

Scenario Investment Plan for Thai Generation Y

แผนการลงทุนโดยสถานการณ์จำลองสำหรับคนไทย เจนเนอเรชั่น Y

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Abstract

The study objectives are to construct a scenario investment plan for Thai Generation Y and to find the strategy for their decision making that should be the most proper for generation Y to reduce risks of not saving today. The outcomes are operated by following scenario cases, a paper provides five steps of the method used 1. Save 10% of the salary 2. Created an effective budgeting plan 3. Calculate the amount needed for the goals 4. Construct the portfolio 5. Revise the plan. Three scenarios cases with different levels of income, permanent and impermanent combined, pure permanent income, and pure impermanent income, were discussed. It can be concluded that the investment plan constructed works best for permanent and impermanent combined, pure permanent income due to the steady stream of incomes. Thai Generation Y could apply the investment plans suggested in this paper's scenarios as a guideline and adjust the plan to be more suitable with each individual. Suggestions to Thai governments, financial institutions, academicians and generation Y are to promote the investment plan publicly, support the individuals with their investment plan through campaigns and to practically implement the plan on an individual level.

Keyword: Investment plan, Generation Y, Investment decision, Investment policies, Strategy, Saving, Scenarios

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INTRODUCTION

Background of the study

The financial challenges are rising for the current working generation, generation Y whose age is between 22 – 36 (McCrindle, 2009), as for they were born into the digital economy world. These days the overall cost of living rises; for example, the price of houses. Unlike back in the 1980s or the 1990s when the saving rates (13.67%) were high enough for the people to save their money in the bank and enjoy a nice return (Tradingeconomics, 2016). Nowadays the saving rates (0.63%) (Bank of Thailand, 2016) are too low to get a nice profit. Comparing to the past generation, generation Y would have to work harder in order to save more to accomplish the same goals. Now, another way to make your assets grow in the current economy is to invest. On the global level, there has been a survey of the American generation Y for their personal finance knowledge. The results show that generation Y has an overconfidence level of their financial knowledge (Schesresberg & Lusardi, 2012). The survey in Canada on the savings for retirement showed that there are 14% of generation Y were not saving for their retirements, the figure is higher than the generation, X, and Baby Boomers, before them which were 10% and 6% respectively (BMO Wealth Institute, 2014). The current world economy, generation Y must consider on saving so, the financial plans are highly needed. In Thailand, generation Y made up to 28% (SCB, 2014) of the populations and lately they are spending income more than earning. Moreover, this generation has not realized much on how important of life cycle plan should be. So, the investment plan is one of the tools used for balancing on their current and future consumptions. People around the world have concerned much for generation Y because the majority of them has thought on not necessary to have a family (BMO Wealth Institute, 2014). Therefore, this reason might be the one that they do not involve with their saving. In other aspects, other generation Y set up their financial goals but not having enough revenue to meet up with their goals, thus loans are the approach for their living now (Piniijparakarn, 2015). The outcome from this way has caught in debts and not able to complete their loans. Therefore, to prevent the future financial problems from happening, the generation Y should start to organize their lives to suitably prepare for

the retirement period. In order to prepare for the retirement period, savings and investment play a big role which generation Y have to practice for.

The world is having the same concerns, the financial challenges for the generation Y and how well can they cope with it. Generation Y thinks only about the present, not about the future. Saving is not their priorities thus, there will be a sudden spending when the salary is received. Therefore a suitable plan for the generation is needed. Especially in Thailand where the financial survey literacy results were lower than the average score of the OECD survey. (BOT, 2013) Is it time for Thai Generation Y should start to concern? Therefore, objectives of the paper are to construct scenario investment plan for Thai Generation Y and to find the strategy for their decision making that should be the most proper for generation Y to reduce risks of not saving today. However, there is the limitation about variables which those are related but not the most suit to paper's scenario not be clarified.

LITERATURE REVIEW

Introduction

According to the theory and previous articles, the paper has found optimistic and pessimistic perspective on their discussion which can be helpful among the academicians, researchers, and institutions benefits. However, the paper is used scenario setting up to express the idea of the investment plan.

