

“The entire essence of *America* is the hope to first make money-then make money with money-then make lots of money with lots of money”

PAUL ERDMAN

Zahra

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Personal Financial Management

right
now

Zahra

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Kazim

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Personal Financial Management

is the process of controlling your *income* and your *expenses*

Income

is the money coming in

Expense

is the money going out

Budget Development

Budget development is the basis of any well thought out financial plan. The cornerstone to a good budget includes the following:

- Establishing financial goals
- Calculating income
- Tracking your spending
- Classifying expenses
- Establishing a realistic budget
- Sticking to your budget
- Periodic review of your goals and budget

Establishing Financial Goals

The first step in financial wellness is establishing financial goals. Establishing your goals is the conscious effort of examining, defining and writing down what you want to achieve both financially and personally.

Once you have established your goals you can then proceed in designing a plan and budget that will help you achieve your goals.

In designing your plan you will need to prioritize goals as well as break them down into long-term and short-term with associated action items. This plan is the roadmap to goal achievement.

Short-term Financial Goals

Short-term goals are ones that you wish to attain within a couple of years. The hitch with short-term goals is making sure that they do not hinder you from attaining your long-term goals, so analyzing and prioritizing is a must.

Short-term goal examples:

- Save \$1,000 for vacation
- Pay off car loan in two years
- Establish an emergency savings account to cover one month of expenses

Long-term Financial Goals

Long-term goals are typically 5+ years out. Specific and well defined goals are the best foundation for a financial plan.

Make sure that your goals match your values and beliefs. Achieving your goals should bring you a personal sense of fulfillment. If it doesn't, then achievement is unlikely.

Long-term Financial Goals

Examples of long-term goals:

- Retire by age 62
- Save \$40,000 for children's college expenses
- Pay off house by 2016
- Save \$15,000 for a down payment on a home
- Pay off all credit cards by 2010

Tips for Financial Goals

Tips to ensure the progress of your goals:

- Make them realistic
- Make them specific
- Write them down
- Determine the action needed to make each of them happen
- Include the money needed to achieve your goals in your budget

Once you have established your goals, the next step is to calculate your income

Calculating Gross Income

Your gross salary is your salary before any deductions are taken. This includes taxes, insurance, social security, retirement contributions...

To calculate your gross monthly salary, divide your gross annual salary by 12.

If you are self-employed, divide your annual income less your business expenses and divide by 12.

Tracking Your Spending

The majority of people spend more money than they think they do.

You may know the amount of your major bills but knowing where all of the rest goes is usually an eye opener.

Tracking your spending is the best way to get a handle on where every dollar you spend goes.

Tracking Your Spending

There are a several methods of tracking your spending.

1. Keep a small notebook with you. For 30 days write down every single penny you spend and indicate whether it is by cash, check or credit card. Write down the date, the amount and what it is for. Also write down any money that you earn or are given. At the end of the week, total and transfer the amounts to an income and expense log.
2. Or, keep an income and expense log with you at all times. Record income and expenses immediately.

Classifying Monthly Expenses

There are three types of expenses:

1. Fixed Expenses – same amount every month
2. Variable Expenses – different amount every month
3. Periodic Expenses – same amount but paid quarterly, annually...



Any queries?

