PROFESSIONAL INVESTMENT ADVISORY SERVICES

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Contributors

Sompo Insurance Singapore Pte. Ltd.

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Since 1989, Sompo has been providing companies and individuals with premium yet affordable insurance in Singapore.

At the heart of what we do is our commitment to deliver our best service to our customers. More than just providing comprehensive coverage, we aim to be our customers' trusted partner when it comes to protecting what they value and treasure most. Because, above all, their well-being is what we collectively work for.

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Aviva Singapore Pte. Ltd.

Aviva is a leading composite insurer with a respected global brand. In Singapore, we insure about 1.3 million customers and manage roughly S$10.8 billion in assets (As at 31 Dec 2018).

In Singapore, we're one of the biggest providers of employee benefits and healthcare. This includes protecting Singapore Armed Forces servicemen since 1983, as well as being the appointed provider for the Ministry of Home Affairs. We are also the appointed insurer for all eligible public officers and their families.

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What type of Travel Insurance should you buy?

Author | Eileen Wong, Account Servicer, Financial Advisory, Sompo Insurance Singapore Pte. Ltd.

Travelling is Singaporeans' favourite pastime and many see travelling as a form of relaxation and quality bonding time with families and friends. According to the [Department of Statistics Singapore](), the number of outbound travelling by Singapore residents has seen a steady growth of 0.3% yearly in the last few years.

Travellers are getting more savvy and many are opting to DIY their trips for the flexibility. Regardless of the destination or the activities that you are planning to do, it is always important to purchase a travel insurance for the much-needed peace of mind.

There are many brands of travel insurance available in the market and consumers are spoilt for choice. When choosing a travel insurance, the deciding factor should not be based on the cheapest premium. Rather, it should be about the coverage and what suits your needs most.

Travel insurance for the leisure travelers

Holidays are time to relax and make lovely memories. The last thing you want is to get caught in an unpleasant situation that could potentially ruin your holidays. Some common travel inconveniences such as flight delay/cancellation, lost/damaged luggage and medical expenses are coverage that are relevant to the leisure (and non-leisure) travelers. Always check your policy coverage to make sure that you and your family/friends are well covered for these seemingly small yet significant situations.

Travel insurance for the thrill seekers

If you are an adrenaline junkie constantly seeking your next big thrill, you will need a policy that covers your activity or adventure. Some insurers cover leisure amateur activities such as bungee jumping, scuba diving and tandem sky diving, to name a few. Riskier activities such as car racing or hunting are generally not covered so if you are injured during any of these activities, you

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might need to bear the possibly costly medical fee on your own. So, before you get your adrenaline pumping, be sure to find out if the activities that you are going to engage in are covered in your policy and the coverage limits.

Travel insurance for travelers with pre-existing conditions

Pre-existing conditions are defined as any injuries or illness(es) that occurred before the commencement of the travel policy and that you are already managing the conditions for a long time. It is worth noting that most travel insurance do not cover medical claims arising as a result of pre-existing conditions while overseas. Some policies, however, do cover emergency medical evacuation or repatriation that is required due to pre-existing conditions. So, if you have any such conditions, you may want to consider getting a policy that will cover you for your conditions.

(Exclusive) Travel insurance for travelers visiting Japan

Japan remains one of the top travel destinations. Based on the latest visitor arrivals report from Japan National Tourism Organization (JNTO), the number of Singapore visitors has grown by 19.3% month-on-month in October 2019 and 10.3% year-on-year.

English is not the predominant language in Japan so it may seem daunting when it comes to communicating with the locals. Fortunately, there is a travel insurance (eg. GO Japan! plan) that is specially catered for travelers to Japan. Under the GO Japan! plan, you will get to enjoy exclusive benefits such as free translation services over the phone and cashless medical services at over 740 clinics and hospitals.

Regardless of the type of traveler, always make sure that you do your research and comparison to find the most suitable travel insurance for you and your travel companion(s). Do check with your PIAS Financial Adviser Representative today to find out more information on travel insurance coverage.

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How does CareShield Life fit into your long-term care plan?