Theoretical review

Money Management

Money management can be defined as the necessity to manage current economic resources that would go along with the long-term financial plan on a daily basis. Managing money can simply be done by keeping the records of financial activities to be on track, make your own financial statements like the income statement and then design a saving and spending plan. There should be a system for your financial records since it could be confusing after an information has increased over time. An organized financial records system should allow the person to manage their daily business routine, make good financial decisions, and plan for the future (Kapoor, Dlabay, Hughes, & Hart, 2013). Portfolio Selection Theory

Levišauskaitė (2010) discussed Modern Portfolio Theory by Markowitz proposed that unlike in the past when investors would analyze for the best performance stocks then filled the portfolio with those stocks, modern investors would have to be concern of the individual stock risks, expected rate of return and especially the interrelation between stocks returns in the portfolio. According to Markowitz's method, there is a way to calculate the portfolio expected return by calculating the weighted average of the components in the portfolio or $E(r)_p$ as shown in the formula:

$$E(r)_p = \sum_{i=1}^n W_i * E_i(r) = W_1 * E_1(r) + W_2 * E_2(r) + \dots + W_n * E_n(r)$$

Where W_i = the initial amount that was invested in the portfolio, $E_i(r)$ = Expected rate of return of security i and n = the number of securities in the portfolio

Empirical Review

The articles reviewed can be grouped through similarities into three groups; method, variables, and outcomes.

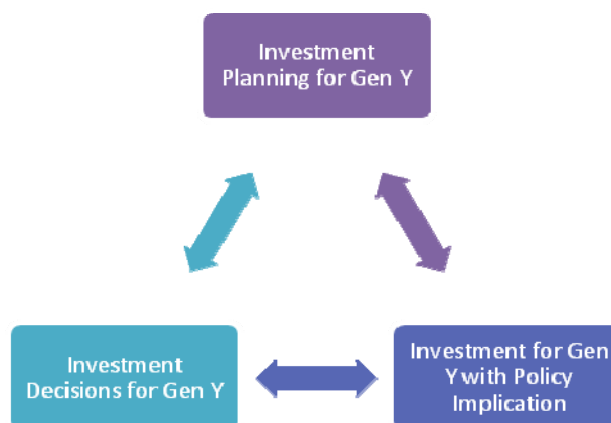
The method commonly used in the article discussion on investment plan was the survey method. As the survey method can be found in many articles as such: the findings of the spending and investment behaviors of Malaysian Generation Y that they are most likely to spend 60% of their incomes on average, the stock market was labeled as high risks and communication with the financial institutions through email was preferred [Ganesan, 2012]. It has been found that investment behaviors revealed that race, gender, education level and risk appetite have a significant relationship with investing in shares while property, race, saving percentage, expenditure percentage and retirement have a significant relationship with investing in properties and that men are more willing to invest in stock market than women [Szu Min, Gee, Wee, 2014]. The Generation Y loves to buy and their buying decisions could be easily persuaded through social media or social trends [Ordun, 2015]. In many articles discussion, the frequently used variables are age, gender, marital status, ethnic, education level, current working position, income level and work experience. These variables are often used alongside with the survey method as it was also

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regularly found in the mentioned articles. In these articles such as (Schesresberg & Lusardi, 2012), [Budsaratragoon, Lhaopadchan, Hillier , Hodgson, Clacher, 2012], [Volpe , Chen, Pavli, 1996], [Bailey, 2014], and Generation Y: The (modern) and [Robson, 2012]. The result that repeatedly found was that there is a lack of important financial knowledge in the Generation Y and there is a high need of the financial plans and to the urgent need to increase the generation Y financial knowledge. Other results from the articles are such as when one receives an additional dollar, one will distribute it to consume it in the future with the same amount of the current consumption [Ando Modigliani, 1963]. The factors that drive the Generation Y are socialization, uncertainty reduction, reactance, self- discrepancy and feelings of accomplishment, and connectedness, also it shows that Gen Y are concerned with seeking value, trust, the brand personality and the social trends [Noble, Haytko , Phillips, 2009].

Methodology

Conceptual framework



Source: Self – developed for this study (2016)

Regarding conceptual framework, a paper use qualitative method to pursue through the paper.

