
WG LEGACY
EMERGENCY FUND
The Most Underrated
Piece in a Rich Man's
Financial Plan
BY JOCELLINE CHEE

Published by WG Legacy

Actually, we don't mind you sharing this entire eBook with your wife, husband, children, parents, girlfriend, boyfriend, relatives, colleagues, friends, ... etc. It is even better if you wish to distribute it via social media channels.

Please do not change the author's name to yours and sell it for a profit.

Disclaimers:

This eBook contains ideas & opinions of the author. It is intended for education & illustration purposes. It is not meant to present any specific financial advice.

Although we had made the best efforts to offer the latest and most accurate information, no warranty or guarantee is provided for its accuracy, reliability or completeness of the information provided. Both the author and publisher shall disclaim any rewards and responsibilities for any gains and losses that could be derived as a consequence, directly or indirectly, from the usages of this book.

Content

Introduction:
The ‘Rich’ Broke Man

Once, there was a bright young man.

He worked hard, got promoted and had raised his income.

The more he earned, the more he spent and borrowed.

Soon, he fell in love, got married and upgraded his lifestyle with a bigger house, fancier cars, gadgets, clubs, holidays, kids, and a dog. He looked successful, rich, and highly accomplished. He was living the high life.

Then, recession hits.

Interest rate went up. So was the cost of his lifestyle. Shortly after, this man had received a 50% pay cut. It caused him to spend more than his income and delay on his loan repayments regularly. The more his finances deplete, the greater his worries and anxieties. Out of desperation, this man tried to salvage his financial problems by speculating stocks and cryptos for fast money.

When they failed, he obtained personal loans and maxed out his credit cards. In the end, this man is in the red and is saddled with millions in debt.

From a ‘Rich’ man, he is now broke and merely 1 month away from bankruptcy.

The #1 Financial Pitfall of a ‘Rich’ Man

Let’s talk about ‘saving for a rainy day’.

Now, if you are middle-income or financially intelligent, you may appreciate this wisdom and form a habit of saving money.

However, if you are rich or a high-income earner, you may have the tendency to not ‘save for a rainy day’ as you feel that you had attained financial immortality. You could choose to spend, borrow, and invest to either enjoy your wealth or to accumulate more wealth. You may dislike the idea of having money idling in the bank, not offering any sort of value to you. That is totally understandable.

In this instance, a 'Rich' man could be 'overly-invested' or 'overly-leveraged'. His issue can be easily summarized as 'Asset Rich, Cash Poor'. Often, it is this lack of cash that kills the assets and their owners. This principle is true not just only for individuals, but also to SMEs, public-listed corporations, and even nations.

During a crisis, many suffer due to a lack of cash or credit, not a lack of assets.

Cash is King in Times of Need

This is why I feel so strongly about emergency funds.

Today, such a fund is more vital than before not just to meet 'surprise bills' such as car and home repairs, but also, to mitigate various financial difficulties which could be due to various life circumstances such as death, disability, disease, and dementia.

Sure, some of these are insurable.

But yet, some of them are not. This is when emergency funds come in handy. In some cases, they can be a lifesaver to you, your loved ones and your business.

But, Should I Put My Excess Cash into FDs?

Well first, let's define what an emergency fund is.

I believe an emergency fund is money set aside to meet an urgent need. Hence, if you place RM 100,000 into an emergency fund, you would expect to receive a total of RM 100,000 + interests immediately to meet such a need when it arises unexpectedly in the near future.

For most people, they choose to park their excess cash into FDs and would view them as their emergency funds. As simple and conventional FDs are, what most people do not realize is the limitations of FDs as emergency funds. FDs can help to meet certain needs but not all emergency needs.

As such, I would like to share with you as many as 9 alternatives, where you can consider placing your excess cash. For each of these vehicles, I would talk about their unique attributes as emergency funds. The discussion would be aided by 4 criterias namely, (1) Liquidity, (2) Productivity, (3) Volatility, and (4) Purposes for estate or emergency planning.

To get a better idea, let me start our discussion of the 4 criterias with FDs.

Option 1:
Fixed Deposits (FDs)

FDs are simple and need no further introduction. It is a popular vehicle for us to save money. But, the question is, 'How effective is it as an emergency fund?'. As such, let me illustrate how to use the 4 criterias listed to answer this question.