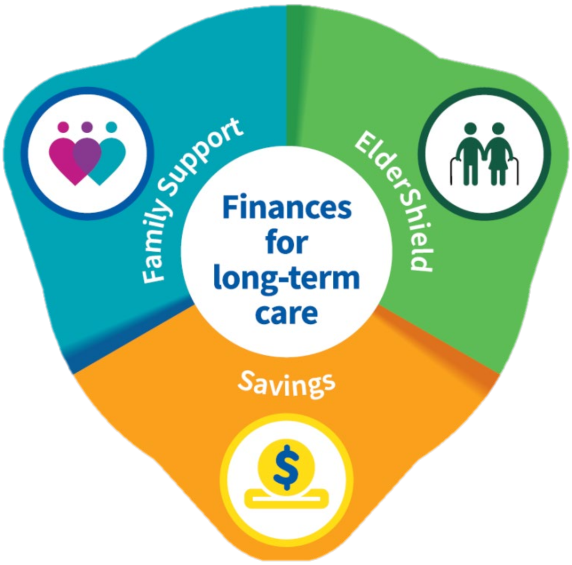
Author | Aviva Singapore Pte. Ltd.

What the new scheme means for you and how you can build a solid defence plan against debt from severe disability

When the Ministry of Health unveiled CareShield Life in mid-2018, the new national long-term care insurance set to replace ElderShield from 2020 got the attention of young and old alike. Why?

- It'll be mandatory for anyone born in 1980 or later (ElderShield is an opt-out scheme)
- Premiums start from age 30 (10 years earlier than with ElderShield)
- It gives higher monthly payouts (starting at S$600 a month, compared to S$300-400 a month with ElderShield)
- It gives up to a lifetime of payouts, as long as you remain severely disabled (compared to up to 72 months now with ElderShield)
- Its payouts will increase over time until a claim is made (ElderShield payouts are fixed)
- Its premiums increase with age (ElderShield premiums stay constant)

Months after CareShield Life was announced, people are still talking about the overhaul. One critical question that's being asked: "Just how does CareShield Life fit into my current long-term care master plan?"



A common long-term care financial plan in Singapore

To answer that, let's examine your current long-term care plan.

Kudos if you've actually considered the possibility of severe disability (defined as being unable to perform 3 or more ADL or Activities of Daily Living such as feeding, bathing and going to the toilet) and the need for long-term care. According to the Ministry of Health, 1 in 2 healthy Singaporeans aged 65 could become severely disabled in their lifetime. And about 3 in 10 will live a decade or more after becoming severely disabled[1].

If you're like most folks, your long-term care plan probably comprises three components: ElderShield, personal savings and dependence on relatives.

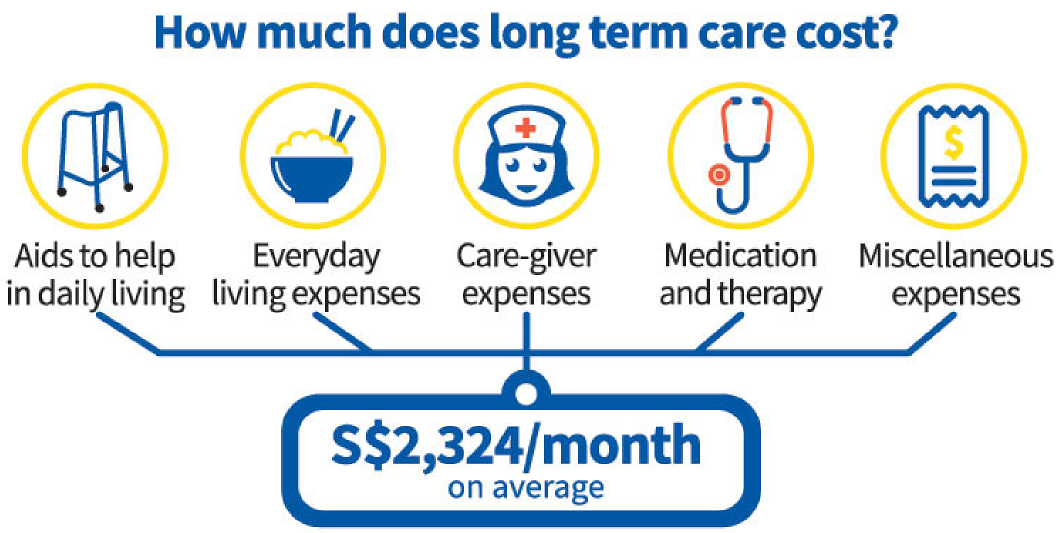
Higher and longer payouts are reassuring… but how much do you really need for long-term care?

