

On the personal level, this is where the average people like you and me is going to see some changes. For starters, we are going to feel the pinch in our pockets. With job cuts and ‘revised’ salaries, there’ll be less disposable income to go around. Nevertheless, it’s not so much of a bad thing after all. It’s a good time for us to reflect on what’s essential and what’s unnecessary luxury. Some will even go to the extreme, switching Milo for Vico, Nescafe for Indocafe. Not that it makes a world of difference, but it helps to feel the recessionary effect.



Shopping and retail outlets will also see fewer crowds. People will eat-in more frequently and skimp on the fashion department. Even your cat would have to switch to a much more affordable cat food. On the upside, it'll be easier to find parking spaces, and we'll probably see families spending more time flying kites together or having picnics in the park.

The dark side would not be spared from the downward cycle. Crime rate usually shoots up during recessions, mainly due to unemployment and the sudden adjustment of lifestyles. Generally, intake of alcohol, cigarettes and lottery buying amongst the public would see a sudden spike.

A friend of mine relates to me how even high-level manager who had been retrenched from the workforce faces not only the loss of income, but also pride and dignity. Some even had problems adjusting to a much lower hierarchy in the corporate ladder, resulting in them to consider the possibility of suicide.

For small business owners, dwindling sales figures and inability to pay the bills will be the norm. It doesn't help when banks start becoming more wary on providing loans to these business owners due to increasing defaults. Hence, it's important to ensure a good reputation with the bankers so that when you need them, you can count on them.

The Truth about Recession

As we've seen from the scenarios above, the recession is not a monster as it was advertised. Yes, it's depressing to know about the job losses, plummeting stock markets (and hence personal networths), and contraction of spending power amongst the population. However, we also need to realize that a recession is just like any other natural phenomenon, and to prevent a natural event from running its course is only going to snowball the impact of the inevitable. Like the dotcom bust we've witnessed in the early 2000, a mal-investment of financial capital would need to be corrected eventually.

An important sign that we must observe from the effect of a recession, aside from the gloom and doom, is that after the crisis, there's bound to be an opportunity. Remember the Newtonian law? For such a damaging crisis, the opportunity would be equally huge. It could be the rising awareness of a flawed monetary system, as we are now witnessing. It could also be a sign that the existing capitalist economy is no longer sustainable and that certain industries are no longer as profitable as they seemed, and hence there's a need for a change. If the recession is being resolved with the right attitude and mindset, it could propel the next economic cycle with a stronger foundation and a better living conditions for all.

We have to realize that we are living in a time where great transitions are taking place and there's no place for self-serving mentalities. It would be detrimental for a government or any political party to place self-interest above the nation's well-being when the time comes. As I have mentioned before, the only consequence of living in a state of denial is a rude awakening. It's not enough by just telling the citizenry that recession is going to skip the country (as unbelievable as that might sound) while it engulfs our neighboring countries.

Crucial data that can lead to important decision making for policymakers and business owners should be made available in the public domain and updated consistently.

We also need a government that focuses on serving the people, rather than putting up dramatic power struggle dramas. It might just be the most expensive soap opera every Malaysians would have to pay.

Making Recession Work for You

Following Sun Tzu's advice- "Know thy enemy, know thyself and you shall be victorious", you need to look at how your own personal finance is staking up. Let's look at 10 ways you can turn the table around and make the 'monstrous' recession work for you.

1) Firstly, look no further than your own balance sheet. Keeping an updated balance sheet is definitely no rocket science, but is often neglected simply because you do not see the benefit in the short term. Doing a reality check, like looking at yourself in the mirror takes more than just sheer courage- it takes a whole lot of discipline just to keep at it.

Knowing where you stand financially is the first thing you must do before you start messing around with your money. Even if you decide to go forward in the wrong direction, it helps by having a map so that you know how much you've strayed! Therefore, if you haven't already done so, do yourself a favor- start a journal for your personal finance. It could simply be one of the best 'investments' in your financial life.

2) Buyer beware! If you are a shopaholic, a recession can help you train your self-discipline when it comes to your shopping addiction and making you more conscious about your spending.



Here are a few tips that you can protect yourself to resist against such impulses:

- i) Always use cash, because it's much more painful to part with cash than to swipe with a credit card.
- ii) Have a shopping list before hitting the stores and REALLY stick to it!
- iii) Filter out the discount and sales tags- "they are on discount because nobody wants them!"
- iv) Shop with a full stomach. You are more impulsive and temperamental when shopping with a growling stomach.

iv) Here's one tip I find very useful, and I call it the '24-hours Craving' - Would you crave and still come back for it 24 hours later? Some cravings evaporated instantly the moment you leave the store.



v) Resist shopping for the sake of shopping. The Chinese has a saying, "Don't send the lambs into the wolf's den", which means don't do something when you already know there's going to be a tragic outcome. There are so many other ways you can spend your weekend productively.

3) Get enterprising! No, don't quit your day job yet, unless you are already retrenched. You've probably figure out that you could earn some extra pocket money working on the weekends. There are many ways you can build passive income using the extra time you have. With access to internet, there's no longer excuse that there's no market for your skills.

Many skills become even more valuable in a recession. Repair-related industry, such as cobblers, clothing alterations, car mechanics and computer technicians would probably see a surge in their revenue in the coming months.

However, a word of warning though, with so much opportunities opening up, you can also be easily fall prey into scams if you're not too careful. Pyramid-schemes, Get-Rich-Quick schemes is especially rampant during a recession.

4) Get charitable! In the midst of a crisis, it's easy to forget about those who are even more unfortunate than ourselves. By sharing what we have in abundance with others, not only would we be spreading kindness and love (which is in very short supply these days), we can also remind ourselves and be grateful with what we have now.

5) Replacing your hobbies for something less inexpensive would also help you reduce the impact of the recession. If you happen to be a shopaholic, it would really help you save once you replace shopping with jogging in the park.



What about if you happen to like reading? Reading would be tough to replace but you can start sourcing for much more affordable reading materials. In a recession, pre-owned books are going to be very much sought after. So, that's something for bookstore owners to think about.



6) Cut the cards! It's a good time to cut and consolidate those plastics. It's already difficult to juggle between your incoming and outgoing cash flow, let alone managing multiple credit card statements. Do yourself a favor; consolidate all your cards into one, or two at most.

7) Review your memberships. Go through all the renewable membership programs you've signed up and trim those that you've been benefiting from. You might realize that you are not going to the gym as often as you thought you would when you signed up. I am not a gym-fan. Always preferred the natural outdoor anytime to enclosed gym studios.