1. Liquidity

If you place RM 100,000 into FDs today, you could uplift them the very next day and retrieve your RM 100,000. In this sense, FDs are very liquid. But, this would require you to have access and manage your bank accounts. So, the question is, 'What if you lose such access due to death, disability, or dementia?'. In this case here, your FDs would be locked especially, if no one knows your usernames and passwords to your bank accounts, but you alone.

If one passes on, his beneficiaries need a will or a letter of administration to get access to his FDs as FDs are frozen and form part of the deceased's estates. But, if one is severely physically or mentally impaired, his FDs shall be frozen until he passes on in the future. So, in such situations, FDs are illiquid and couldn't be of any help to him or his beneficiaries.

2. Productivity

As I write, FD rates range between 2%-3% per annum. So, you would be earning interests as long as you continue to park your cash in FDs and renew them once their terms expire. If you wish to uplift your FDs before they expire, you have to forfeit their prorated interests as FDs have lock-in periods.

3. Volatility

Nope, there should not be any volatility in FDs. Your FDs are insured by PIDM of up to RM 250,000 per depositor per bank in the event of a loss of capital due to the failure of a bank.

4. Purposes

Hence, FDs are great to meet financial emergencies that aren't life-threatening. They include car and home repairs and meeting short-term financial obligations in the event of a layoff, a pay-cut, or a slowdown in business. As long as you can get access to your bank accounts, FDs would be most helpful.

But, the usefulness of FDs are limited, if you fail to access your bank accounts in the event of death, disability, or dementia. Thus, you may want to work on your estate plan to counter such deficiencies so that your money could be accessible to either you or your loved ones, if any one of those events arise in the future.

Before you do so, you may want to check out the 9 key alternatives to park cash and their effectiveness as emergency funds.

So, let’s move on.

Option 2:
Digital Cash Management Platforms (DCMPs)

DCMPs are created as alternatives to FDs.

They offer competitive daily interest rates without lock-in periods. Thus, they're now becoming increasingly popular as a vehicle to put excess cash. Today, there are 3 main DCMPs operating in Malaysia namely, StashAway Simple™, KDI Save and Versa. So, the questions are, 'Are they better than FDs and could they serve effectively as our emergency funds?'. Well, let's take a look:

1. Liquidity

First, you need to have a bank account to have a DCMP account. This is because you need to deposit money from your bank account into your DCMP account to start enjoying daily interests. Then, if you need cash to meet an emergency, you can withdraw money from your DCMP account into your bank account.

So like FDs, DCMP accounts are liquid for as long as you have access to them via your username and password. But, if one passes on, his cash would be frozen in the DCMP account. It will require a will or letter of administration to unlock this money. However, if one has dementia or is severely disabled, then, the cash will be stuck inside his DCMP account as no one else has the access to this account.

2. Productivity

For StashAway Simple™, it offers 3% per annum.

For Versa, there is a promotional rate of 4% a year for the first RM 30,000 saved with them. For any subsequent amount beyond RM 30,000, you would enjoy as much as 2.5% in interest a year. The promotional rate is scheduled to end on 31 January 2023.

For KDI Save, there is a tiered promotional rate, where you earn 3.5% a year for the first RM 50,000, 3.0% a year for your cash between RM 50,000-RM 200,000 and 2.5% a year for any amount above RM 200,000. There is no fixed date as to when this tiered promotional rate will end at the time of writing.

3. Volatility

Typically, the cash placed into DCMPs will be invested into portfolios that would consist mainly of money market funds and fixed-income instruments. Hence, as savings instruments, DCMPs are meant to be low or negligible in volatility. With that being said, these products are not capital-guaranteed or PIDM-insured. So, one should be aware of these features before opening DCMP accounts.

4. Purposes

I believe the reasons for having DCMPs are quite similar to having FDs. After all, they are designed to be alternatives to FDs. Thus, while they are useful to meet non-life threatening emergency bills, DCMPs will not be helpful to you and your loved ones in situations when you fail to get access to them due to death, being severely disabled, or having dementia in the future.

Option 3:
Flexi or Semi-Flexi Loan Accounts

This option is available for you if you have a mortgage.

If you have a full-flexi loan account, you can choose to put cash into it and thus, reduce your mortgage balance. This will save you its interest costs as mortgages impose interests based on outstanding balances. In the future, if you meet with an emergency, you can freely withdraw cash from this account. Obviously, if the mortgage you obtained is a semi-flexi loan account, you would be charged a fee for making such a withdrawal.

