The SmartInvestor

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Pelabur Bijak

MFPC'S CMDF 2026
ARE WE GETTING FINANCIAL LITERACY RIGHT?

WAR!
A SINGLE SPARK, GLOBAL ECONOMIC CONSEQUENCES

KONFLIK GEOPOLITIK
MASALAH BAHARU ATAU CABARAN LAMA BAGI PERNIAGAAN?

伊朗烽火连天
大马物流挑战重重



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RETIRE WELL,

More than 30 years can be spent building wealth through EPF savings, investments, properties and retirement assets, all intended to provide comfort and dignity in later life. Yet for many retirees, the greatest threat to financial security may not come from inflation or market downturns, but from financial abuse which strangely, is often done by people they trust most.

Malaysia's life expectancy has increased significantly—females now live up to approximately 77.9 years across all ethnic groups while men, up to 75.3 years.[1] At this juncture, it is crucial to understand that living longer does not necessarily translate to living healthier.

The Health-Adjusted Life Expectancy (HALE) research suggests that many Malaysians may spend close to a decade in poor health conditions during later life stages, hovering around 64 years.[2] This changes the retirement equation entirely.

The traditional retirement model assumes that individuals would eventually retire, remain relatively independent and gradually pass their wealth to the next generation. But modern retirement differs as it accounts for long term medical conditions, emotional isolation and even assisted living support.

In reality, retirement is no longer just about building wealth; it is increasingly about planning for dependency.

FINANCIAL ABUSE CAN TAKE MANY FORMS:

- Unauthorised withdrawals
- Forced transfers of assets
- Manipulation of financial decisions
- Abuse of power of attorney
- Misuse of joint accounts
- Pressure to surrender financial control
- Taking advantage of mentally weak seniors
- Mismanagement of retirement savings

A SILENT RETIREMENT CRISIS

Financial abuse remains to be one of the least discussed forms of elder abuse because it often happens quietly, privately, and within emotionally sensitive family environments. Yet, its impact can be devastating.

Research highlights that 8.1% of elders are abused and/or neglected, 59% of them are financially abused.[3]

What makes the issue particularly painful is that perpetrators are often not outsiders—children, relatives, caregivers and even close friends! Many elderly victims who are dependent and vulnerable choose to not report this 'abuse of trust' due to embarrassment, emotional dependence, fear of family conflict or concerns about losing caregiving support. This is why financial abuse is often known as the silent epidemic.

As Malaysia transitions into an ageing society, this may evolve into one of the country's largest unspoken financial risks.

[1] *Department of Statistics Malaysia, Life Expectancy, 30 September 2025.*
[2] *World Health Organization Data, Health Life Expectancy (HALE), 2000-2021.*
[3] *AKPK.org, Elder Financial Abuse: Protecting and Empowering Our Seniors, 2023.*

YES TRUSTEES
YOUR FINANCIAL CARETAKER

AVOID FINANCIAL ABUSE



RETHINKING FAMILY FINANCIAL ARRANGEMENTS

For generations, many families relied heavily on informal caregiving arrangements based on trust. Assets are often transferred based on verbal understandings, while joint bank accounts and similar arrangements are created for convenience under the assumption that family relationships alone provide sufficient protection.

However, demographical and social realities are changing rapidly as modern families face smaller household sizes and rising healthcare costs, increasing both emotional and financial caregiving pressures. Even financially stable families can face strain under prolonged caregiving responsibilities. Therefore, the need to move beyond informal arrangements towards structured protection is crucial.

STRUCTURE MATTERS

Under a living trust arrangement, a settlor transfers assets to a licensed trust company to be professionally managed according to predetermined instructions. This allows the trust structure to protect individuals while they are still alive—especially during periods of dependency, incapacity, or declining health.

> **GOVERNANCE IS CENTRAL TO MODERN RETIREMENT PLANNING.**

A living trust may potentially help:

- Ringfence retirement assets
- Create structured income distribution
- Fund future nursing and medical care
- Reduce exposure to financial exploitation
- Facilitate professional asset administration
- Coordinate long-term dependent living arrangements

More importantly, it allows the settlor to establish predefined instructions while mentally capable—instead of leaving future financial decisions entirely vulnerable to emotional pressure or uncertainty later.

READY TO RETIRE WELL?

Retirement planning can no longer focus solely on portfolio growth or inheritance distribution as the conversation must include dependency risks to avoid financial abuse and long-term care funding.

Ultimately, the greatest retirement risk may not be market volatility, but vulnerability during the most dependent stage of life. As Malaysia moves deeper into an ageing society, the families who prepare early may not only preserve wealth—but also preserve dignity, autonomy, and peace of mind throughout the final chapters of life.



ABOUT THE EXPERT

As the founder of YES Financial Group, Prof John Chan Ninyii is the CEO and Principal Director for YES Financial Berhad and the Chairman of YES Trustees Berhad. He was the immediate past president of the Association of Financial Advisers Malaysia (AFA) and an adjunct professor at Quest International University.