8) Attack your subscriptions! Check if your Astro subscription is absolutely essential? Maybe you can cut down on some channels, or even start watching your favorite dramas on the web.

What about your broadband packages? Can you surf with the basic package? I am using StreamyX's 1MBps, which is costing me RM77 per month and is more than enough. Many people I know have already switched from printed news to alternative online news. Not only because it's cheaper, but also the news are much more less likely to be spin-doctored.

9) Pre-retirement exercise! If you happened to be retrenched, not all is lost yet. How can being retrenched works for you? You can look at the retrenchment and the looming recession as a retirement simulator, except that the simulation is real. This is how it feels when you retire - no income, and living off the money stashed in your bank account (if there's any left). Hence, this could be a good reminder that if you don't plan for your retirement now, this is what's going to happen when you 'really' retire.



10) Burn the fats! A recession can be good for your health. Just make a quick estimate of how much you're spending while eating out right now. If you work around Klang Valley, eating out three meals a day would roughly cost around RM20 (inclusive of 2 meals at fancier restaurants such as TGI Friday or Penang Street). That's at least RM600 a month. You can cut down on the frequencies you eat out and replace those with home-cooked food. For example, eating-in saved me at least RM400 last month!

Also, if you are interested to know if eating at home really can help you save, follow this link (<http://ask.metafilter.com/48449/Is-eating-at-home-cheaper>) for an interesting debate!

If you are a regular smoker, cutting down on the cigarettes or eliminate it altogether would save you quite a lot and lengthen a few more minutes of your life (depending on how long you've been puffing). Same goes with alcohol intake, moderating the consumption can stretch your Ringgit further.



Epilogue

So, still think that recession is bad? No doubt, it is going to disrupt our lifestyles quite a bit, and in most cases change is a painful process. As the saying goes, “what doesn’t kill you only makes you stronger”. In fact, this is the first time in my working adult life I am experiencing an economic crisis, and economists are claiming that this crisis is one of the worst ever since World War 2.

As for the financial planning industry, concerned friends have been asking how had the crisis affect my bottom line. It would be ignorantly optimistic to claim it is business as usual. Investors' confidence has never plunged any lower before this, and being a licensed unit trust consultant, earnings is surely going to take a hit. Insurance products have never been harder to sell, especially when giants like AIG can announce to the world that they're facing solvency issues. You can no longer believe the numbers anymore, even when they've been prepared by the most trusted of professionals. Mega ponzi-schemes disguised as highly lucrative investment plans are being revealed as you are reading this. Greed seems to be the order of the day.

The entire financial industry is undergoing major transformations. It has definitely make the life for us in the financial planning industry very 'shaky', for lack of a better word. However, I do believe that for any businesses, as long as we stick to time-tested values such as integrity, honesty and accountability, we would be able to brace through these tough times. I can't say I've found any silver bullets, as I believe that the crisis has yet to be played out fully. Time is better spent preempting for the worst and ensuring that when the storm hits, you have enough flexibility to ride it out unscathed.

However, I am worried that our government is pushing the problem away from their boardroom meetings, and nothing substantial has been brought up to quench the curiosity and doubts from the public. The recent political turmoil has taken too much focus and it seems our leaders are having problem placing their priorities. Time is definitely running short, and I wonder how much longer these politicians are going to continue buying time and avoiding the issue at hand.

The recent drop in Bank Negara's OPR rate has helped to remove some burden off housing loan borrowers like me. Also, as I am writing this, a local daily's headline goes - "RM5,000 rebate for a new car purchase!".

We are also witnessing a higher level of awareness on the financial crisis globally, thanks to the Internet. If we are fortunate enough, we will probably see some positive reformation of the non-sustainable monetary system that we have come to depend on for so long. We now have the chance to review the viability of our current capitalist culture.

If the collective governments of the world do not take pro-active stance to remedy the on-going crisis, it's possible that we might be entering another World War, fighting for leftovers in a resource-depleted planet. A reader posted this great speech by Vladimir Putin at the recent Davos World Economic Forum: <http://www.russiatoday.com/news/news/36554>

And here's an interesting quote to end this post:

It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change.

~Author unknown

About the Author

Yow Chuan is an Associate Financial Planner (AFP) with the Financial Planning Association of Malaysia. He founded Meshio Planner, a personal finance consultancy and advisory firm based in Petaling Jaya. He also maintains a personal finance blog that is catered to fellow Malaysians at www.meshio.com

You can sometimes spot him along the East Coast, facing the beach with his laptop. He can also be reached via his email yowchuan@meshio.com

How To Survive in a Bear Market

by Tushar Mathur

What do experts do when the markets are heading south?

Most investors know that sometimes markets go up, and other times they go down. And while many people will choose to look for safe houses, others view a bear market as an awesome opportunity. The savviest investors consider all their alternatives in any market, knowing which strategies can be used to play either side. Not only does a downswing eventually result in many undervalued companies to snap up before they potentially go back up, but there are other strategies that generate profit when prices continue to decrease. You'll find many of those strategies highlighted here so you can learn ways to invest in a downward moving market. We'll start with a few time-tested strategies to play a bear market.

1. Dollar cost averaging
2. Stock shorting
3. Downturn-resistant industries

Before you get ahead of yourself, there is an important thing to remember. In order to ride out waves of volatility, you need to be comfortable with your investing strategy and take any fear or emotion out of you investing decisions. Otherwise you'll be doomed to the age old story of buying when the market is strong and selling when the market is weak. So this is a good opportunity to evaluate your investment philosophy and identify investments that meet your criteria.

Dollar Cost Averaging

If you want to avoid "buy high, sell low," then this can be a valuable strategy in a down market. The dollar cost averaging (DCA) strategy includes spending a fixed dollar amount at regular intervals on a particular investment, regardless of the share price. This way, more shares will be purchased when prices are low and fewer shares will be bought when prices are high. So over time, the average cost basis will be lower than if all shares are bought at the same time.

Short Selling and Short ETF's for Downward Markets

Many investors choose to sell a stock short if they believe the price of a stock is going to decline. The way this works is that an investor is allowed to borrow a stock and then sell it to someone else. Then, if the price of the stock decreases, it can be bought (also called covered) back at the lower price and returned to the lender. Of course, you have to pay interest on the stock for the privilege of borrowing it. And it's a risky strategy, because if the stock price goes up, the loss has unlimited potential.