Based on the 4 criterias, I discovered the following:

1. Liquidity

Full-flexi loan accounts are more liquid than semi-flexi loan accounts. They both are considered to be liquidable as long as you can self-manage your finances. In the event of death or total permanent disability (TPD), your mortgage would be settled in full, if the sum assured of your MRTA exceeds your mortgage balance. Otherwise, you would need to continue servicing your mortgage payments. You may risk losing your property if you have defaulted on your mortgage payments over months, upon death, TPD, or even dementia (forget to pay mortgage).

2. Productivity

As I write, the current mortgage rates range between 3.5%-4.5% per year. Thus, you can save such interest costs for cash placed into your loan accounts.

3. Volatility

There is no volatility for cash placed into our loan accounts as this transaction is considered as an advanced loan repayment.

4. Purposes

So, can loan accounts be used as emergency funds?

Well, I believe the function is similar to our FDs and DCMPs. But, in the event of death, TPD and dementia, you could lose all the cash that you stashed into your loan accounts and your properties, if you have mortgage balances and you have failed to continue servicing their mortgage repayments. This situation would be avoided if:

1. Your MRTA coverage exceeds your mortgage balances.

2. Your loved ones continue to service the mortgage on behalf of you.

But here, the question is, ‘Are they financially capable of doing so?’. Also even if they could, would you like them to do so? This is because it is a burden to them financially. Thus, placing money into loan accounts could help you to save some interest costs, but as an ‘emergency fund’, it still falls short.

Option 4:
Employees Provident Fund (EPF)

For Malaysians, we can place up to RM 60,000 into our EPF accounts voluntarily to build our retirement funds. But, in addition to yearly EPF dividends, I found it to be useful to meet certain emergencies in life, when they arise. So again, here are the 4 criterias to assess EPF's effectiveness as an emergency fund:

1. Liquidity

Obviously, if you are below 50, you could not withdraw money from your EPF in order to fix your car, your house, your business problems and your pet dog. The exception is for you, if you have RM 1+ million in your EPF account and if you've chosen to renounce your citizenship as a Malaysian.

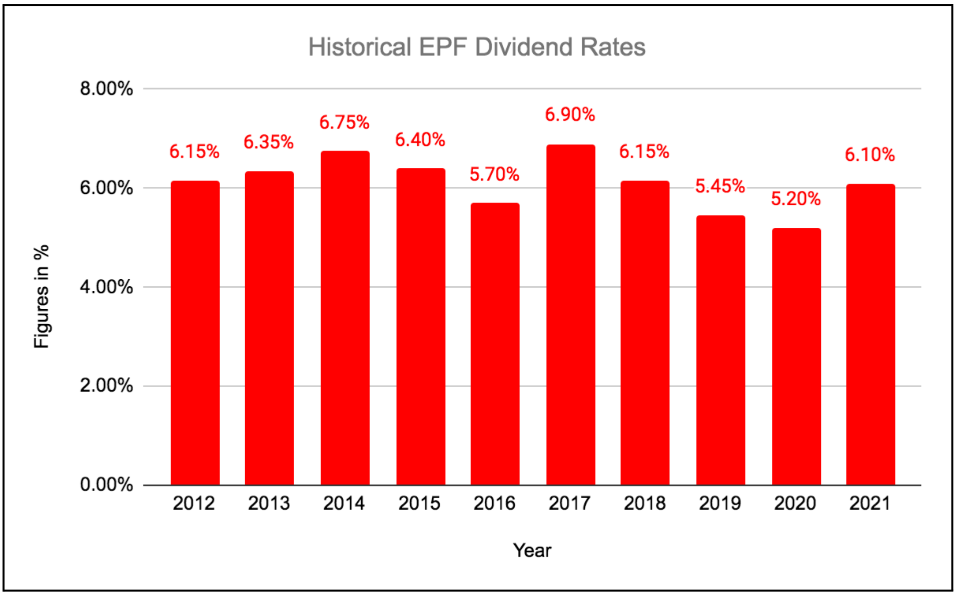
But, you or your loved ones could have access to your EPF account, either in full or partially, in the following emergencies:

