

ANNEX 2

KEY QUESTIONS YOU SHOULD ASK YOURSELF BEFORE BUYING AN INVESTMENT PRODUCT

This guide highlights key questions that you should consider before committing to any investment product such as structured deposits, unit trusts, investment linked insurance and life insurance policies.

The person who advises you and sells you investment products is known as a appointed representative under the Financial Advisers Act.

All representatives have been assigned a unique representative number. MAS encourages all consumers to request for the representative's unique number to conduct their own checks on the [MAS Register of Representatives](#) . Consumers can use the Register to verify whether the person is an authorized representative, the regulated activities which the representative is allowed to conduct, the financial institutions they act for and any suspensions, revocations and prohibition orders issued against them by MAS. Consumers should not deal with any person without a representative number.

While representatives are required to have a reasonable basis when they recommend investment products to you, you should also take steps to ensure that you understand the product before you buy it.

There is no one best investment product for everyone. What is important is to determine your investment objective and needs, then assess which product is suitable for you.

Do not rush through the process. Take time to understand the product and consider whether it meets your needs before you finalise your decision. Read all documents and forms before you sign anything. Never sign blank forms. Remember that you may have to bear fees, expenses and/or investment losses if you change your mind about purchasing the product, or decide to sell it or switch to another product prematurely. It may also be too late to reverse your purchase decision if you subsequently find that the product is not suitable (e.g. the investment risk is higher than what you are prepared to take, the protection benefits provided are not what you need).

Questions To Ask Yourself

1. What is my investment objective? For example, is it to accumulate funds for my retirement or for my children's education? How much funds do I need and when do I need them?
2. How much can I afford to invest, after setting aside funds for daily needs and savings to provide for emergencies? Do I intend to invest in one single sum or fixed sums on a regular basis (e.g. monthly, quarterly, annually)?
3. How much return on investment do I need, after taking into consideration the effects of inflation, to meet my investment objective?
4. What is my risk profile?
[The representative should have a tool to assess each customer's risk profile. There is also a Risk Tolerance Questionnaire at www.cpf.gov.sg.]

5. Does the product I am considering meet my investment objective and needs? Which benefits are guaranteed and which are not?

6. What is the potential return offered? Is it realistic?

[Be careful of verbal promises and guarantees of high returns. Make it a point to understand what is guaranteed and what is not, and insist on written confirmation from the representative on any guaranteed returns or benefits.]

7. Do I intend to invest with my CPF monies? If so, how does the return offered by the product compare with interest rates earned by monies in the different CPF accounts?

[Remember that monies in the CPF Ordinary Account and CPF Special Account earn a minimum interest of 2.5% and 4% per annum respectively. This is both guaranteed and risk-free.]

8. When are the proceeds payable? Can I afford to stay invested for that duration? Do I need the proceeds earlier?

9. Am I comfortable with the level of risk that comes with the product I am considering? How much losses am I prepared to incur? What are the potential losses in the worst-case scenario for the product I am considering?

10. Have I read and understood all the information, including the prospectus / term sheet / benefit illustration and product summary, contracts, warnings, exclusions and disclaimers, terms and conditions, relating to the product I am considering?

11. Are the Financial Adviser that the representative represents, the provider of the product I am considering regulated by the Monetary Authority of Singapore (MAS)?

[A list of financial institutions regulated by MAS is available in the [MAS Financial Institution Directory](#). Do check if the representative recommending the product or scheme is listed on the [MAS Register of Representatives](#).]

12. Are there alternative products that offer similar benefits and risks to those of the product I am considering? How does the product compare with these alternative products?

[Do compare key areas like the scope of benefits, risks levels and total costs.]

For more information on areas to consider before purchasing an investment product, please refer to the following guides at www.moneysense.gov.sg.

- i) "[Key Questions You Should Ask The Person Recommending An Investment Product To You](#)"
- ii) "[Dealing with A Financial Adviser: What To Look Out For?](#)"

For information on what you can do and who you can turn to for help if you have a problem with an investment product that you have bought or the service standards of a financial institution, please refer to the "[Getting It Right: How To Resolve A Problem With Your Financial Institution](#)" guide at www.moneysense.gov.sg.

Note: The information above is of a general nature and should not be used as a substitute for seeking legal or professional advice on any specific issue.