Alternatively, short ETFs allow investors to profit from declines in an underlying index without directly selling short any securities. Short ETF's track the inverse of various indices, so that the value of the shares will increase or decrease in value inversely with the index.

Look For Downturn-Resistant Investments

People simply want to move their investments to recession-proof stocks, rather than adopt a completely different trading strategy. Some people consider size, industry, or financial stability as important factors when they examine how a company is going to do when the market heads south.

About the Author

Tushar Mathur maintains a Personal Finance blog called Everything Finance. The blog articles fall under these categories: Investing, saving money, shopping, blogging and making money online.

URL:

<http://www.everythingfinanceblog.com>

He has now started another blog called Small Business Resource. This site talks about ways you can manage your business more efficiently.

URL: <http://freesmallbusinessresource.com>

Featured

Links:

<http://www.everythingfinanceblog.com/2008/10/budgeting-for-stable-future.html>

<http://www.everythingfinanceblog.com/2008/05/ways-to-save-money.html>

<http://www.everythingfinanceblog.com/2009/02/zecco-free-stock-trades.html>

How to Find a Good Financial Advisor

By The Financial Blogger

Part 1

I realized that there are more and more people trying to manage their finance by themselves. They think that they can do better than their bank, that they have been managing money since high school and that they already have a good pension plan anyway. While some people become really good at doing it (for some reasons, there are a lot of engineers doing it!), the majority of the population is driving blindly their portfolio thinking they roll on Wall Street where they are just about to hit a brick wall!

From time to time, I receive emails from readers asking me questions about their financial situation or about some wicked investment strategy designed by a financial consultant. I noticed one common thing; they have no clue if they can trust their financial advisor or not. I guess this is probably why several people are trying to manage their money on their own since we are surrounded by a bunch of **financial clowns!**

Being a financial planner myself, I tried to identify what makes a good financial consultant compared to the usual banker or the car salesman.

Honesty and integrity

This is probably one of the most important characteristics of anybody who has to manage your money. The problem is not that I don't believe that most of them are not honest but too often they run into conflicts of interest.

One day, I was asked a very smart question: "How much do you get paid with this transaction?". I think this question should be asked every time that you are about to do a financial transaction (especially when it is regarding the stock market and your investment portfolio).

We often think that honesty is coming from the trust we have into a person. This is completely wrong! Honesty is coming from the answers to your questions. The more questions you ask your financial consultant, the better idea of his level of integrity you will have. The world is full of bullshiter and the only way to discover them is to ask so many questions that they can't lie anymore.

If your financial advisor smiles back at one of your questions and change subject, this is your clue that is not being honest and that you need to come back with more precise question in order to corner him.

Part 2

Dealing with money means a painful and lengthy operation for several people. Managing your investment portfolio, looking at your debts and preparing a solid retirement plan are things that should be done by a professional. The problem is that our industry has too many **clowns and car salesmen** in their rank. It is your challenge, as a customer, to find the right consultant that will bring peace of mind along with some good returns 😊

The first post of this series was about **honesty and integrity**. While this is not a characteristic that will make your financial planner performs, it is the very basic of a financial relationship. Today I will write about pro-activeness and how it should be demonstrated.

Most financial advisor will claim their pro-activeness since it is something highly requested in the financial industry. We want a consultant able to read our mind and offer us products according to our needs. But be careful, most salesmen look like they are being pro-active and they just want to sell the latest flavour of the month in the financial world.

When I am talking about pro-activeness, I am talking about validating my needs before I express them. For example, if your banker (hopefully, he is a financial planner) offer you to do a retirement plan for free. This is what I call pro-activeness. You know that he won't make a penny on this kind of work but he will still do it because your good is important for him.

A good sign that your financial advisor is pro-active would be that he is offering financial solutions that are not necessarily the most advantageous for him. For example, if your consultant is looking for your monthly charges on your bank account, you know that he is really working for you and he is not waiting for you to complain in order to take action.

Regularly follow-up is definitely another sign of pro-activeness. You are dealing with this individual for a specific reason; you want him to manage your money. Therefore, unsolicited follow-up such as a call when you receive your financial statements or when there is big news in the market would be appreciated.

This quality will bring you an additional piece of mind and an assurance that your money is managed actively. This will obviously not going to guarantee that you are going to make more profit, but at least somebody will be able to tell you before you get your financial statement.

Part 3

I have created this series on **how to find a good financial advisor** since many people are looking for advices on their financial situation and can't find a trustworthy consultant. Since I have worked with hundreds of consultant of any kind (private financial planner, investment specialist and life insurance agent), I have a good idea on how to select the good cherries from the rotten tomatoes! The sad truth about this industry is that financial institutions are putting a lot of pressures on sales.

Therefore, they are more likely to hire **car salesmen** than real good financial agents. In addition to that, there is a huge part of the pie taken by independent / self employed individual who are able to pay their bill at the end of the month only if they are able to sell something to someone during that time frame. Unfortunately, you will find a lot of crook in this industry.

However, I don't think it is worst in the financial industry than any other one. The only difference is that the way you manage your money has a much bigger impact on your life than the way you buy a dishwasher!

Taking the decision of giving away a part of your money to be managed by somebody else is a really important choice in your life. Therefore, you should see more than one person before deciding who will be in charge of your portfolio. For your first meeting, I think you should prepare yourself as you were a manager hiring an external consultant. After all, this “money specialist” will work for you. You will give him the important mandate of managing your investments, looking over your budget and maybe answering your needs in term of life insurance. Don't forget that **he is working for you**. So you are in right of asking him any questions you find relevant.

For example, I wrote a few ones in order to give you an idea as of where to start your investigation:

- For how long have you been in this industry?
- Do you have any financial education background? (ie. **CFP Title**, Bachelor degree in finance, **MBA**, etc.)
- Why are you working for this Bank / Investment Firm / Insurance Company?
- Have you ever work for **Primerica**? (**just kidding! The Company has nothing to do with the quality of your advisor, there are good financial consultant everywhere**)
- Why are you working as a financial advisor?
- What is your investment philosophy?
- What is your income structure? (by law, they have to tell you if they are commission based, salary based and if they have any incentive to sell one product more than another)
- Can I get reference from 2 of your existing (and hopefully satisfied!) clients?
- What would they tell me about you?

- Why should I choose you and not another one?
- What is your “unique value” proposition? (what are you offering, what is your added value as a financial consultant)
- What are your work methods (how often you do your follow-up? Are you going to call me when my investments are up? Are down?)

Tricky question:

“I’m ready to invest now, what is the best product you can offer me?”

