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Me&MyMoney

Ex-COO works with ex-offenders to make a difference

After 32 years at international banks, top exec gave in to 'a strong urge to give back to society'



Lorna Tan
Invest Editor

When Mr Daniel Teo decided to leave his well-paying job at AIBN Amro Bank Singapore in 2016, his friends thought he was crazy to retire at 58.

He was chief operating officer (COO) and deputy chief executive at the bank then and concurrently COO at AIBN Amro Private Banker International, Asia & Middle East.

After 32 years of working in several international banks, Mr Teo said he found himself increasingly bored, complacent and too comfortable.

"I felt that I needed a reset to re-energise myself. In 2013, I had attended a senior leaders' retreat at my bank, and one of the human resource executives introduced us to the concept of M.A.D (Making A Difference).

"It suddenly dawned on me that I was not M.A.D enough and that it was perhaps time for me to move on and find new challenges before it was too late," said Mr Teo.

As a teenager, he was involved in charity activities through the Interact Club at Raffles Institution, something that struck a chord in him.

"Now that I have achieved much for myself, I felt a strong urge to give back to society and proactively help needy individuals and groups to overcome social or other barriers to succeed in life," he added.

At present, he is chairman at Industrial & Services Co-operative Society (ISCOS), a cooperative that helps former offenders and their families and children. A member of the rehabilitation sub-committee at statutory board Singapore Corporation of Rehabilitative Enterprises (Score), he helps offenders to reintegrate and become responsible members of society.

He is also a board director and chairman of the audit and risk management committee at YR Industries, a wholly-owned subsidiary of Score, which runs two laundry operations, one in the prison and another in Loyang Way.

Mr Teo is a senior adviser at Singapore Consultancy which pools together competencies and experiences from former banking practitioners who are paid on a project basis. His wife is a commercial banker at UOB and they have an 18-year-old son.

Q What's in your investment portfolio?

A My portfolio consists of cash, bonds, mutual funds and equities. It is reasonably well diversified, and I avoid concentration in any particular instrument, industry sector or issuer.

The bulk is in bonds and mutual funds. On average, I realise about 3 to 4 per cent per annum returns for the portfolio as a whole. I do not look at returns based on individual asset classes.

Some examples of the bonds I have include Singapore Power 5.75 per cent AUD bond, due in 2022, Wheelock Finance 4.5 per cent SGD bonds due in 2021, and BNP 4.3 per cent SGD bond, due in 2025.

As for funds, I'm invested in Schroder Asian Growth Equities Fund (over 9 per cent per annum return for the last 10 years), Fullerton



Having left a professional career with a comfortable income, Mr Daniel Teo focuses on investments that pay a recurring dividend, coupon or any form of cash distribution, which help fund his day-to-day expenditure. ST PHOTO: YEN HENG JIN

SGD Income Fund, and Blackrock SGD Floating Rate Income Fund (floating rate fund to counter risk of interest rate fluctuations).

Q What are your immediate investment plans?

A My portfolio is income-oriented, and I focus on any investments that pay a recurring dividend, coupon or any form of cash distribution. As I had opted to leave a professional career with a comfortable income, these cash inflows help fund my day-to-day expenditure.

Q How did you get interested in investing?

A I was fortunate that my career was in the financial services industry, that is, in the private banking sector. The experience of dealing with clients and investments was invaluable and I realised very early on that I needed to get into investments and start my own financial planning preparation early.

Q Describe your investing strategy.

A I am a medium-risk investor. As a banker, I was typically conservative in whatever form of investments I got into. Perhaps at times, bankers may even over-engineer and think too much about adverse consequences.

Hence, some of us may not get very rich from investments, but we usually are able to avoid some pitfalls.

The core investing values that I have learnt are to diversify, not to put all my eggs into one basket and not to over-leverage. Such conservative values were also passed down to me from my late father. I am very happy that the values have guided me, even though it may have meant missing out on several good investment opportunities, especially for properties that were booming in the 1980s and 1990s.

Q What else is in your financial plan?

A Insurance is a very important aspect in financial planning and I am glad that I am well covered. You need to start when you are young. Many people defer this till they are more financially established, but the irony is that by then, insurance premiums will be much more expensive.

I have the usual life insurance plans, critical illness covers, personal accident and comprehensive hospitalisation covers, mostly purchased when I was much younger. My annual premiums total about \$12,000. In addition, for estate planning purposes, I recently purchased a guaranteed life annuity plan. Together with the national annuity Central Provident Fund Life scheme, both plans will provide me with regular cash flows when I'm in my 60s.

I have also purchased insurance coverage for my son, as well as set aside some funds for his education. Beyond that, I would want him to fend for himself and go through the school of life when growing up and gain valuable life lessons and experiences.

Q How are you planning for retirement?

A As a yardstick, I set myself the goal to reduce my expenses by at least 30 per cent when I stopped working in 2016. Human behaviour is such that we tend not to think twice and perhaps make careless choices in spending on non-necessities when we have a regular income stream from work.

You will be surprised to find how many things you have that are non-essential.

I do not consider myself to be in retirement, as I am still actively contributing to several organisations. I am now a portfolio-careerist, wearing a variety of different hats and

contributing to non-profit organisations. I will probably start to wind down some of my current roles when I reach 65.

Q Moneywise, what were your growing-up years like?

A My late father was a provision shop owner and my mother, a housewife. I have an older brother and two sisters. When we were young, we were generally poor and life was tough but manageable and sometimes memorable. For our meals, I remember that chicken was a dish that we got to savour only on festive occasions. I longed to have learnt the importance of being prudent. I empathise with the needy in our society and I want to reach out and help them in the same way that our society helped me when I was young. That is why I am so passionate about my current role as chairman of ISCOS.

Q What does money mean to you?

A Money is a necessity, but one should not obsess over it and make it the most important consideration in any decision. I left a comfortable banking job to pursue other aspirations, re-invent and challenge myself in a totally different environment. From this, I have derived a lot of satisfaction and fulfilment, things that money cannot buy.

Q Home is now...

A A 2,200 square feet freehold four-bedroom terrace house in Watten Estate. It is opposite Tan Kah Kee MRT station.

Q Drive...

A A two-year-old grey BMW 5 series sedan car. It is probably under-utilised as I use the MRT a lot nowadays. I love our MRT. I think it is one of the best in the world.

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Worst and best bets

Q What has been your biggest investing mistake?

A Back in the late 1980s, when I had just started working, the stock market was in a frenzy of wild speculation. There were a lot of "hot" stock tips, which turned out to be nothing but baseless rumours or what we know today as "fake news".

Unfortunately, I was one of those who joined the frenzy. Following a herd mentality, I had bought into Malaysian speculative shares like Duta Consolidated and Sateras Resources. The amount invested was about \$8,000 and it became totally worthless eventually, within a 12-month period.

Relative to my income and net worth then, the loss was sizeable to me and therefore painful. Since then, I have stopped listening to market speculation and am focused instead on investing based on long-term fundamentals.

Q And your best investment?

A My house. I bought this property in Watten Estate in 2008 for around \$4 million, just before the global financial crisis. During the crisis, the property price eroded but thankfully, this was only short-term.

Prices have since recovered and it's probably worth 50 per cent more today, but that is immaterial to me. I love the house, the neighbourhood, and its proximity to the MRT station. At the time of purchase, I did not know that in time to come, there would be an MRT station so close by. It turned out to be the best asset that I have ever purchased.

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