No.	Emergencies	Partial Withdrawal	Full Withdrawal
1	Death	-	Yes + RM 2,500
2	Physically or Mentally Incapacitated	-	Yes + RM 5,000
3	Critical Illness (for ownself, parents, siblings, and Children's medical bills)	Actual Medical Cost Or EPF Acc 2 (whichever is lower)	-
4	Reduction or Loss of Income (Use EPF to pay for own or spouse's mortgage)	Housing Loan Balance or EPF Acc 2 (whichever is lower)	-

Source: EPF

2. Productivity

Since the past 10 years, EPF paid out on average 6.12% per annum in dividends. In addition, you are eligible to claim a tax relief of up to RM 4,000 a year for the contributions made into your EPF account.



Source: EPF

3. Volatility

This is obvious. Who ever loses money from contributing into EPF accounts?

4. Purposes

Although EPF is meant to be a retirement fund, the funds can be useful to meet several emergencies that are more severe or life-threatening in nature. As such, I believe EPF can be considered as a vehicle to set aside funds without touching them for the long-term.

Option 5:
Skim Simpanan Pendidikan Nasional (SSPN)

For years, SSPN has been a popular vehicle among parents to stash excess cash. This is because it offers competitive yearly dividends and up to RM 8,000 a year in tax relief. Today, there are 2 schemes that you could participate in. The first is SSPN Prime and the second is SSPN Plus. Here, I'll focus on SSPN Prime because it is purely a savings scheme. SSPN Plus has an element of takaful and hence, I'll not dabble into it at the moment.

So, is SSPN Prime effective as an emergency fund? Let's take a look.

1. Liquidity

Yes, you could withdraw money from your SSPN Prime account at any time. The money can be used to meet non-life threatening emergency bills, which is quite like our FDs and DCMPs. But obviously, you need to have your username and as well as your password to get access to this money. Otherwise, your money shall be locked inside your SSPN Prime account.

Here, there is one feature that is unique to SSPN Prime.

When you open a SSPN Prime account, you need to name a beneficiary for your funds. It is best to nominate your child as your beneficiary. Hence, if one passes on, his child shall inherit his cash, which can be useful to support himself and as well as his entire family financially. Thus, money deposited within SSPN Prime is not frozen and does not require a will or a letter of administration to unlock it.

2. Productivity

In 2015-2020, SSPN Prime had paid out 4% in yearly dividends to depositors. As for 2021, the amount of dividends paid was 3%. Instead of yearly dividends, the biggest payout from SSPN Prime should be in the form of tax relief, where you'll be eligible for up to RM 8,000 in tax relief per annum for your net deposit into a SSPN account. Net deposit for a single year is calculated as follows:

Net deposit = Total deposit - Total withdrawal

3. Volatility

Like EPF, have you heard of anyone who lost money from their SSPN accounts?

4. Purposes

I think the main reason for placing into a SSPN Prime account is for its tax relief. The benefit is more apparent if your yearly chargeable income is well above RM 70,000, where your maximum tax bracket is at least 21%. For instance, let's say, you earn RM 150,000 in annual income and park RM 8,000 in net deposit into a SSPN Prime account, you can save up to RM 1,920 in income tax expense based on your maximum tax bracket of 24%.

While SSPN Prime can meet smaller emergency bills, I believe it is not helpful in situations when one has dementia or becomes severely disabled. Similar to FDs and DCMPs, if no one possesses your username and password, your money will be locked within your SSPN Prime account.

Option 6:
Endowment Plans by Insurance Companies

Endowment plans (widely known as savings plans) are products that offer small insurance coverages but large cash bonuses during their term. Many purchased these policies as they view them as a saving scheme or a retirement fund. Once again, let's put these policies through the 4 criterias to check their effectiveness as emergency funds:

1. Liquidity

The offerings and terms for each endowment policies are different. But here, as I write, it is fair to say that if you choose to terminate your policies early, maybe 1-5 years after purchasing them, you are bound to lose some capital. Practically speaking, it would not be practical to cancel these policies to raise funds to face small emergencies such as fixing your car or your pet dog.

But, in the event of death, your beneficiaries shall obtain your sum assured and cash value of these policies.