If you financial dude answer to this question right away on the first meeting, show him the door right away. The first meeting should be one to get all the information on your financial status, your **investment profile**, your personal financial goals and answer your questions. **An advisor offering you investment product as soon as you open the door is there to sell you something, not to look over your financial situation.**

One last point is to mention that if your financial consultant is not giving you straight answers, keep asking the same question until you get the answer. If he does it too much, it probably means that he has something to hide... I don’t think this is what you are looking for!

Part 4

Managing your money can be very time consuming and you might make mistakes or you may miss opportunities (and not only on the investment side) due to your lack of knowledge in specific fields. I started this series talking about **honesty and integrity**, then I suggested your **advisor should be proactive**. Then I got more specific in the type of **questions you could ask your financial advisor**. This post is about knowing what you are looking for and asking for it.

The financial services industry is no different than any other service; both parties must be clear as for what is their expectation. If it's not the case, the clients or the service provider will be frustrated. Providing a service (especially in regards to finance) should represent a win-win situation.

What are you looking for?

It is important to think about which kind of relationship you are looking for. In fact, having a financial advisor is like having another person in your life. Sometimes, clients are disclosing secret to their financial consultant that even their spouse ignore! However, you don't have to get there to find a good advisor 😊

Do you expect him to call you every trimester, once you receive your investment statement?

Do you expect him to send you information letter or news letter via email?

Do you expect a written plan with investment project?

Are you looking for tax advice?

Do you want to work with a team or a single individual?

Do you want a financial consultant that will give you hint on stocks? Or will manage your entire portfolio for you?

Do you want to meet with your financial agent only once a year to make sure you are on track? Or do you want to hear from him months from months?

Do you expect a call when markets go down or up significantly?

Are you looking for a personal finance expert? Investment broker? Life insurance agent? (note that it's almost impossible to have the 3 within one person, you would have to refer as a team to get this type of expertise).

These are only a small list of questions you need to answer before meeting with a financial advisor. Once you know what you are looking for, communicate this information during the first meeting. This will establish a clear and straight forward relationship. Then, it will be up to the advisor to meet your requirements or simply tell you that he/she cannot work this way.

Basically, I wanted you to understand that a good financial advisor will not be perfect, but he/she will answer your specific needs. You might not get along with all the good financial advisor, you need to find **yours**.

Part 5

Is there that much to say about financial consultant? I mean, 5 posts on the same topic, do we need that much to know how to recognize a decent financial planner? I'm afraid that even 5 posts is not enough to cover this topic. When you think about it; if you are about to leave someone else manage your money, he better be good on every single aspect he touches! In today's post, I am thinking out loud about which kind of human being can represent the perfect money manager for your personal finance.

He does really care

Everybody in the industry will tell you that they care about their clients and that they work for them and not the company that give them their pay check (or huge commission deposit ;-)). However, some financial advisors do really care. I will not give any statistics as they would only be the translation of my assumptions, but I am convinced that there are a lot of financial consultants doing an amazing job for their client. Unfortunately, you will be able to assess your advisor's true honesty over time. Tips that don't pay him (if he is insisting that **you must have a will** for example, he is not receiving a penny for this advice), special attentions such as a phone call for your birthday and flexibility (in term of time for a meeting) would be good indicators. Since it's intangible, it is always hard to know who people really are unless you can **read other's people mind!**

He will make mistakes

He is a financial consultant, not a superman! The difference between a good and a bad financial advisor is not the number of mistakes or the severity of them. We recognize a good advisor when he does acknowledge that he made a mistake and its proactivity to resolve the problem. It is obvious that if you write a major complaint against him, he will be the first to acknowledge his mistake. A good consultant will realize his mistake and make sure you are happy with the solution offered before getting to the point of the complaint. He should be straight forward with his clients so they know he is not perfect, but he doesn't play the BS either.

He offers more than one solution

This is not only a cheap sale trick (even though some people are using this technique to close deals). The reason behind offering more than one solution to your client is to show him/her the difference between two alternatives. This help recognizing the best solution for an individual and the client will more likely understand the full potential of the strategies. A good financial advisor will also show the disadvantages of each financial product he offers in order to be as honest as possible. It is also important that he validates that you are comfortable with his explanation and that you fully understand all the technicalities.

About the Author

The Financial Blogger is a 27 year old financial planner that is just passionate about finance. I want to create a resourceful website where everybody that decides to take control over his personal finance can actually do it and understand what his financial consultant is doing.

Gold Investment In Malaysia

by Carson Ding

Find Out 5 Ways You Can Invest In Gold In Malaysia, And Know Which Is The Best

Many people have been interested in this shiny metal as investment of late.

This article will give a comparison on where is the best place to invest in gold in malaysia.

1. Poh Kong

I bought a piece of 50gm Poh Kong Bunga Raya 999.9 Fine Gold gold bar on 5 November 2007. The selling price was RM95 per gram.

On 8 December 2008, I sold it back to Poh Kong. While the retail price for 999 gold on that day was RM105 per gram, Poh Kong bought it back from me at only RM94 per gram. Doing the maths, that's about 12% buying and selling price difference.

This is definitely not a good place to buy gold and invest in gold.

2. Maybank Gold Savings Passbook

In my early days of investing in gold, I was happy that Maybank offers a gold savings passbook account. This means that I don't have to find a safe deposit to keep the my gold bars from Poh Kong.

Let's examine the buying and selling price.

Today's gold price in Maybank:

Selling	RM100.61
Buying	RM93.10

Doing the maths, you can see the buying and selling price difference is about 8%. This is better than Poh Kong. But wait, there is more. Read on.

3. Public Bank Gold Investment Account

On 21 April 2008, Maybank Gold Savings Passbook Account had a new competitor. It is the Public Bank Gold Investment Account. I was happy with this initiative from Public Bank. Let's see their buying and selling gold price difference to see what I mean.

Selling	RM97.78
Buying	RM93.83

Doing the maths again, the price difference between buying and selling is 4.2%. This is about half of what Maybank is offering. Definitely a good place to invest in gold. Don't you think?

A related article that I have written that you can read is here.

Now, why are we interested in the buying and selling price difference?

Well, the smaller the gap is, the faster you can break even on your investment when the price is going up. If you buy a Poh Kong gold bar, you have to wait for the price to go up more than 12% before you can make a profit in your investment. You are buying at the

Retail price (Selling price) and you are selling back your gold at their Buying price. Therefore, the smaller the difference, the better it is.

Of course if you prefer to hold physical gold coins rather than just having a passbook account, you can do so by buying them from Maybank or UOB Bank.