Al Hilal

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PKR

100,000,000

PKR

10 crores

Now that you've got
all this money,

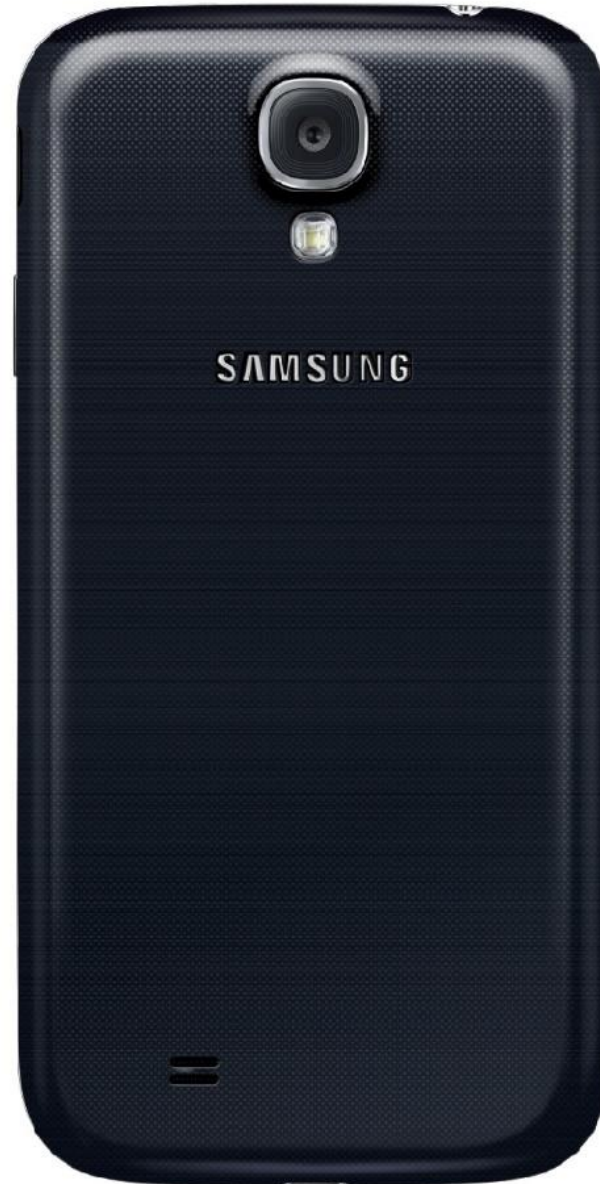
what are you going to do
with it?

Category	<i>Product 1 and its price</i>	<i>Product 2 and its price</i>	<i>Product 3 and its price</i>	<i>Product 4 and its price</i>	Total
Cell phones					
Laptops					
Cars					
Houses					
Charity	-	-	-	-	

Cell phones







Laptops



hp Pavilion 15







Cars









HELP FOR THOSE IN
NEED



Kazim

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Financial Decision Making

You don't have to rely on a magic 8 ball for decisions. There are important safeguards you can take before doing business with any company. Whether you are having work done on your home, car or trying to find a credit counselor you can take steps to ensure that you are dealing with a reliable company.

'Wants' versus 'Needs'

Ask yourself these questions:

- Do I need this or do I just want this?
- What will happen if I don't buy it?
- What could happen if I do buy it?
- How did I live without it before?
- Is it in my budget?
- Does this expense hinder me in achieving my short-term or long-term goals?

Want or Need?

Large Purchases

Many decisions to purchase are made impulsively. For large purchases, take your time, walk away and think about it overnight. The next day or even week, you may find that the desire has lessened and maybe you didn't need it after all.

Want or Need?

Small Purchases

If the purchase is not a large one but instead a small one or a multitude of small ones, like at a grocery store, shop with a list and do not deviate.

The Cost of Credit

- Do you really know the cost of using a credit card and not paying it off every month?
- Do you know the difference between rent-to-own versus paying cash?
- How about the cost of a payday loan?

Oftentimes, one or more of the above scenarios can catch up with you and send you in a downward spiral. Know up front what credit costs.

The Cost of Credit

Scenario 1:

You buy a \$1,000 television, use your department store credit card and make the minimum payment of 4%.

Result:

It will take you more than 10 years to pay off that television. In that time, you will have paid more than \$1,179.41 in interest on a \$1,000 TV.

The Cost of Credit

Tip:

If you applied \$80.00 to your debt every month, it would be paid off in 15 months, and would cost you only \$196.09 in interest. You could also use a lower interest rate credit card versus the high rate of a department store card, which is commonly 28% and up.

The Cost of Credit

Scenario 2:

You sign a contract with a rent-to own store on a Whirlpool refrigerator that has a street price of \$600. You agree to pay \$14.99 per week for 1 year and 9 months.

Result:

You will pay approximately \$1,500 for this \$600 refrigerator. This is equivalent to an interest rate of 130%

The Cost of Credit

Tip:

Do not be fooled with the low advertised price of only \$14.99 a week! They break your payment down weekly so it sounds low but if you do the math, \$15 per week x 91 weeks = \$1,365. Then you add tax and any fees. You are paying 2.5 times the cost of the refrigerator.

Alternatives to Using High Cost Credit

There are alternatives to credit that you can consider:

- Budget and save up money for wanted item
- Ask family or close friends for help to free up money with assistance in childcare, transportation...
- Get a second job
- Ask employer about loans or cash advances
- Join a credit union
- Talk with your creditor and arrange for partial payments or possible deferment of a payment
- Delay purchase



Any queries?

Aasia

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Your Rights and Protection as a Consumer

Safe Online Shopping



Safe Online Shopping

Tip 1

Know who you're dealing with

Check out unfamiliar sellers with the Better Business Bureau and your state or local consumer protection agency. If you're buying gifts on an online auction site that provides a feedback forum, check the track record of the seller before you bid. Don't buy things in response to unsolicited emails from unknown companies, since these may be fraudulent.