Now, let's go deeper and consider the cost of long-term care.

Say a 42-year-old becomes severely disabled as a result of an accident. Would their ElderShield or CareShield Life payouts be sufficient today? It all depends on the individual, their needs and the standard of living they're used to.

And how would the payouts meet their needs 25 years down the road – in the face of rising costs, inflation and potential complications due to ageing?

To help put things in perspective, we thought we'd give you a rough idea of the costs of long-term care in Singapore:



Source: Aviva's Long Term Care Study 2018

Now, remember this is just an estimate – you may need more or less, depending on your needs and the lifestyle you're accustomed to. Your actual long-term care needs boil down to how you answer these questions:

- Would severe disability and long-term care wipe out all your savings and become a financial burden on your loved ones?
- Are you willing to settle for a simpler lifestyle in order to manage your long-term care costs?
- Does your family history suggest high likelihood for the need of long-term care?
- Does your retirement plan already factor long-term care costs?

Wait… is it a good idea to use your savings for long-term care costs?

If you have a huge surplus of savings (that's after setting aside enough for an emergency fund and your dream retirement lifestyle), this could be a temporary solution. As long-term care tends to stretch for many years, it'll quickly deplete funds that you've actually set aside for other financial goals.

And while it sounds simple to dip into your savings for long-term care now, in reality, this may be harder to do depending on when disability strikes:

In your 30s & 40s – should disability strike shortly after you've settled down and have a young family, a big part of your savings would go towards childcare and your home mortgage

In your 50s & 60s – should disability occur when you're sandwiched between seeing your kids through university and supporting your elderly parents, you'll need your savings to provide for them.

Short answer: Your savings are probably best kept for what you intended them for. Tagging on long-term care costs compromises your financial goals.

The missing piece in your long-term care plan

Since tapping your savings and getting financial help from relatives aren't sustainable ways of managing potential long-term care costs, how do you make your existing coverage work for you?

Whether you're on ElderShield or CareShield Life, there are ways to ensure you get a monthly payout that closely matches your lifestyle needs should you become disabled. To complete your long-term care plan, you can consider options to grow your savings like investments. A less risky solution is to get additional insurance.

For instance, Aviva's MyCare and MyCare Plus are designed to supplement your ElderShield plan by giving monthly payouts that you can customise to suit your needs. You can also decide how long you wish to receive the payouts – 12 years or for life. And if your condition improves, the plans also assure you of a payout even if you only have 2 ADLs, which can be just as debilitating as 3 ADLs.

Now that's thinking long-term!

Source:

[1]MOH launches new online tool for public to calculate CareShield Life premiums, TODAY, 27 December 2018

This article first appeared on: (https://www.aviva.com.sg/en/money-banter/2019/how-careshield-life-fit-long-term-care-plan/)

PIAS Investment Outlook (Q1 2020)

Author | Gerard Minjoot, Investment Analyst, Partnership Management, Professional Investment Advisory Services Pte Ltd.