4. UOB Bank Gold Coins

UOB offers competitive pricing in their [gold coins and products](#) (click on Gold Prices on that link).

UOB has Australian Nuggets, Gold Maple Leaf, Kinebar, Pamp Gold and Singapore Lion. They come in different sizes. The best ones are those 1 oz weight.

For example, look at the Aust Nuggets buying and selling price.

Selling	RM3078
Buying	RM2993

Let's do the maths. The difference is about 2.8%. This is by far the best compare to all those above.

5. Maybank Kijang Emas

Maybank has its own gold coins too. It's called the [Kijang Emas](#) Gold coins. It comes in three sizes, 1 oz, half oz and quarter oz. The best rate of course is the largest one, the 1 oz gold coin.

Selling	RM3141
Buying	RM3041

Do your maths and see the selling and buying price difference. It's about 3.3% difference. Certainly can't beat UOB's prices.

So, now you know the difference. Invest wisely.

Disclaimer:

1. All prices shown above are based on the date of this article is published. Please check with the banks or retailer for the latest gold prices (the links are already provided throughout this article).
2. Physical gold coins or bars may not be available at all branches. Please check with the banks and retailer to find out where you can purchase them.

Featured links:

Modern Employees And Ancient Slaves – (<http://www.unit-trust-investment.com/2009/02/165-modern-employees-and-ancient-slaves.html>)

Millionaire Investment Plan – (<http://www.unit-trust-investment.com/2009/02/163-millionaire-investment-plan.html>)

Gold Investment And Tetrahedron – (<http://www.unit-trust-investment.com/2008/12/139-gold-investment-and-tetrahedron.html>)

About the Author

Carson Ding writes at www.unit-trust-investment.com

How to know if a real estate is worth investing?

by OngKL

Kicking off the evaluation process is the toughest for us. Question after question kept popping up “Is the property market low enough?”, “Is this property worth considering?”, “Are the numbers the only criteria for investment?” What are we really looking for in real estate investing?? Quick bucks \$\$ or Regular income....

Bottom-line = Money!!!

Property Agents have tons of recommendations for YOU! How will you know whether they are good investment for you?

There are many factors that need to be considered in evaluating a real estate investment. For example, location, environment/neighborhood, facilities, financing options, rental income, etc. If all above works, it is time calling your agents and set up appointments. Happy Viewings!!!!

Actually it is not difficult and it does not need much of your time to know if a real estate investment is worth investing in the first place. All you need is crunching some numbers with your calculator, and Bingo! You can decide whether the property is worth investing.

Later in this article, we will show you how these numbers work in your prospective real estate investment by two real life cases in Johor Bahru.

Numbering GAME

Numbers, numbers and numbers.. How do you get them?

You may try calling a few property agents, check with banks on properties valuations and of course there is plenty of information on the Internet. Once you have these numbers you can determine if a real estate investment is worth spending your time for a viewing.

“Seeing is Believing.” Check out the property to see the actual condition and the environment, whether it is to your liking once you get your numbers RIGHT! Once you get your numbers, you will see:

Incomes

One-time income - selling price

Regular income – rental price

Costs

One-time expenses (startup costs) – down payment, agent’s brokerage, legal fees, stamp duty, furnishing cost, etc.

Regular expenses (monthly costs) – monthly loan repayment, monthly maintenance fee, quit rent, property tax, etc.

See how they (Numbers) work..

The basic requirement for a good real estate investment is that the income it generates must be *more* than its costs.

If the selling price of a real estate investment is more than its purchase price and startup costs, this investment generates *capital gain*.

If the rental income of a real estate investment is more than its monthly expenses, this investment generates *cash flow*. To find out more about the importance of cash flow and how it will lead your way to the road to riches you can visit www.kclau.com or read KClau’s new book **Top Money Tips for Malaysian**

If you are looking for capital gain, the gain or loss depends very much on the real estate market. Hoping to make money from capital gain on real estate is like buying a product and hoping the value of the product will go up with time. On a long term basis, real estate will be appreciating in value because of inflation, but the gain is not guaranteed.

On the other hand, a real estate investment that generates cash flow effectively put money into your pocket every month, while your equity in the real estate investment increases over time. This is the real estate investment that we are looking for – an investment worth investing.

Too good to be true?

With this economic crisis, you will ask yourself, “Is it the RIGHT time for me to start investing in real estate? Everything is so uncertain NOW.”

In Johor Bahru, you can find plenty of real estate investments worth investing at this juncture. We discovered most of these investments that generate substantial cash flow are mainly apartments or condominiums. You can read from our upcoming article to know why apartments or condominiums are better real estate investments in Johor Bahru. Here are two recent real life cases of real estate investments worth investing in Johor Bahru.

Case 1: We found a condominium in Larkin area of Johor Bahru in October 2008 selling at RM160,000 with existing tenant. Monthly rental income is RM1400 while monthly maintenance cost is around RM300 (maintenance fee plus sinking fund plus quit rent). If we finance 90% of the purchase price to buy this condominium with interest rate 4.85% with a tenure of 30 years, monthly loan repayment is estimated to be RM760. Thus, this condominium is generating a net cash flow of RM340 every month, RM4080 every year. Total capital outlay for this investment is RM24,000 for down payment including other startup costs like legal fee and brokerage. Effectively this investment gives us a yearly cash-on-cash return of 18.5%. In other words, within 6 years we would be able to take back our capital RM24,000! The best thing is we still own the condominium. It will keep putting money into our pocket every month. We also have the option to sell it away when the market is good.

Case 2: There is a 3-rooms apartment in Tampoi sold at RM125,000 in October 2008. Monthly maintenance cost is about RM150. If we finance 90% of the purchase price with interest rate 4.85% with a tenure of 30 years, monthly loan repayment is estimated to be RM600. Expected rental income for a fully furnished apartment in the area is about RM1200. With furnishing cost of RM10,000, total capital required for this investment is around RM27,000, while total monthly cost is RM750. The apartment is expected to generate a net cash flow of RM450 every month, RM5400 every year. Cash-on-cash return on this investment is 20% which we can expect to take back all the capital within 5 years.

Sound interesting right?

Of course, so far we are only talking about numbers. A good real estate investment does not rely on purely numbers. You still have to go and have a look at the building structures, study the location and neighborhood, and perform other checks before you make your decision. What we have discussed, however, can save you time and give you more ideas on the potential returns of a real estate investment before you tell your agent which real estate you want to view in the coming weekend.