Safe Online Shopping

Tip 2

Get all the details

Check the name and physical address of the seller; how much the product or service costs; what is included for that price; whether there are shipping charges; the delivery time, if any; the seller's privacy policy; and the cancellation and return policy.

Safe Online Shopping

Tip 3

Look for signs that online purchases are secure

At the point that you are providing your payment information, the beginning of the Web site address should change from http to shttp or https, indicating that the information is being encrypted - turned into code that can only be read by the seller. Your browser may also signal that the information is secure with a symbol, such as a broken key that becomes whole or a padlock that closes.

Safe Online Shopping

Tip 4

Pay the safest way

It's best to use a credit card, especially when you're purchasing something that will be delivered later, because under federal law you can dispute the charges if you don't get what you were promised. You also have dispute rights if there are unauthorized charges on your credit card, and many card issues have "zero liability" policies under which you pay nothing if someone steals your credit card number and uses it.

Safe Online Shopping

Tip 5

Never enter your personal information in a pop-up screen

When you visit a company's Web site, an unauthorized pop-up screen created by an identity thief could appear, with blanks for you to provide your personal information. Legitimate companies don't ask for personal information via pop-up screens. Install pop-up blocking software to avoid this type of scam.

Safe Online Shopping

Tip 6

Keep documentation of your order

When you've completed the online order process, there may be a final confirmation page and/or you might receive confirmation by email. Print that information and keep it handy in case you need it later.

Safe Online Shopping

Tip 7

Know your rights

Federal law requires orders made by mail, phone or online to be shipped by the date promised or, if no delivery time was stated, within 30 days. If the goods aren't shipped on time, you can cancel and demand a refund. There is no general three-day cancellation right, but you do have the right to reject merchandise if it's defective or was misrepresented. Otherwise, it's the company's policies that determine if you can cancel the purchase and whether you can get a refund or credit.

Safe Online Shopping

Tip 8

Be suspicious if someone contacts you unexpectedly and asks for your personal information

Identity thieves send out bogus emails about problems with consumers' accounts to lure them into providing their personal information. Legitimate companies don't operate that way.

Safe Online Shopping

Tip 9

Check your credit card and bank statements carefully

Notify the bank immediately if there are unauthorized charges or debits, if you were charged more than you should have been, or if there are any other problems.

Safe Online Shopping

Tip 10

Keep your computer secure for safe shopping and other online activities

Protect your computer with spam filters, anti-virus and anti-spyware software, and a firewall, and keep them up to date. Go to www.staysafeonline.org and www.onguardonline.gov to learn more about how to keep your computer secure.

Safe Online Shopping

Tip 11

Beware of emails offering loans or credit, even if you have credit problems

Con artists take advantage of cash-strapped consumers and offer personal loans or credit cards for a fee upfront. These scammers simply take the money and run.

Safe Online Shopping

Tip 12

Contact the seller promptly about any problems with your order

Check the company's Web site for a customer service page, "contact us" link, email address, or phone number to get your complaint addressed or questions answered. If you can't resolve the problem, contact the Better Business Bureau at <http://search.bbb.org/search.html> or your state or local consumer protection agency for help.

Identity Theft



Identity Theft

If your wallet is stolen or your credit information is compromised then you should follow four basic steps:

1. Place a fraud alert on your credit reports and review your credit reports.
2. Close the accounts that you know, or believe, have been tampered with or opened fraudulently.
3. File a report with your local police or the police in the community where the identity theft took place.
4. File a complaint with the Federal Trade Commission 1-877-ID-THEFT (438-4338); TTY: 1-866-653-4261.

Identity Theft

Protect your Identity

- When asked by a cashier, say your phone number is unlisted.
- Don't carry your social security card in your wallet. Next time you get your driver's license ask them not to put your social security number on it.
- Thieves may use your pre-approved credit card offers that you throw away. You can opt out of future "pre-approved credit" offers by calling 1-888-5-OPTOUT (1-888-567-8688).

Identity Theft

- Don't carry any credit cards you do not normally use. Leave them at home or cancel them, in writing, and cut them up.
- Shred anything with personal information that you no longer need.
- Drop off outgoing mail at a USPS mailbox. Pick up your mail immediately after delivery or get a P.O. box.



Any queries?

spendeeapp.com

Available on

App Store and Google play



Any queries?





End of slide show

Yilul