Scenario uses in the paper provided as follows:

Step 1: Investment Planning

This step sets the guideline on who is going to be using the investment plan, which asset is going to be the fundamental source and what are the requirements.

1. Who: Generation Y

Generation Y was also known as the Millennials are people who were born in the year 1980 to 1994 or are those who are currently in the age 22 – 36 [McCrinkle, 2009]. Generation Y was born in the technology era thus they were grown up and shaped in different directions than those of their parents, the baby boomers, and the other previous generations. Yet, there is one thing in common between generation Y and their parents, the size. There are approximately 80 million of Baby Boomers (Business, 2016) and about 76 million of Generation Y (American, 2016). Generation Y is commonly referred to as unique and having indescribable behavior. Generation Y could be defined as having a high technological knowledge, mature, individuals, and cool (Valentine & Powers, 2013). According to the articles that were reviewed, it was also clear that the Generation has too much confidence in their financial knowledge (Schesresberg & Lusardi, 2012) and is in need for financial literacy (Robson, 2012) and investment plan (BMO Wealth Institute, 2014). Through Data Analysis, generation Y investment behaviors can be described that gender, race, education, and risk appetite have a significant relationship with investing in shares. Chinese men with a higher education level that can take high risks of the generation Y are most likely to invest in shares more than other generation Y with different characteristics. While race, saving percentage, expenditure, and retirement has a strong relationship with investing in properties. As for properties investing in Generation Y race is quite dispersed, while higher saving, higher expenditure and those who do not have a retirement plan are more likely to invest in properties (Szu Min, Gee, & Wee, 2014).

2. Asset: Saving Deposit

Saving means an act of preserving something or to keep something from being expended or lost (dictionary, 2016). As for deposit means to store something for safe keeping (Dictionary, 2016). By joining the two meaning together that is what the saving deposit does, it keeps the depositors money from being used in the current consumption for the depositor's future financial security. Saving deposit is one of the basic types of savings that anyone can do without requiring a high initial amount. Also, the interest will increase the amount of the saving over time. For that

reason, saving deposit is a decent choice of the fundamental source for the investment.

3. Condition of investment requirement:

Generation Y is easily persuaded through social trends and social media (Ordun, 2015). Since this generation was born in the technology era (Valentine & Powers, 2013) social media are easily accessible. Social trends are effortlessly spread over the society. When the other generation Y posted a status or picture of their perfect lives with cars, houses and luxurious accessories, the other generation Y would start to follow the social trends by wanting the similar items. Thus, Generation Y has a lot of wants, in order to keep up with the trends, they required a high investment return to meet their wants. Due to the love, care and support from the Generation Y's parents, the baby boomers, Generation Y has a strong sense of stability and security (Hobart & Princeton, 2016). Therefore, not only that the generation Y has a high level of wants, they also want stability. However, younger adults (age 18 – 32 year- old) are more likely to invest in a riskier investment (Mather, et al., 2012) thus it could be assumed that Generation Y, in general, would be willing to invest in investments that would give a stable amount of return with moderate amount of risks.

Step 2: Investment Decision Making:

Emphasizing the investment visions and missions as below:

The visions of this investment plan are that the generation Y, the person who follows the plan will be able to achieve their financial goals such as planning for higher education, owning properties (i.e. houses, cars, lands) or having a carefree retirement life. The missions that Generation Y are required to do in order to achieve the investment plan are first, they would have to “create a plan for effective budgeting that are; set the financial goals; estimate income; budget an emergency funds and savings; budget fixed expenses; budget variable expenses; record spending amounts; review spending and saving patterns.” (Kapoor, Dlabay, Hughes, & Hart, 2013) In over next ten years, Generation Y should access the outcomes of step 1 to achieve in saving investment plan as described in the visions of the investment plan.