You may notice that in the real cases that we mentioned above, when come to financing we chose the loan amount of 90% on the purchase prices, interest rate at 4.85% and a tenure 30 years. You may wonder on what basis we use these numbers to get the monthly loan repayment for a real estate investment.

Monthly loan repayment is the major cost of your real estate investment and investing in real estate is all about financing. In our article "[How to finance your real estate investment for maximum return?](#)" we discuss about how to finance your real estate investment in order to attain maximum return.

(If you're not already a subscriber to Real Estate Investment in Johor Bahru, please subscribe here to receive our FREE latest update via email.)

(Also, don't forget to subscribe to our newsletter to receive a property investment evaluation tool. This tool allows you to estimate monthly cash flow, monthly installment and return on investment for your property. This tool will also show you if a [property investment is worth borrowing/leveraging.](#))

About the Author

Coming from a humble little town called Tangkak in north Johor state of Malaysia, OngKL considered himself lucky to have chances to learn and work both in Johor Bahru and Singapore - a conurbation with 6.49 million still fast growing population - since year 1996. Now he has a chance to contribute back to the community by sharing what he sees, what he knows and what he learns in this wonderful place.

OngKL blogs at <http://reijb.com> and he can be reached at ongkl@reijb.com

Is It Alright that We Buy Insurance Only After We Get Married?

By Loke Cheng Leong

Last year, one of my friends told me that we should buy insurance only after marriage because **family plans** were better than **individual plans**.

I think it is **wrong** to say so as **we all don't have the ability to predict when a critical illness or an accident will strike**. In addition, no research says that humans will bear a higher risk after marriage. We only bear a **heavier responsibility after marriage**. Any **lucky** and **unfortunate** events can happen to us **any time**.

Is a family plan really better than an individual plan? It all depends on the **size of a family**.

For **personal accident** offered by **AIA Berhad**, a **family plan is generally better than an individual plan**.

But for **medical card** offered by **AIA Berhad**, a **family plan is not necessarily better than an individual plan**. For details, please click [Medical Card \(AIA Berhad\)](#).

Most of the concepts and principles in my posts above may apply to other insurance companies, not only AIA Berhad. So, I am not promoting my insurance company's products here.

Featured links

- 1) <http://lokeaiaberhad.blogspot.com/2009/02/is-it-true-that-every-medical-card-in.html>
- 2) <http://lokeaiaberhad.blogspot.com/2009/02/why-must-we-use-our-medical-card-with.html>
- 3) <http://lokeaiaberhad.blogspot.com/2009/02/how-can-we-use-our-medical-card-with.html>

About the Author

*My name is **Loke Cheng Leong**. I scored **7 A's** for my SPM. I scored straight A's for my STPM. Besides that, I graduated from Universiti Utara Malaysia (UUM) with First Class Honours in Economics in 2008. Now, I am working as an insurance agent (AIA Berhad) since the beginning of the year of 2008. I have created a blog (<http://lokeaiaberhad.blogspot.com/>) in December 2008. My blog is to tell people about my life and career as an insurance agent. Besides that, I will share my feeling, knowledge and experience in insurance so that consumers will have a basic knowledge of insurance that is essential when buying a suitable and useful insurance plan and hopefully they will no longer be prejudiced against insurance agents.*

Accounting Loss vs. Real Loss

By Jadelynn

Do you trade in the stock market? Have you realised in recent months many public listed companies (PLC) reporting losses? Are these *real losses* or *accounting losses* to the company? **Real loss** represents actual dollars lost, possibly upon an event or transaction. **Accounting losses** are decisions to write-down/ provisions made in compliance with accounting regulations, even though the actual transactions have not been ascertained or realized yet.

Below illustrates scenarios of differences between *Accounting* and *Real* losses:

Recently we have seen many drops in property prices. However, as an owner of the property we will not incur a loss unless we actually sell the property. PLCs are required by law to disclose the fair value of the property instead of their historical value, giving rise to an *accounting loss* should the price of the property become lower than its market value or the initial purchase price they paid.

Impairment losses - Say a manufacturing plant had to shut down production for its plant due to the poor demand which in turn generate low cash flow than expected for the business. It is highly likely that management would have to recognise an impairment loss in the books, but truth of the matter is this plant/ machineries have yet to be sold to any party, as such the losses are not real merely accounting losses.

Something closer to heart would be we as individual investor trading in the stock market. Say we bought shares at the price of RM1.80; today the share price is only RM 1.50. Technically we are at a loss making position of RM0.30, however since we have not sell the share its mere paper loss and not real dollars lost.

With current dismal economic conditions, we have and will continue to see many companies reporting losses. How true such losses are, is very subjective. The PLCs could be overly prudent or applying "kitchen sinking" measures. Kitchen sinking in layman term is to announce all of a company's bad financial news at one time. Many may be wondering wouldn't it worry investors and traders? Well

simply put, if a company were to divulge bad news in its financial results, it might as well bring all of its fiscal skeletons out of the accounting closet. It is very much like ripping of a bandage off one's skin all at one go, instead of bit by bit. The reasoning is that although the company's share price may drop a bit more than it otherwise would, it will drop far less than if the company announced each bit of bad news separately.

Nothing much needs to be said on **real loss** as its self explanatory. Losses are *real* cash outflow or dollar losses, as mentioned above.

Hopefully the above said had given readers a clearer picture of things, and a better idea on your investment decision when purchasing a stock from the market in future.

Author the Author

Jadelyn is presently working in an accounting firm , particularly financial advisory services. She is known as a Transaction Services (TS) professional. The financial due diligence services are mainly provided to corporate buyers and private equity houses.

Budget

by saltlamp2u

Whenever I need to save more money, I work on my budget. And one of the most common ways to categorize budget in traditional Chinese way is

- 1) Things you wear
- 2) Things you eat
- 3) Places you live in
- 4) The way you move.

Here in below I share some of my ideas how to save more money during tough time like recession.

Budget – Clothes

Bleach old cloth to make it looks even older. Be careful not to bleach too long or else it may be torn. Then add some long swing accessories when wearing it. Straight away you are creating a new fashion with a fraction of a new cloth !

Reduce wearing underwear. Its scientifically proven the more air your private parts can breath the healthier it is. However, sometimes you really want to cover it up to avoid social problems, embarrassment or for safety reason like when wearing jeans and in a smart casual events.

Budget – Food

Buy the big size meal and share with your best friends or loved ones. This usually can save 20-30%. So do make use of this recession to get closer to the ones you love and care most. Its not like you can earn more money by working more hours for your boss anymore.