2. Productivity

This depends on the type of endowment plan you purchased. I believe one way to figure out the returns of such a plan is to calculate its Extended Internal Rate of Return (XIRR). If you happen to consider such a plan and do not know how to calculate XIRR of the plan proposed to you, you could obtain the XIRR figures of such a plan by contacting me via:

Email: jocellinechee.office@gmail.com

3. Volatility

Your amount to be deposited and to be withdrawn is projected in the insurance proposal. As such, this will differ from one insurer to another.

4. Purposes

I believe insurance is meant for protection, not for savings or investments. Over here, I think it would be wise to make a distinction between the two objectives. This is because you'll get the best bang for your buck if you do so.

For instance, if your focus is on protection, the premium of an endowment plan could have been used to buy life and medical insurance policies, which cover so much more (6-or-7 figures) and thus, bring greater financial security to you and your loved ones.

Meanwhile, if your focus is on savings or investments, I’m confident that, at this stage, you have learnt and will be learning a couple more vehicles, which would offer competitive returns, tax incentives and flexibility in withdrawing your cash placed in such vehicles.

As such, let’s look at our next option to set aside your excess cash.

Option 7:
Stocks

This option is strictly for experienced investors.

Today, it is possible to invest in a portfolio that is filled with fundamentally good stocks that could offer both dividend yields and capital growth. When one has a need for money, he could always divest some stocks to foot in the bill. With this in mind, some (savvy investors) hold little cash or FDs in their bank accounts for they prefer to maximize the potential of their wealth via stock investing.

1. Liquidity

Yes, stocks are liquid for as long as you have access to your trading account. But in the event of death, total permanent disability, and dementia, your stocks will be stuck in the trading account. After all, no one else could make buying, selling and holding decisions on behalf of you. So in that sense, stocks are illiquid if the emergency is severe and more life-threatening.

2. Productivity

Generally, you can earn consistent dividends from your stock portfolio. But, this is provided if you invest in financially strong stocks in Malaysia and Singapore as they have stronger abilities in generating sales, profits and operating cash flows from their businesses.

If you are trading or speculating stocks for short-term gains without considering the stocks' fundamentals, it is unlikely for you to earn meaningful dividends out of them.

3. Volatility

Stock price movements are unpredictable, especially in the short run. Thus, you may attain capital gains or incur capital losses from your stock portfolio.

4. Purposes

Here, let's limit our discussion to stock investing (not trading or speculation).

It is possible for fundamentally solid stocks to build wealth for the long run. The thing is that you need to spend time to learn, master and build such a portfolio. In terms of using it as an emergency fund, I don’t think it is useful especially if it is an emergency that causes one to lose his ability to manage his stock portfolio due to death, severe disability, and dementia.

I believe, if you prefer to hold substantial wealth in stocks, it is practical to write a will to state your intentions for your stocks. This is so that you could prevent a conflict or ambiguity for your beneficiaries as to how best to manage the stocks in your portfolio.

Option 8:
Cryptocurrencies (Cryptos)

Honestly, I don’t know much about cryptos.

But presently, they are rising in popularity as destinations to put excess cash. As Malaysians, we can buy, hold, and sell cryptos via operators that are recognised by Securities Commission (SC) such as Luno. Obviously, there are other avenues overseas to own or dispose of cryptos but they are not recognised under SC. So for these operators, it is best to not dabble with them.

But cryptos as emergency funds? Is this practical? Well, let’s take a look:

1. Liquidity

Yes, cryptos are liquid for as long as you have your crypto wallet. If you couldn’t get access to your crypto wallet due to death, severe disability or dementia, the cryptos that you own would continue to be stored inside your crypto wallet. So, your cryptos are not liquid in these situations.

2. Productivity

You can earn some crypto interests from lending your crypto holdings. Let's say, you own some Bitcoin. By lending, you could earn a little more Bitcoin (interest) and thus, increase your Bitcoin holdings over time.

You won't earn such interests, if you hold onto your cryptos without lending.

3. Volatility

Cryptos are known to be super-volatile. They could 2x, 3x, or 5x your money. Or they can slash your capital down by more than half or even down to nothing. To most people, cryptos are like the wild wild west and hence, are certainly not for the faint-hearted.

4. Purposes

Are you a crypto-buff? Or, are you merely chasing a high in the crypto markets?

For the time being, cryptos are ideal for ones who are really interested in them. Their prices may appreciate in the future, but really who knows what the future holds? No one could predict where crypto prices could be heading for the short run. As such, I think cryptos are too volatile to act as emergency funds.