Proposed Scenario					
General Information	Salary Information		Investing Information		Assumption
Recent new graduated in Thailand	First 10 years of working. Salary increases 5.3%	Bonus for 2.5 months every year (HR, 2015)	Saving rate for fixed account is 1.5% (BoT, 2016)	Investment amount start with 10% of the salary for the first 15 years.	A 24-year-old is still living in parent's house. (Fry, 2012)
Generation Y, 24 year-old	Moved to a new company in year 6th. Salary ฿35,000	Earning the average Thai's permanent salary at ฿ 13,500 per month [economics, 2016]	Mutual fund (LTF) average 7-year return is about 11% - 15% (wealthmagik, 2017)	The second 15 years investment amount increased to 15% of the salary	Expenses are all the same in 3 cases.
Working at ABC Company	Second 10 years of working. Salary increase for 10%	Worked for 2 years, thus salary increased to ฿14,215	Government Bonds 10-year return is 3.5% (bot, 2016)	Investment amount increased to 20% for the last 14 years of	
Located near a BTS station	Then salary dropped the increasing to the 5.3% until the retirement age		The inflation rate on average 2.5%. (bank , 2015)	Accepts medium risk level.	

Step 3: Investment with Policy:

The policies of this investment plan are as follow:

1. Save 10% of the salary every month and increase by 5% every 15 years (Clason, 1926).
2. Make an effective budgeting plan to make every spending be as wise as possible.
3. Calculate the amount of money needed for the goals.
4. Construct a portfolio according to your accepted risk level (e.g. high, medium and low risks).
5. If the investments could not reach the goals, earn extra money or reduce spending. Then adjust the portfolio by adding that money to the investments.

Discussion

In this discussion part, there will be three example cases. In the three cases there will be three different characters with similar characteristics set according to information given in the proposed scenario and will be represented according to the investment plan that was originated in this paper. This is to assess the effectiveness of the suggested investment plan. The proposed scenario's information is described in Table 1.

Table 1: Proposed Scenario.

Proposed Scenario					
General Information	Salary Information		Investing Information		Assumption
Recent new graduated in Thailand	First 10 years of working. Salary increases 5.3%	Bonus for 2.5 months every year (HR, 2015)	Saving rate for fixed account is 1.5% (BoT, 2016)	Investment amount start with 10% of the salary for the first 15 years.	A 24-year-old is still living in parent's house. (Fry, 2012)
Generation Y, 24 year-old	Moved to a new company in year 6th. Salary ฿35,000	Earning the average Thai's permanent salary at ฿ 13,500 per month [economics, 2016]	Mutual fund (LTF) average 7-year return is about 11% - 15% (wealthmagik, 2017)	The second 15 years investment amount increased to 15% of the salary	Expenses are all the same in 3 cases.
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Located near a BTS station	Then salary dropped the increasing to the 5.3% until the retirement age		The inflation rate on average 2.5%. (bank , 2015)	Accepts medium risk level.	

Note: The conditions are based on the information in previous pages. Mutual funds average returns are based on Long Term equity Funds (LTF). Government Bonds used was issued by the Ministry of Finance in 2016. Assume that fixed expenses are 20% of the salary. Assume that there is no rent expense.

Table 2 is a summarized information of effective budgeting plans created for Mister A, Miss B and Mister C to compare the effective budgeting plans among three cases.