Chew more before swallowing. Its scientifically healthier if you chew more when you eat. It is also good for your weakening digestion system. You may need to chew 20-30 times in the past, now try chewing 50-60 times instead. Eat slowly and try to find out what the food taste is, remember it and write it down if possible. Try to use your own unique words for it. Chewing more and eating slower can make you full with less food.

Nowadays many supermarkets and hypermarkets started a corner to sell off close to expiry items. Just be careful to plan your meals and you might get to enjoy an expensive Japanese self cook meal at a fraction of normal cost.

Budget – House

Don't repaint the wall. Ask friends to sign on it or kids to paint on it. It would still look special for a year or two! Then repaint it.

Use hourly maid if possible. Since there are no jobs or no overtime anymore, perhaps it's a great chance for you to get connected with your own home – by doing the house chores yourself.

Budget – Transport

Take out all the public transport routes and take sometime to study it! At the same time, dig out your old diet plan and your goal how much weight you want to lose. Now combine the public transport route with the longer walks you take to go home, to work and to shop! Save some cents while losing weight! If you keep this up for more than 2 weeks or 10 recurrences, you may find even your spirit is more up lifted!

Lastly, if you like to buy a salt lamp then you should buy it from saltlamp2u.com because I will give you lowest price guarantee as we are one of the largest manufacturers in Asia region.

Contributed by saltlamp2u

Why do Rich People commit suicide during recession?

By MTSen

Well now, before reaching the final chapter in this eBook, let's re-emphasize how important a **Personal Finance Plan** can become? Probably from the weirdest angle it could ever be and quite a controversy argument. So do leave feedback in MalaysiaPersonalFinance.blogspot.com be it agree or disagreement, thanks in advance! Allow me to start by expressing my sincere condolences to ...



Adolf Merckle (March 18, 1934 – January 5, 2009) was a businessman, and one of the richest people in [Germany](#).^[1] He was educated as a [lawyer](#) but spent most of his time investing. He lived in Germany with his wife and four children. Merckle made a speculative investment based on his belief that [Volkswagen](#) shares would fall, when, in October 2008, a support of Volkswagen by Porsche SE sent shares on the [Xetra dax](#) from [€210.85](#) to over [€900](#) in less than two days, resulting in losses estimated in the hundreds of millions of dollars for Merckle. Adolf Merckle committed suicide on January 5, 2009 by throwing himself in front of a train near his hometown of [Blaubeuren](#)

Patrick Rocca seemed to have it all. A poster boy for Ireland's Celtic tiger economy, he lent Bill Clinton his helicopter whenever he was in Ireland for a round of golf and rubbed shoulders with Tony Blair at gala dinners. Mr Rocca, 41, died from a single gunshot to his head at the family home in Holmeleigh, an exclusive residential enclave on the edge of



Dublin's Castleknock Golf and Country Club. His end was as swift and dramatic as the reversal of fortunes for some Irish banks, including Anglo Irish, which the Government is nationalizing and in which Mr Rocca was said to be heavily invested. He waited until his wife took their children to school before he shot himself in the head.



Outside Chicago, real estate mogul Steven L. Good was found dead in his Jaguar, apparently from a self-inflicted gunshot wound. Good was the chairman and chief executive officer of Sheldon Good & Co., a major U.S. real estate auction company. The death comes amid great turmoil in the country's real estate industry. In his role as chairman of the Realtors Commercial Alliance Committee, Good commented on tough conditions last month at a business conference.

René-Thierry Magon de la Villehuchet, also known as Thierry de la Villehuchet for short (born in Saint-Malo, France in 1943, died in New York City, New York USA 23 December 2008) was a French nobleman, money manager and businessman, and one of the founders of Access International Advisors (AIA Group). The AIA Group is a research analyst investment agency that specializes in managing hedged and structured investment portfolios that involve commercial physical and biological research.^{[1][2]} On 23 December 2008, de la Villehuchet reportedly committed suicide.^[3] He was found dead in his company office on Madison Avenue in New York City.^[4] His



left wrist was slit[5] and de la Villehuchet had taken sleeping pills, in what appeared to be suicide.

The list just goes on and on ...

Don't get me wrong, it is not like ALL rich men go kill themselves when things go wrong. People who lost their life during this Great Depression are mostly NOT rich people actually. Neither is there any disrespect to these people here. These souls were all once great men and some were even indirect great mentor to me personally. It takes a very special and strong characteristic for a person to reach this big, this rich and this successful in life! A very strong driving force indeed. Unfortunately, sometimes this same characteristic drives them over the edge also.

Of course each of them would have a very personal reason for what they did and the absolute truth is that we will NEVER know what really happen! However, knowing some of them personally and even served some of them before, they probably won't mind if these of their recent LAST stories can be used to instill some good for the rest of us.

Some people would say the cause is **Greed**. Some would say just a **bad day**, One Big Bad Turn. Some surviving financial experts even **blame** the deceases with all kind of cursing words. However, the most neutral comments come from psychologists who study human and society behavior and most of them said, "**A block in mind that is stronger than all other beliefs at that particular moment**". There are many possibilities for the '**block**'. It could due to pride, lost of confidence or many others. But the fundamental is **THEY THINK They Lost More Than They Could Afford in whatever they care most !**

Well, whether they think wrongly or they really lost that much or they lost what they care most ...

... that is all due to Lack of a Personal Finance Plan!