So with that, let's look at our final option for parking excess cash.

Option 9:
Living Trust (Cash)

Living trust is a trust set up to manage cash on behalf of its owner. So, here is how it works:

1. You set up a living trust and place cash into the trust.

2. You prepare a trust deed, which is an instruction guide to manage the cash.

3. You appoint a trustee to manage the cash based on the trust deed.

4. You nominate beneficiaries to inherit the cash in various emergencies.

Now, the question is, ‘How effective is it as an emergency fund?’. Let’s examine:

1. Liquidity

In practice, funds placed in a cash trust are not meant to fix your car and dog as they are for more severe emergencies like death, disability and dementia. Here, when cash is deposited into a cash trust, it becomes the new legal owner of the cash. Thus, in the event of death, disability, and dementia, the cash placed shall not be frozen and it is accessible via the trustee.

This is important because the trustee could distribute your cash to beneficiaries to meet emergencies such as death, disability, and dementia. Your beneficiaries could use the cash to meet any related short-term expenses, living costs, and to support you. Hence, in this sense, a cash trust is liquidable.

2. Productivity

Cash placed into a cash trust cannot produce a return by itself. This is because a trust is about you entrusting a trustee to manage your cash (assets) in the trust. As mentioned, you can instruct your trustee to manage the cash on your behalf by preparing a trust deed. So, the key is what you wrote inside the trust deed. If you wrote in your trust deed that:

1. Your cash is to be deposited into FDs by your trustee, your trustee will follow. Thus, your cash trust will earn you some interests.

2. Your cash is to be invested into certain stocks, unit trusts, ETFs … etc, then in this case, your cash trust will earn gains or incur losses from these investments.

3. You wish to authorize your trustee to make investment decisions on behalf of you for an annual fixed or ranged returns (let's say 7%-9% per annum). Then, your trustee would follow your instructions accordingly.

So ultimately, your trust deed will decide the productivity of your cash that is to be placed inside your cash trust.

3. Volatility

Once again, it depends on the choice of investment vehicles stated in your trust deed. If you instruct the trustee to place this cash into FDs, there is no volatility. But, if you instruct or authorize the trustee to invest in various vehicles that can be volatile in prices, then, volatility exists.

Hence, the level of volatility depends on what you wrote in the trust deed.

4. Purposes

The key purpose to form a cash trust is to make sure that a portion of your cash is still accessible and not frozen due to death, severe disability, and dementia. It is a financial safety net that allows your beneficiaries to:

1. Pay for legal expenses to expedite the will document (in the event of death).

2. Service your loan repayments and existing financial commitments.

3. Pay for your and your family’s living and medical expenses.

4. Have funds to pursue their dreams (tertiary education, home down payment, marriage, business start-ups … etc).

Case Study:
Where Shall I Put My Excess Cash?

From the 9 options above, we learnt that each has its unique attributes and the pros and cons as emergency funds. So, what's next? How does all these insights and knowledge assist us to become more financially unbreakable?

Therefore, let's look at a case study:

For instance, we have Billy, a 40-year old doctor who earns RM 15,000 a month. He is married with a 5-year old son. Presently, Billy resides in a house, where he owes a mortgage balance of RM 600,000. His mortgage is RM 3,000 a month. In addition to this, Billy is servicing RM 3,000 a month in two car loan installments and incurs a family living expenses of RM 4,000 a month.

Billy has accumulated RM 300,000 in cash. He is not investment savvy. But, Billy realizes that his cash is depreciating away and he wants to be 'more productive' with his cash. In addition, Billy wants to prepare a fund that could cover at least 1 year's worth of his family's living expenses, if he has dementia or had become severely disabled in the future or death.

So, what can Billy do?

Well, Billy could consider a couple of things to raise the productivity of his cash, create a financial safety net for his family while enjoying some tax savings along the way.

They are as follows:

1. Set up a Reserve Fund: RM 132,000

First, Billy’s household expenses is RM 10,000 a month, which consists of all the debt repayments he has (1 house and 2 cars) and living costs. Hence, Billy could prepare a reserve fund of RM 120,000, which is his annual household expenses. Of his RM 120,000, he could further diversify them into:

a. RM 52,000 into FDs that offer interests around 2.5% per annum.

b. RM 40,000 into DCMPs that offer interests around 3.5%-4.0% per annum.

c. RM 40,000 into his loan account to save interests of 3.5%-4.5% per annum.