Table 2: Effective Budgeting Plans for Mister A, Miss B and Mister C

Effective Budgeting Plan			
	Mister A	Miss B	Mister C
1. Setting financial goals	1. Buy an eco-car by 30-year-old 2. Buy a condominium by 35-year-old 3. Have ฿60,000 per month for his retirement starting at the age of 60 for 25 years 4. Travel to foreign countries during retirement for fifteen times and each time has a budget of ฿200,000.	1. Buy an eco-car by 30-year-old 2. Buy a condominium by 35-year-old 3. Have ฿60,000 per month for her retirement starting at the age of 60 for 25 years 4. Travel to foreign countries during retirement for fifteen times and each time has a budget of ฿200,000	1. Have ฿50,000 per month for her retirement starting at the age of 60 for 25 years 2. None 3. None
2. Estimate income	1. Monthly permanent income is ฿14,968 2. Monthly impermanent income is ฿7,200.	1. Monthly permanent income is ฿14,968. 2. None	1. None. 2. Monthly impermanent income is ฿18,600.
3. Budget emergency funds and Set 10% for emergency funds	1. ฿17,735.14 *4.5 months = ฿ 79,808.12 2. Time takes = 3 years	1. ฿17,735.14 *4.5 months = ฿ 79,808.12 2. Time takes = 3 years	1. ฿17,735.14 *4.5 months = ฿ 79,808.12 2. Time takes = 3.5 years
4. Budget fixed expenses	1. Saving (฿2,216.89) 2. Emergency Saving (฿2,216.89)	1. Saving (฿1,496.89) 2. Emergency Saving (฿1,496.89)	1. Saving (฿1,860) 2. Emergency Saving (฿1,860)
Total	฿4,433.78 or 20% of the salary	฿2,993.78 or 20% of the salary	฿3,720 or 20% of the salary
5. Budgeted variable expenses	1. 60% of the salary or ฿13,301.35.	1. 60% of the salary or ฿8,981.35.	1. 60% of the salary or ฿11,160.
6. Record spending amounts	1. Record the actual spending 2. Summarize at the end of the month.	1. Record the actual spending 2. Summarize at the end of the month.	1. Record the actual spending 2. Summarize at the end of the month.
7. Review spending and saving pattern	1. Check if there are overspending or underspending 2. Revise if necessary	1. Check if there are overspending or underspending 2. Revise if necessary	1. Check if there are overspending or underspending 2. Revise if necessary

Source: Self – developed for this study (2016)

Table 3: Portfolio Return (Modern Portfolio Theory by Markowitz) calculations for all 3 cases.

Portfolio Return (Modern Portfolio Theory by Markowitz)				
Formula ; $E(r)_p = W_1 * E_1(r) + W_2 * E_2(r) + \dots + W_n * E_n(r)$	Returns	Mister A (amount invested)	Miss B (amount invested)	Mister C (amount invested)
Mutual fund return	12%, 13%	50%	50%	50%
Bonds return	3.5%	20%	20%	0%
Fixed account Saving Deposits	1.5%	30%	30%	50%
Total Portfolio Return		7.15%	7.15%	7.25%

Source: Self – developed for this study (2016)

Note: Mutual funds average returns are based on Long Term equity Funds (LTF). Government Bonds used was issued by the Ministry of Finance in 2016. Mister A and Miss B choose less risky mutual funds at 12% returns. Mister C chooses a riskier mutual fund at 13% return.

Case 1: Permanent Income combined with impermanent income.

Mister A, at the age of 24 has been working in a company for 2 years and started to work part time every Saturdays for the same amount of time. He has been saving 10% off of both his incomes since the first earning monthly and the bonuses in a saving deposit (1.5%), therefore the amount of his accumulated 2 years of saving today is ฿136,095.35. In case that the saving interest rate rises, it is advisable that Mister A should continue to keep his monthly saving in the saving deposits. However, if the saving interest rate falls, Mister A should invest his monthly saving in other financial assets that give a higher return. The next thing that Mister A has to do, according to the investment plan, is to create an effective budgeting plan. An effective budgeting plan is shown as Table 2 in the proposed scenario. Afterwards, Mister A has to do, by following the suggested investment plan, is to calculate the amount of money needed for the goals. Mister A currently has 2 years of his saving worth ฿136,095.35. The first 2 goals, buy a car and a condo, are costly and buying it with cash could harm the interest earned on the investments, if Mister A will withdraw the full amount to buy the 2 items. Therefore, Mister A will be buying it using the