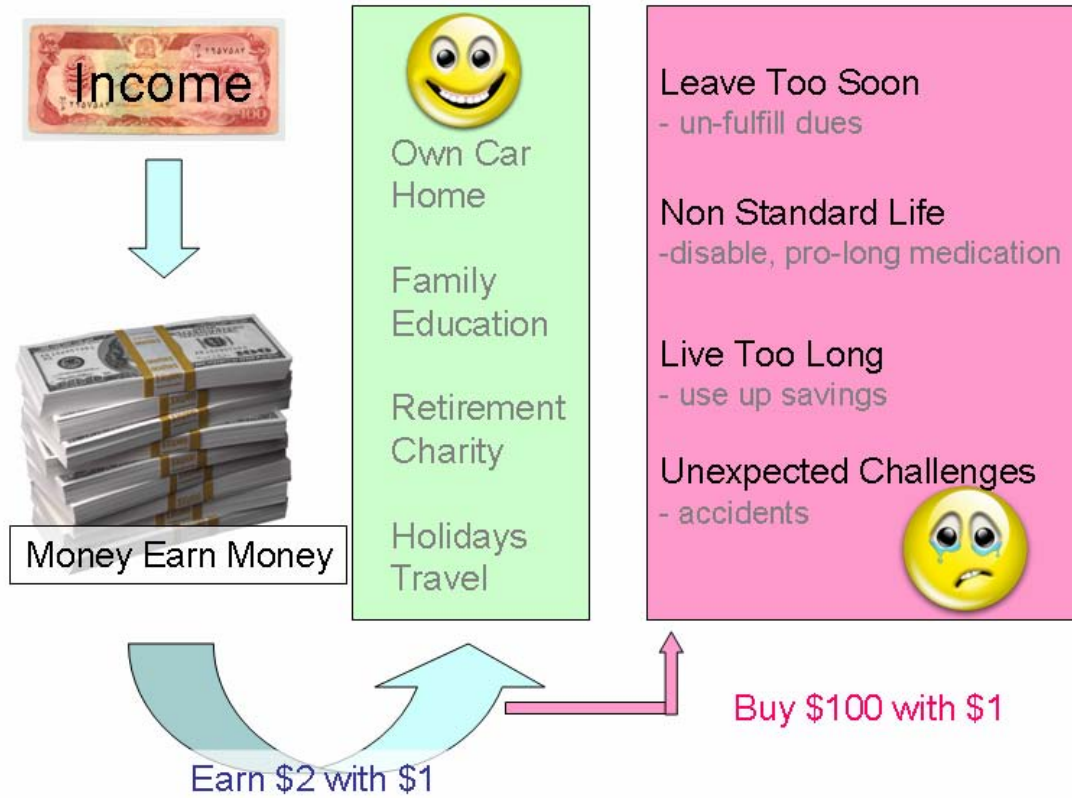
One may have great passion, great forecast and great business plan which include one of the world's best financial plans for what they do best, but unfortunately **NOT a PERSONAL one**. As a matter of fact, most of their decisions were correct and that was how it got them to where they were – a large empire! Sometimes in business it takes guts to overcome risks. And every cycle in a business major decisions making may mark a new era or fall flat on their faces to start all over. Like a rolling snow ball. It gets bigger and bigger rolling downhill but it only takes one small valley to slow it down or sometimes completely shatter it.

Take a step back, it is actually NOT fair to claim they DO NOT have personal finance plans at all. They do have insurances and investments, what more could they possibly should have had? Sometimes it's the little difference that makes a big impact.

Its due to Lack of a **REAL SOLID** Personal Finance Plan !

Income shouldn't matter in your personal life long plan because they changes and may change out of your control! If you follow the model shown below, income is **NOT** a part of personal finance plan. Income is a pre-requisite but it is not a PART IN your personal finance plan. So no matter how much or how little income you are earning now, you can practice personal finance planning and you should. The first step to start is to setup an automated way to save your income, either in percentage or a fix amount depends on how consistent and the type of your income. (read more in malaysiaPersonalFinance.blogspot.com). So no matter how much you are earning, if you do **not** have this first step setup, you are most likely **NOT** have a **REAL SOLID** Personal Finance Plan yet even if you have bought insurance, mutual funds, stocks and properties.

smart way to manage your \$



So if you are still responding, “I could have easily earned more in my business/investment” when someone is “selling” you personal finance vehicle, you are most probably do not have a REAL SOLID ground at a PERSONAL level yet. You are still focusing too much on Income and not your life long plan.

If you are still comparing and deciding whether to buy a property or mutual fund, gold or insurance etc. You may still not able to distinguish the difference between income and personal finance plan.

If you still think multi-millionaire is your main target now and thinking hard all sort of ways to get rich without setting up the First Step mentioned above, you are still missing one big point in your life. One that may save your life and retain the happiness of the people who love you ... ONE day !

So go now to setup a standing instruction transferring part of your income into another account that you have limited withdrawal capability. Then forget about it most of the time in any particular year.

The online version of this article contains one last personal note showing one real person's living example of this article

Reference:

http://www.sltrib.com/business/ci_11700404

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http://en.wikipedia.org/wiki/Adolf_Merckle

http://en.wikipedia.org/wiki/Bernard_Madoff

Feature Links:

[Do you know that car interest rate is 1.9 X the housing loan rate ?](#)

[What is the REAL inflation rate to you personally ?](#)

[Buying NEW car is the BIGGEST threat to a Malaysian's personal finance](#)

About the Author

Michael Tsen of mtsen.com has been promoting the importance of Personal Finance in Malaysia more than 20 years ago even before insurance and mutual fund are as well accepted as today. He semi-retired before his 30s and survive through at least 2 major economy downturns.

All Money Made is Equal

by KCLau

Let's say you have been working really hard, and lived frugally for the past few years to save \$10,000 in your saving accounts. Would you spend it on a branded watch? Would you spend it on a luxury item that you don't really need?

Let's look at another scenario. You win a grand prize in a promotional contest that you've never thought of winning. As a result, you have extra \$10,000 to spend. Would you buy a luxury item with this money?

Financial genius? Or idiot?

For a person with high financial IQ, the hard-earned money and the easy prize money make no difference. He will probably invest it, save it, or spend it (I doubt this) the same way. But for a financial idiot, the way he gets the money dictates how he is going to spend it. Easy come, easy go.

When you think about it, we tend to spend more when we can easily make more money. Human beings are emotional creatures. In fact, all money made is equal. \$10,000 is worth \$10,000 in present value. Putting emotion aside, we should save and invest the money, no matter how we made it.

Mental Accounting

But in reality, most of us don't treat the money equally. We treated the hard-earned money as years of life we spent to earn it. On the other hand, easy money is something extra. We didn't put in too much effort to earn it. Thus, the easy money doesn't have

much emotional attachment. We love to spend that easy money, and yet we won't feel so painful if we lose it. This slightly illustrates mental accounting.

Easy Money

Unless you are born rich or married rich, initially, it requires a lot of hard work to earn money. Years later, when your business is established, when your network is strong, when your customers are massive, money flows in easier.

Spending money should be fun, not painful. So, it is the "easy money" we are pursuing. I don't mean the easy money from lottery, or gambling. These won't last. You can strike the lottery once in a blue moon. You can't win in every gamble.

"Easy Money" is the passive income streams that we built after the initial hard work.

What do you think?

Author the Author

KCLau is a professional financial practitioner. He is the founder and organizer of eMoney Tips group writing project. You can find him at <http://kclau.com>. You can also see how well he sings and plays the piano at <http://music.kclau.com>.