This fund is meant for smaller or non-life threatening emergencies.

2. Set up a Living Trust (Cash): RM 100,000

This is for more severe emergencies such as death, disability, or dementia. Over here, Billy could set up his living trust with his preferred trust company and park RM 100,000 (Billy's annual household expenses). Then, Billy could nominate his wife, son and even himself to be the beneficiaries of his living trust. If he intends to earn some returns from the cash inside his living trust, Billy should specify his intentions clearly in the trust deed of his living trust.

3. SSPN-Prime Account: RM 8,000

Billy's annual income is RM 180,000 and so, his maximum tax bracket is 24%. As such, Billy can park RM 8,000 into his SSPN-Prime Account in order to enjoy RM 1,920 in income tax relief (RM 8,000 x 24%) and 3%-4% in dividends per annum from it.

4. EPF Voluntary Contribution: RM 60,000

For the remaining RM 52,000, Billy can contribute them into his EPF account for his own retirement. As discussed, the EPF has averaged 6+% a year in dividends (cash returns) in the past 10 years. Thus, it is an ideal to boost the returns of his excess cash, especially if he is not savvy in investing. So in short, Billy may allocate his funds as follows:

1. Meet Smaller Emergencies RM 52,000 in FDs RM 40,000 in 2-3 DCMPs RM 40,000 in Loan Accounts	**3. Maximize Tax Relief** RM 8,000 in SSPN-Prime Account
2. Meet Larger Emergencies RM 100,000 in Living Trust (Cash)	**4. Enhance Returns (Productivity)** RM 60,000 in EPF Account

Additional Point: Frozen and Unfrozen Financial Assets

From the quadrant, it is important to note that the financial assets stated at the top left corner (FDs, DCMPs, and Loan Accounts) shall be frozen upon his death. These assets can be unlocked via a Grant of Probate or Letter of Administration. This process could take months or years to be fully expedited.

Meanwhile, the other financial assets (EPF, SSPN, and assets held in living trust) shall not be frozen upon death. They shall be distributed immediately (could be weeks or 1-2 months) to Billy's family members to meet any expenses arising of his death. They include legal fees (application of Grant of Probate), debt service payments, bill payments, and other related emergency expenses.

Therefore, it is ideal to strike a balance between emergency funds that could be 'frozen' upon death and emergency funds that will by-pass probate after death.

If Billy has made such allocations to his funds, he would be more financially and emotionally prepared to meet more life eventualities and thus, would possess a genuine ability to ride through an emergency, big or small, in the future.

1. Meet Smaller Emergencies RM 52,000 in FDs RM 40,000 in 2-3 DCMPs RM 40,000 in Loan Accounts	**3. Maximize Tax Relief** RM 8,000 in SSPN-Prime Account
2. Meet Larger Emergencies RM 100,000 in Living Trust (Cash)	**4. Enhance Returns (Productivity)** RM 60,000 in EPF Account

Note:

- Assets highlighted in red would be frozen upon death.
- Assets highlighted in yellow would not be frozen upon death.

But, Is the Above Suitable for You?

Well, the answer is yes, if your financial status is similar to Billy's.

But most likely, yours would be different. As such, it is best to identify what you aspire to attain financially in order to find out what is best for your cash today. I would say this is best identified with the assistance of financial professionals. In this case, one of such professionals is an estate planner.

This is because an estate planner is one that could identify potential risks which could ruin a family's finances and offer practical solutions to counter them. This often involves the use of insurance, will and trust to enhance financial certainty and security of your family members.

In ending this eBook, I would love to extend a special bonus to you.

Here, you can book a 30-minute consultation session with me directly, which is worth RM 500.

There is no obligation to sign up or pay for any of my expertise / suggestions during the session.

But, here is my promise - I'll help you clear your mind and give you constructive suggestions to build a financial fortress that best meets your family protection needs. We'll discuss and find out if a proper Will & Trust arrangement coupled with your existing insurance policies will be meeting your financial needs.

To book your 30-minute FREE consultation session worth RM 500:

1. Link: WGLegacy.com

2. Click: Request for Consultation

3. Fill in your details and we'll be in touch shortly.

Secure Tomorrow, Plan Today!

Jocelline Chee

Founder of WG Legacy

4-Year Reigning Trust Champion