installment method. Mister A can just withdraw for the down payments and revise the budgeting plan to use his salary to pay for the monthly payment. The eco-car is worth around ฿510,000, the down payment is 15% of the price, ฿ 76,500, the borrowing interest rate is 1.5% and the four years of monthly payment is ฿9,310. The condo is located near a BTS Station and it is worth ฿2,000,000. The condo's down payment is 15% of the price, ฿300,000, the interest rate is 6% and the 20 years of monthly payment is ฿ 12,180. The other 2 goals, retirement, and traveling during retirement, unlike the first 2 goals, will not need any withdrawing during the years before the retirement period. The amount required for the retirement is ฿ 60,000 per month for 25 years after inflation-adjusted is ฿11,118,742.45. While for the traveling, after inflation adjusted, it needs ฿2,650,903. With the current saving, it is too risky to spend 60% of the saving for the car's down payment. Furthermore, Mister A has many financial goals to meet therefore it is important for mister A to allow his investments to grow rather than earned it and spent it right away. The next thing Mister A has to do is to construct a portfolio according to his accepted risk level (e.g. high, medium and low risks). The level of risks varies among individuals, thus in this paper, the level of risks are defined as follows: High risk is a portfolio that is consisted mostly of high risk assets such as stocks due to the high returns yet high volatility in the asset's return, low risk is a portfolio with assets that generate low amount of returns but is less risky in the default risk such as the government bonds or the saving accounts and medium risk is a portfolio consisting of a combination of high risk assets and low risk assets or mutual funds such as Long Term Equity Funds (Henceforth is called as LTF) that invested in high risk assets, stocks, but through a professional fund manager the LTF were able to reduce the fund's risk level to the market level. From the scenario proposed, Mister A can accept medium risks. Therefore, his portfolio would consist of 50% mutual funds, 20% bonds, and 30% saving deposits. It is not an aggressive type of portfolio and mostly focuses on the long term investment. As it can be observed from Mister A goals, that are mostly long term goals, 11 years until buying the condo by installment, traveling after 60-year-old and retirement after 60-year-old.

The portfolio return is shown calculated in Table 3 and Mister A's portfolio return is 7.15%. By following, the investment plan policies, the budgeting has to be revised if the goals could not be reached, either by earn extra money or reduce

spending. Mister A's goals could all be reached as shown in Appendix A, therefore no budget revision is needed.

Case 2: Pure Permanent Income

Miss B, 24, has been solely working in 1 full-time job for 2 years. She has been saving 10% of her earnings from the start of her career hence her current savings has now accumulated to ฿115,479. Miss B has a good start because she has been following the investment plan policies No.1 already. Now the next thing she has to do is to create an effective budgeting plan. Miss B's effective budgeting plan is shown in Table 2. After that, Miss B has to follow the suggested investment plan and that is to calculate the amount of money needed for the goals. Miss B currently has 2 years of her saving worth ฿115,479. The first 2 goals, buy a car and a condo, are costly and buying it with cash could harm the interest earned on the investments, if Miss B withdraws the full amount to buy the 2 items. Therefore, Miss B will be buying it using the installment method. Miss B can just withdraw for the down payments and revise the budgeting plan to use her salary to pay for the monthly payment. The eco-car is worth around ฿510,000, the down payment is 15% of the price, ฿ 76,500, the borrowing interest rate is 1.5% and the four years of monthly payment is ฿9,310. The condo is located near a BTS Station and it is worth ฿2,000,000. The condo's down payment is 15% of the price, ฿300,000, the interest rate is 6% and the 20 years of monthly payment is ฿ 12,180. The other 2 goals, retirement, and traveling during retirement, unlike the first 2 goals, will not need any withdrawing during the years before the retirement period. The amount required for the retirement is ฿ 60,000 per month for 25 years after inflation-adjusted is ฿13,118,742 While for the traveling, after inflation adjusted, it needs ฿ 2,201,422. With the current saving, it is too risky to spend 66% of the saving for the car's down payment. Furthermore, Miss B has many financial goals to meet therefore it is important for miss B to allow her investments to grow rather than earned it and spent it right away. The next thing Miss B has to do is to construct a portfolio according to her accepted risk level. From the scenario proposed, Miss B can accept medium risks. Therefore, her portfolio would be the same as Mister A's that is consist of 50% mutual funds, 20% bonds, and 50% saving deposits. It is not an aggressive type of portfolio and mostly focuses on the long term

investment. As it can be observed from Miss B goals, that are mostly long term goals, 11 years until buying the condo by installment, traveling after 60-year-old and retirement after 60-year-old.

The portfolio return is calculated in the Table 3 and the return is 7.15% for Miss B. By following, the investment plan policies, the budgeting has to be revised if the goals could not be reached, either by earn extra money or reduce spending. At the age of 60, Miss B has enough funds needed for all of her goals as shown in Appendix B thus she does not need to revise her budgeting plan.

