3 crucial purchases cannot afford NOT to make

You can perhaps go without that expensive winter edition bag, or those high-end shoes, or the sleek smartphone. Nothing is really going to happen if you do not own them.

But, there are some important purchases in life, which you shouldn’t go without. Without them, you could be heading down a visible path of a financial nightmare not only for you, but for your family too.

1. Insurance

Medical conditions and deaths are never expected. Being covered by insurance helps keep your family financially safe and sound if something happens to you and you become incapable of supporting them financially anymore. If you have a family who depends on your income, then you should consider getting either one of these insurance, if not all.

There are various types of insurance policy that cater to different people. The most common insurance that everyone should get is a medical insurance. With the rising medical inflation – a dialysis session cost at least RM250 today, one serious sickness can cause one to go into bankruptcy, if he or she is not financially secure.

Life insurance is best for those who have dependents, like a stay-at-home spouse and/or school-going children. If you do not have other assets that will protect your dependents in the event of your death or complete loss of income, then life insurance is your best bet.

Other types of insurance also include personal accident insurance, home insurance, car insurance, and travel insurance.

Once you have purchased an insurance policy, make sure to periodically review your coverage, especially when you have a significant life event (e.g. birth of a child, death of a

family member) and make sure that it adequately meets your financial needs. Often, just a few Ringgit a day is all you need to provide your loved ones with plenty of financial protection.

2. Investments

But that’s not true. You can still kick-start your investment with just an initial start-up amount of RM1,000 and be on your way to making gains. Having a lot of cash doesn’t make you richer, in fact it makes you poorer. Cash is best kept as emergency savings for unexpected or short-term needs. This is because if you leave cash as it is, it is subject to inflation. RM10,000 today may not be able to buy the same amount of things 10 years later. However, a RM10,000 invested today can grow to RM 34,674.45 if you invest in an investment providing 6% interest compounded interest and RM1,200 additional investment annually.

3. Will

A will is a legal document in which you declare your wishes for your loved ones and how to distribute your hard-earned assets after you pass on. Since death is a taboo subject, many have the impression that a will is only written by people who are dying soon, very old or have a lot of assets. This is totally not true as everyone needs to write a will.

It is hard to imagine your life ending unexpectedly when you barely have wrinkles, but writing a will should still be on the top of your to-do list in your 30s.

It will help to avoid any frustrations, delay, legal conflicts, family disputes, extra cost and stress when the assets of the deceased are distributed. It is not true that your assets will automatically go to your immediate family members when you pass away. Your family may even face a long delay in obtaining their rightful inheritance. This will definitely spare your family from unnecessary heartache, emotional stress and extra expenses in the future.

Furthermore, a will is not just a document assigning your

assets to your beneficiaries, but also to assign who becomes the guardian of your assets if your child(ren) is below the legal age. This is important to keep your wealth safe until your child(ren) reaches 18 years of age.

For those who have assets like properties in other countries, it is also advisable to have separate will for each country to avoid any obstacles or delays.

In addition to a basic will, be sure you have an attorney to make legal decisions on your behalf and the will document to even specify how you want your digital assets (social media profiles, digital photos, etc) to be handled.

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