

Importance of financial planning

Out of 100 people at retirement

- 49 will be dependent on family and charity.
- 29 will be dead
- 12 will be broke
- 5 will still be working
- 4 will be financially independent
- 1 will be rich

Who will you be?

Financial literacy curriculum

- what is financial literacy
- distinguishing between needs & wants
- borrowing
- financial independence
- wealth and investment

1. What is financial literacy?

The possession of knowledge and understanding of financial matters.

It often entails the knowledge of properly making decisions pertaining to certain personal finance areas like real estate, insurance, investing, saving, tax planning and retirement.

it also involves intimate knowledge of financial concepts like financial planning, interest calculations, advantageous savings methods, consumer rights, time value of money, etc.

2. How do we distinguish between needs and wants?

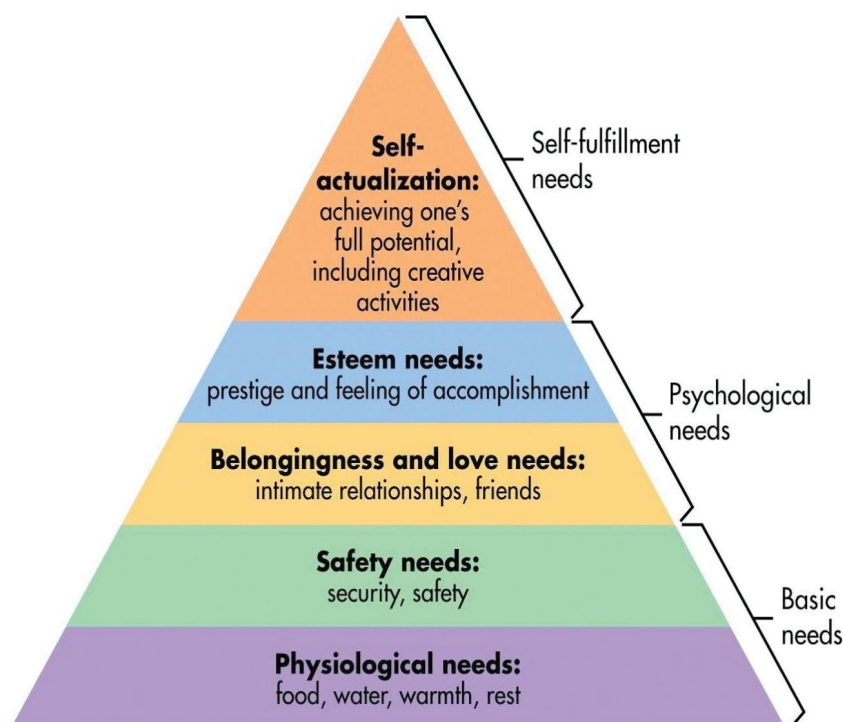
A need is a thing that is necessary for human being to live a healthy life.

Needs are sustaining.

A want is something that you would like to have.

Wants are entertaining.

3. Maslow's hierarchy of needs



4. Balancing needs and wants

Where does money come from & where does it go?

income – money in

budgeting – savings, investment

expenditure – money out

impact – borrowing

5. How to allocate your money

savings 10%

food 10%

housing 20%

transport & entertainment 10%

school fees 20%

medical 10%

investment 10%

emergency 10%

6. How many of us have budgets?

Are the budgets written down or they are in your mind?

Do your budgets balance?

What are the impediments to doing a budget?

7. Good debt against bad debts

A. Good debt

Debt incurred as a result of an investment that will grow in value or generate long-term income.

B. Bad debt

Debt incurred to purchase things that:

Quickly lose their value

Do not generate long-term income and

Have a high interest rate, like credit card debt.

Compare what you'll spend in interest on a loan versus what your money could earn if it were invested

8. define your financial heaven

Financial independence begins by knowing where you currently stand.

Start by determining the following

income

expenses

assets

liabilities

Measure wealth in terms of time

Determine your wealth number = your available money your monthly expenses
= x months

9. Causes of financial difficulties

- job loss
- medical expenses
- unexpected expenses
- living beyond ones means
- trying to keep up with the joneses
- poor money management skills
- rise of inflation

*“We buy things we don't need, with money we don't have, to impress people we don't like.” ~ **Dave Ramsey** ~*

10. How to deal with financial difficulties

1. Understand why it happens
2. Address the issues head on – take ownership
3. Learn how to have a healthy relationship with money
4. Live within your means
5. Borrow to invest versus to spend
6. Learn how to budget

11. Financial difficulties and your health

Employees facing financial difficulties have

- Poor overall health
- Poor on-the job performance
- Poor work and family relationships

12. How to attain financial independency

1. Managing credit
2. Investment options
3. Insurance
4. Life style change
5. Financial planning

• **MANAGING CREDIT**

Credit is good if used for investment but could

Easily lead to financial difficulty if not controlled.

- Staff loans- Mortgage, PL,&CC,
- Micro Finance e.g. Bankers – High Rates
- Hire Purchase
- Credit from Friends and
- Family

2. INVESTMENT OPTIONS

Several Options from High Risk to Low.

- Buying a house
- Fixed income
- Share save
- Life, education & health insurance policies
- Precious metals
- Stocks @ DSE
- Starting a business

3. INSURANCE

A safety against emergencies.

This ensures your wealth or savings is not wiped out by

Unexpected event. e.g. Theft, fire, accident, illness and now days terror attacks

4. LIFE STYLE CHANGE

- Avoid Impulse buying
- Avoid Keeping up with the Joneses
- Have a heart of Contentment
- Have a vision.
- Have a long term plan.

- Keep track of your expenses
- Pay yourself
- Maximize your retirement savings
- Finally Save for Known-expenses, emergencies and
- Have a vision.
- Have a long term

Financial stress can result in:

depression

substance abuse – alcohol, drugs

What to do

- seek medical assistance immediately

Others

Start early, stay focused.

Be consistent and disciplined. live within your means

Review and rebalance your investment portfolio regularly

Seek advise from financial experts (wealth management team)

Don't put all eggs in one basket