Case 3: Pure Impermanent Income

Mister C, at the age of 24 has been working 2 part time jobs for 2 years now because he couldn't find a full-time job. Despite not having a full-time job Mister C has been saving 10% off of both his incomes since the first earning monthly in a saving deposit (1.5%), therefore the amount of his accumulated 2 years of saving today is ฿53,258.35.

Mister C's case is different from the other 2 cases because he does not have a permanent income. According to Table 1, Mister C could accept medium risk level hence the portfolio is similar to Mister A and Miss B. However, due to the lack of permanent income Mister C needs more security and liquidity for his investment. The government bonds is a 10-year investment, it has low liquidity compare to the 3-5 year fixed account, therefore Mister C will not be investing in government bonds. Mister C portfolio is the combination of 50% mutual funds (LTF) and 50% fixed saving account with a portfolio return of 7.25%. Currently, Mister C only has 1 financial goal that is to save for his retirement.

From the current investment plan, Mister C could not achieve his goal at the age of retirement as shown in Appendix C. Suggestions to Mister C is that he could try investing at a higher risk level for example investing 70% in mutual funds and only 30% in saving account. With this new strategy Mister C could achieve his financial goal however it is a tradeoff between risk and return. Mister C's portfolio would then be very risky. The other suggestion to Mister C is to revise his budgeting plan, he could either earn more or spend less. It is very important to Mister C for the urgent need of his permanent income due to the extremely high risk he would have to bare in

order to achieve his goal with the same level of income (Appendix D). If Mister C could earn more steady income, Mister C could achieve his goal with a significance lower level of risk and might be able to expand the list of financial goals similar to Mister A and Miss B.

Limitations

The limitations found in the investment plan created are that a person has to (i) have a great financial discipline, only spend money on those necessary items, (ii) must have the permanent income to follow the suggested investment plan due to the needs of steady flows of investment, (iii) must follow the investment plan policies strictly, (iv) assume to be employed all the time and (v) it only applies to a certain type of person.

Conclusion

Generation Y is the generation that will take on the world after the older generations, X and Baby boomers. However, it is highly concerned that the generation Y is too confidence on their financial knowledge that they could make mistakes when it comes to making an understanding financial decision. Thus, a suitable and easy to understand investment strategy is needed for the generation Y. Therefore, this paper has constructed a scenario investment plan for Thai Generation Y to reduce the risks of not saving today. The constructed scenario investment plan has 5 important policies to follow that are 1. Save 10% of the salary every month and increase by 5% every 15 years 2. Make an effective budgeting plan to make every spending be as wise as possible. 3. Calculate the amount of money needed for the goals. 4. Construct a portfolio according to your accepted risk level (e.g. high, medium and low risks). 5. If the investments could not reach the goals, earn extra money or reduce spending. Then adjust the portfolio by adding that money to the investments. Three example cases, 1. Permanent and Impermanent Income, 2. Pure Permanent Income, and 3. Pure Impermanent Income were discussed in this paper. It can be concluded that the investment plan works best for the first 2 scenarios due to the steady stream of incomes. The investment plan could help the first two cases reach all of their financial goals in the determined time. However, the investment plan could not work well with the pure impermanent income yet because of the lack of

steady stream of incomes. Thus, the investment plan is very important for the generation Y because it could help them to achieve their financial goals without being indebted for too long.

Policy Implication

The investment plan policies created could be implemented by many sectors, for example, the government, generation Y, academicians and financial institution. Suggestions to the Thai government would be that they can make use from this study by promoting the investment planning among generation Y publicly through the media, central bank, and government agencies. Including promotions to the people who implemented the investment plan such as tax reduction or start a mutual fund with benefits especially for them; because if the people implemented the investment plan to their lives, they can take care of themselves without needing the help from the government thus reducing the government expenses on elderly. The generation Y can implement this investment plan to their life as they can reduce the risk of not achieving their financial goals for their own happiness. It can also decrease the risk of not having sufficient money in their retirement period. Academicians can use this paper as an initiative for additional research on the topic for a broader usage. The financial institutions could use this study as a guidance for creating new promotions or campaigns to assist the Generation Y in completing their investment planning.

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