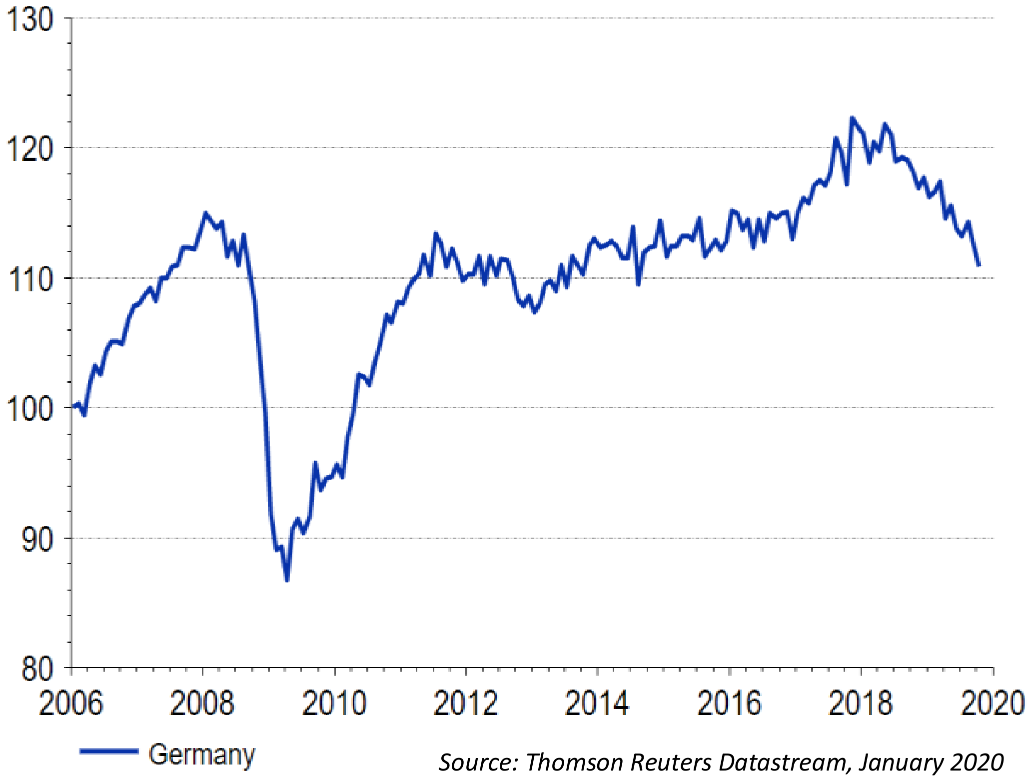
2019 has been an unexpected year for the market with a roller coaster of emotions filling the atmosphere from a period of worry of a recession at the end of 2018 till rounding off the year on a good note with US and China coming together to set aside their differences and agreeing to an initial deal. The global market was up by almost 25% according to the MSCI World Index (Chart A). This has been the best year since the financial crisis over a decade ago.

Almost all major markets performed well in 2019 notwithstanding the lingering effects of the trade war, which started about 2 years ago. Manufacturing and agriculture in the US suffered losses with agricultural exports value to China halved and putting US manufacturing in a slump, German manufacturing has been contracting quarter on quarter (Chart B) and China have seen a reduction in exports to the US from the tariffs imposed by the US.

MSCI World Index performance for 2019 (Chart A)

Source: Thomson Reuters Datastream, January 2020

German Manufacturing Index (Chart B)



Source: Thomson Reuters Datastream, January 2020

The Fed made a final rate cut in October before announcing a hold in December ending their dovish measures given the low unemployment and healthy consumer spending. Other countries have followed in a similar fashion to implement fiscal and monetary policies to stabilize the global economy and the result has been positively surprising in the last three months of the year.

As we usher in the New Year on a high with the sentiments of recession left behind in 2019 and with the US-China trade war and Europe's political environment at a calm, we do not foresee a major downturn this year as recession indicators have been muted with positive data. Recent developments have given further reprieve to the market with the signing of the phase one US-China trade deal and China's further reduction of their bank's reserve requirement ratio (RRR) down to 12.5% freeing up US$115 billion into the banking system as measures to spur growth.

We are cautiously optimistic on the global outlook for 2020 given that the dark clouds have cleared and with many central banks accommodative stance to prolong the bull cycle. However, we do not expect to see huge returns similar to 2019. The focus this year will be on US, Europe, China and the emerging Asia nations against the backdrop of the future development surrounding the trade deal, Brexit negotiations, the US Presidential election and the Middle East tensions, which had recently escalated.

In the Fixed Income universe, Emerging Market Debt could surprise us in 2020 with their attractive yield amidst a low or negative interest rate environment as investor's continue to seek out income. What has been hindering Emerging Market Debt for the past years was primarily the trade uncertainty that shrouded the region. As the fog begins to lift, we can expect to see a larger demand in this asset class as the region starts to stabilize.

It is our hope that this publication assists you, our clients, in your investment process for the beginning of 2020.

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