

Jubilee

LIFE INSURANCE

PERSONAL FINANCIAL MANAGEMENT



What is Financial planning?

- ❖ **Financial Planning** is an ongoing process to help you make sensible decisions about money that can help you achieve your goals in life
- ❖ Financial planning is the long-term process of wisely managing your finances to help achieve your goals and dreams, while at the same time negotiating the financial barriers that inevitably arise in every stage of life.
- ❖ Remember, financial planning is a process, not a product.

Importance of Financial Planning

- ✓ **Income:** It's possible to manage income more effectively through planning
- ✓ **Capital:** An increase in cash flow, can lead to an increase in capital
- ✓ **Family Security:** Providing for your family's financial security is an important part of the financial planning process
- ✓ **Investment:** A proper financial plan considers your personal circumstances, objectives and risk tolerance. It acts as a guide in helping choose the right types of investments to fit your needs, personality, and goals.

Importance of Financial Planning

- ✓ **Financial Understanding:** Better financial understanding can be achieved when measurable financial goals are set, the effects of decisions understood, and results reviewed
- ✓ **Assets:** A nice 'cushion' in the form of assets is desirable. But many assets come with liabilities attached. So, it becomes important to determine the real value of an asset

Importance of Financial Planning

- ✓ **Savings:** It used to be called saving for a rainy day. But sudden financial changes can still throw you off track. It is good to have some investments with high liquidity. These investments can be utilized in times of emergency or for educational purposes.
- ✓ **Ongoing Advice:** Establishing a relationship with a financial advisor you can trust is critical to achieving your goals. Your financial advisor will meet with you to assess your current financial circumstances and develop a comprehensive plan customized for you.

Financial Destinations

- ❖ Residential Address?
- ❖ University of Choice?
- ❖ Dream Holiday Destination?
- ❖ Wheels on the road?
- ❖ Enterprise of Choice ?

Financial Terminologies

- I. Active Income
- II. Passive Income
- III. Rich
- IV. Wealthy
- V. What is Financial Independence?
- VI. What of Financial Freedom
- VII. Which income lines do I have?

Salary/Retainer	Commission	Fees
Allowance	Honoraria	Profits
Rent	Dividend	Capital Gains
Proceeds	Loyalty	

Money Personality

❖ What is my **Money personality?** : **Attitude towards money**

- **Spender**
- **Saver**



Financial stress



Symptoms of Financial Stress

- Sleepless nights or difficulty in sleeping with worry
- Increased tension with your spouse or partner, arguing over money issues
- Fears over losing your job and how you will pay your bills
- Debt collection letters, phone calls or doorstep visits – are you concerned about opening the mail or answering the telephone

Symptoms of Financial Stress

- Increased irritability and feelings of lack of self-worth
- Increased drinking or smoking as a stress reliever
- Asking family and friends for loans to help out
- Cheques and bank payments being returned regularly
- Living on your overdraft

Starting a Financial Plan

How to create a Personal Balance Sheet

✓ Assets (List your assets)

Current Assets

Lifestyle Assets

Invested Assets

Total Assets = Current Assets + Lifestyle Assets + Invested Assets

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Starting a Financial Plan

✓ Liabilities(List your liabilities)

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Net worth = Total Assets minus Total Liabilities

Re-energizing

- Planning and Financing Holidays



Who Takes Your Money?

- It is important to have an accurate record of all the income you make on a monthly basis and a detailed record of where it goes. This will be the baseline which defines your lifestyle. Your desires, tastes and values. Establishing this information will make it possible to develop a spending plan that will lead to achievement of financial goals.
- How much do you earn per month considering all sources?
- Where does it go to the last coin? Can you account?
- Where can you record your expenses?

Shopping Sensibly

- Avoid Impulse buying
- Do comparison shopping
- Have a shopping list
- Avoid pester power
- Avoid peer influence
- Avoid Shopping hungry
- Take advantage of Market day
- Utilize Bulk buying

Managing Debts

- A debt is other people's money and its price is called interest. The more interest you are paying the less money you have available to save and thus invest.



Debt Management Tips

- ✓ Avoid financing depreciating assets using debt.
A TV worth Kshs 21,000 bought by hire purchase at repayments of Kshs 2,670 for 23 months after a deposit of Kshs 2,300 will eventually cost Kshs 63,710.
- ✓ Avoid expensive credit as obtained from the shylock and his relatives
- ✓ Consolidate debts
- ✓ Understand the actual price of money before taking a loan to avoid enslavement by debt.

Good debt vs Bad debt

- Are there some good and some bad debts?



Steps out of a debtors den

- ✓ Taking advantage of tax laws
- ✓ Avoiding get rich quick schemes
- ✓ Avoid insurance policies you do not need
- ✓ Living smart
- ✓ Inflation Management
- ✓ Consolidate your debts

Invest your way out of debts

- a) Knowledge
- b) Skills
- c) Attitude
- d) Team Work
- e) Network



Question and Answer



Thank
you

